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March 14, 2012

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health Services: Request to Revise Proposed Changes to the Medical Assistance Program -- Agenda Item VII

REQUEST

The Department of Health Services (DHS) requests that the Joint Committee on Finance approve several revisions to its request to the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) to waive maintenance of effort requirements that apply to the state's medical assistance (MA) program under the federal Patient Protection and Affordable Care Act (PPACA).

BACKGROUND

2011 Act 32 (the 2011-13 biennial budget act) authorized DHS to pursue changes in the MA program that in some instances could conflict with current state law. The Department's authority in this respect is limited to the MA-related statutes specifically identified in Act 32, and is subject to the Committee's approval through a 14-day passive review process and to any necessary federal approvals from CMS.

Regarding federal approvals, PPACA imposed a maintenance of effort (MOE) requirement that prohibits a state, at the risk of losing federal matching funds, from having in effect "eligibility standards, methodologies, or procedures" with respect to its MA program or any MA waiver program that are more restrictive than those that were in effect on March 23, 2010. For adults, this MOE requirement is in effect until the Secretary of the U.S. Department of Health and Human Services (DHHS) certifies that a health benefits exchange is fully operational in the state (assumed date of January 1, 2014). For children under age 19, the MOE requirement runs through September 30, 2019.

Act 32 required DHS to request a waiver from the DHHS Secretary of this MOE requirement, and further provided that if the Department's MOE waiver request did not receive federal approval before December 31, 2011, DHS shall reduce income eligibility levels for non-pregnant, non-disabled adults to 133% of the federal poverty level (FPL) beginning July 1, 2012 (these adults are currently eligible for BadgerCare Plus if their income does not exceed 200% of the FPL). The reference in Act 32 to non-pregnant, non-disabled adults with incomes of 133% of the FPL is based on an exception to the PPACA MOE requirement that is available to states during the period January 1, 2011 through December 31, 2013 for non-pregnant, non-disabled adults who are eligible for MA at the state's option and whose family income exceeds 133% of the FPL. To utilize that exception, the state must certify to the DHHS Secretary that "with respect to the State fiscal year in which the certification is made, the State has a budget deficit, or with respect to the succeeding State fiscal year, the State is projected to have a budget deficit."

On October 31, 2011, DHS submitted to the Committee the MOE waiver request required under Act 32. That request contained ten separate proposals, each of which required Committee approval under the Act 32 provisions. The submission also included several other proposed changes to the MA program (such as creation of an Alternative Benchmark Plan) that did not implicate the MOE requirement, but which nevertheless required Committee approval under Act 32 because if implemented, they would conflict with current state law.

On November 10, 2011, the Committee approved all ten components of the Department's MOE waiver request, as well as the Department's non-MOE waiver proposals. The memorandum this office prepared for the Committee's November 10, 2011 meeting describes in detail each of the proposals approved by the Committee at that meeting.

Following the Committee's actions, DHS submitted its MOE waiver request to CMS for approval. By letter dated December 9, 2011, CMS indicated that while it needed additional time to review the Department's request in its entirety, it was prepared to approve the following elements of the request as they applied to non-pregnant, non-disabled adults with incomes above 133% of the FPL:

- Application of the 9.5% affordability test with respect to employer sponsored insurance that meets the minimum benefit standards;

- Premium increase for the adult family members up to 5% of family income (CMS noted that this item, as originally proposed by the State, would apply to non-pregnant, non-disabled adults with income above 150% of the FPL); and

- A 12-month restrictive re-enrollment period for MA eligibility for the adults who fail to make a premium payment.

CMS indicated that its preliminary approval of these items was based on the flexibility PPACA provides with respect to coverage of non-pregnant, non-disabled adults with incomes above 133% of the FPL for states that certify to having a budget deficit. The December 9, 2011 letter also indicated that CMS was prepared to approve the Department's proposal to end coverage for BadgerCare Plus recipients whom the state determines are ineligible ten days after they receive an adverse action notice, rather than extending coverage through month-end, as is current practice.

Following receipt of the December 9, 2011 letter, DHS indicated that the items preliminarily approved by CMS in that letter would constitute "approval" of the state's MOE waiver request for purposes of Act 32. As a result, the provision in Act 32 that would have required DHS to reduce the income eligibility level for non-pregnant, non-disabled adults in BadgerCare Plus from 200% of the FPL to 133% of the FPL beginning July 1, 2012 was not triggered.

On December 29, 2011, the Wisconsin Department of Administration submitted a letter to the DHHS Secretary certifying that Wisconsin would have a state budget deficit, based on generally accepted accounting principles, during state fiscal years 2011-12 and 2012-13 if the MOE requirements under PPACA applied in Wisconsin with respect to non-pregnant, non-disabled adults eligible for MA under the State MA Plan and whose income exceeds 133% of the FPL. CMS responded on January 20, 2012 by indicating that it had reviewed and approved the state's budget deficit certification and request, and that in accordance with PPACA, the period of non-application of the MOE requirement with respect to non-pregnant, non-disabled adults with incomes above 133% of the FPL is January 1, 2012 through July 31, 2013. CMS further indicated that non-application of the MOE provisions did not indicate a determination with respect to any particular eligibility standard, methodology, or procedure, or for any particular MA recipients for which the non-application period may apply.

Since DHS submitted its original MOE waiver request to CMS last November, the two agencies have negotiated the terms and conditions of the state's proposals. As a result of these ongoing negotiations, DHS has modified, and in some cases withdrawn aspects of its original request.

On February 24, 2012, DHS submitted a request to the Committee Co-Chairs for approval to revise certain aspects of its original MOE waiver request, as required under Act 32. By letter dated February 29, 2012, DHS provided the Committee additional information regarding those proposed revisions. On February 28, 2012, the Committee Co-Chairs notified DHS that an objection had been made to its submission, and that the Committee would schedule a meeting to act upon the request.

PROPOSED REVISIONS REQUIRING COMMITTEE APPROVAL UNDER ACT 32

Under Act 32, Committee approval is required before DHS can implement changes to the MA program that conflict with current state law. As discussed below, DHS seeks to revise its original MOE waiver request in a number of respects, including changes to its original premium proposal as it relates to the premiums that would apply to non-pregnant, non-disabled adults with family income at or above 133% of the FPL who receive coverage through BadgerCare Plus, the Core Plan, or transitional MA. Because these premium-related revisions would conflict with current state law in a manner not approved by the Committee at its November 10, 2011 meeting, Committee approval is required in order for DHS to implement the proposed changes.

The Department's Revised Premium Proposal

Current Law: Subject to several exceptions described in the memorandum this office prepared for the Committee's November 10, 2011 meeting, the following individuals must pay premiums to obtain coverage under BadgerCare Plus: (a) children in families with income greater than 200% of the FPL; and (b) non-pregnant adults with family income between 150% and 200% of the FPL. Non-pregnant adults with income greater than 200% of the FPL are not eligible for BadgerCare Plus.

Individual premiums for both children and adults in BadgerCare Plus are currently set on an income-based sliding scale. The individual premiums for adults cannot exceed 5% of family income, and the premiums paid by all members of a family (children and adults) cannot, in the aggregate, exceed 5% of family income. Consistent with federal law, BadgerCare Plus recipients with family income less than 150% of the FPL are not required to pay premiums.

Participants in the BadgerCare Plus Core Plan (coverage for non-elderly adults whose income generally does not exceed 200% of the FPL and who do not have dependent children) do not pay premiums, but instead pay a $60 annual enrollment fee.

Transitional MA is a federally-required eligibility category that applies to MA recipients whose income increases above 100% of the FPL either as a result of increased earned income, increased child support income, or both. Unlike most other MA programs, there is no maximum income limit for individuals during their transitional MA eligibility period, which is twelve months when the increased income results from additional earned income, and four months when the increase results from additional child support. During their transitional MA eligibility period, participants are not required to pay premiums to obtain coverage under the Standard Plan.

Original Proposal: The Department's original proposal would have replaced the individual-based premiums described above with a single premium for families with income greater than 150% of the FPL, regardless of the number of family members enrolled in BadgerCare Plus and regardless of whether the family members enrolled in BadgerCare Plus were children or adults. The new premium would have been set at 5% of household income and would have also applied to Core Plan participants with family income greater than 150% of the FPL.

As for transitional MA, the Department's original proposal would have eliminated the eligibility category in its entirety. To the extent current transitional MA participants had family income within the existing BadgerCare Plus eligibility limits, they would have transitioned to BadgerCare Plus and been subject to the new 5% family-based premium if their family income was greater than 150% of the FPL. Transitional MA participants with income greater than the current BadgerCare Plus eligibility thresholds (for instance, adults with family income greater than 200% of the FPL) would no longer have been eligible for MA.

Revised Proposal: The Department seeks to revise its original premium proposal as follows. First, the revised proposal deletes any changes the original MOE waiver request would have made to the individual premiums that currently apply to children enrolled in BadgerCare Plus.

Second, for non-pregnant, non-disabled adults in BadgerCare Plus, the revised premium schedule would effectively run from 3.0% of family income for adults with family income of 133% of the FPL to 6.3% of family income for adults with family income of 200% of the FPL. A similar premium schedule would also apply to non-pregnant, non-disabled adults in the Core Plan with family incomes between 133% and 200% of the FPL. In addition, for the relatively few Core Plan adults with family income greater than 200% of the FPL (approximately 500 individuals at present), the Department's revised proposal would apply premiums ranging from 6.3% of family income for those at 200% of the FPL to 9.5% of family income for those at 300% of the FPL or higher. The Department's revised proposal would also eliminate the $60 annual enrollment fee for Core Plan participants with incomes at or above 133% of the FPL.

Under current state law, self-employed adults can qualify for BadgerCare Plus if their income does not exceed 200% of the FPL after deducting depreciation. To the extent these self-employed adults have family income greater than 200% of the FPL before deducting depreciation their premiums are currently set at 5% of family income before depreciation. The Department's revised proposal would not change the premiums currently paid by these self-employed adults.

Table 1 compares the premiums that currently apply to non-pregnant, non-disabled adults in BadgerCare Plus with incomes ranging from 133% of the FPL to 200% of the FPL to the following: (a) the premiums that would have applied to those adults under the Department's original proposal; and (b) the premiums that would apply to those adults under the revised proposal. The figures in Table 1 reflect the premiums that would apply to a three-person family comprised of two children and one adult.

TABLE 1

Annual Premiums for Non-Pregnant, Non-Disabled BadgerCare Plus Adults In a Three-Person Family of Two Children and One Adult

Family Income As % of FPL	Family Income	Current Premiums	Premiums Under Original DHS Proposal	Premiums Under Revised DHS Proposal
133%	$25,390	$0	$0	$762
140%	26,726	0	0	935
150%	28,635	120	1,432	1,145
160%	30,544	324	1,527	1,374
170%	32,453	816	1,623	1,590
180%	34,362	1,464	1,718	1,856
190%	36,271	1,814	1,814	2,104
200%	38,180	1,909	1,909	2,405

Third, DHS has revised its proposal regarding transitional MA so as to no longer eliminate that eligibility classification in its entirety. Instead, the classification would be retained, with the only change from current law at this time being that non-pregnant, non-disabled adults in transitional MA with family income at or above 133% of the FPL would be subject to premiums ranging from 3.0% of family income for those at 133% of the FPL to 9.5% of family income for those at 300% of the FPL or higher. Table 2 compares the premiums that currently apply to non-pregnant, non-disabled adults in transitional MA with incomes ranging from 133% of the FPL to 300% of the FPL to the following: (a) the premiums that would have applied to those individuals under the Department's original proposal; and (b) the premiums that would apply to those individuals under the revised proposal. The premiums shown in Table 2 assume a three-person family.

TABLE 2

Annualized Premiums for Non-Pregnant, Non-Disabled Adults
In a Three-Person Family in Transitional MA

Family Income As % of FPL	Family Income	Current Premiums	Premiums Under DHS Original Proposal	Premiums Under DHS Revised Proposal
133%	$25,390	$0	$0	$762
140%	26,726	0	0	935
150%	28,635	0	1,432	1,145
160%	30,544	0	1,527	1,374
170%	32,453	0	1,623	1,590
180%	34,362	0	1,718	1,856
190%	36,271	0	1,814	2,104
200%	38,180	0	1,909	2,405
210%	40,089	0	N/A*	2,686
220%	41,998	0	N/A	2,940
230%	43,907	0	N/A	3,249
240%	45,816	0	N/A	3,528
250%	47,725	0	N/A	3,866
260%	49,634	0	N/A	4,120
270%	51,543	0	N/A	4,433
280%	53,452	0	N/A	4,757
290%	55,361	0	N/A	5,093
300%	57,270	0	N/A	5,441

* Under the Department's original proposal, the transitional MA eligibility classification would have been eliminated. As a result, non-pregnant, non-disabled adults with income greater than 200% of the FPL would no longer have been eligible for MA and would not have been subject to the Department's original premium proposal. DHS estimates that there are currently approximately 2,850 adult transitional MA recipients with income greater than 200% of the FPL.

The Department states that its revised premium proposal is intended to test the premium requirements for certain low-income adults as provided under PPACA. Section 1401 of PPACA establishes the maximum premiums a family would pay for the second lowest cost silver plan purchased through an exchange beginning in 2014, assuming they qualify for premium tax credits. In general, individuals can qualify for the PPACA premium tax credits in 2014 if they have income between 133% and 400% of the FPL and they do not have access to "affordable" employer-sponsored insurance. Affordable employer-sponsored insurance for these purposes must meet the following criteria: (a) employee premiums cannot exceed 9.5% of family income; and (b) the plan must pay for at least 60% of covered expenses. If an individual qualifies for the premium tax credits, their maximum premium, net of the credits, would range from 3.0% of family income for individuals at 133% of the FPL to 9.5% of family income for those at 300% to 400% of the FPL. PPACA requires that individuals with incomes under 133% of the FPL qualify for MA coverage beginning in 2014, and such individuals would not be eligible for the premium tax credits.

Estimated Impact of Revised Proposal: DHS estimates that a total of 43,919 non-pregnant, non-disabled adults with income greater than 133% of the FPL would be subject to its revised premium proposal. That total includes 26,596 BadgerCare Plus adults, 5,771 Core Plan adults, and 11,552 adults in transitional MA. The total estimated annual savings from the revised proposal (relative to current law) is $59.7 million ($23.9 million GPR and 35.8 million FED). As with its original premium proposal, DHS attributes these projected savings to two sources: (a) the projected impact the new premiums would have on program enrollment; and (b) the increased premium revenue generated by participants who remain in the program.

Projected Enrollment Impact. The Department estimates that 10,241 of the 43,919 non-pregnant, non-disabled adults subject to the revised premium proposal will leave the MA program in response to the increased premiums. That equates to a projected enrollment impact of approximately 23%, which is slightly higher than the 21% rate DHS assumed for its original premium proposal. The difference is attributable to the fact that for adults with incomes between 133% and 150% of the FPL (who would not have been subject to premiums under the original proposal), DHS has assumed an enrollment impact of 27%.

As discussed in this office's November 10, 2011 memorandum, it is difficult to accurately predict the number of individuals who will leave the program in response to higher premiums. Studies reviewed in conjunction with the Department's original proposal suggested that a projected drop-off rate of 21%, while arguably somewhat conservative, was not unreasonable. It appears similarly reasonable to assume that participants with lower income would experience higher drop-off rates in response to premium increases.

Current enrollment figures indicate that approximately 17,000 of the non-pregnant, non-disabled adults who would be subject to the Department's revised premium proposal have family income between 133% and 150% of the FPL. By assuming an enrollment impact of 27%, the Department projects that approximately 4,600 of these adults will leave the program due to the higher premiums. Given the uncertainty inherent in these projections, it is useful to consider a range of possible impacts. For example, if the assumed drop-off rate for these adults is 10% higher than DHS assumed (given their lower incomes and the fact that they do not currently pay premiums to obtain coverage), the projected enrollment impact would increase by approximately 1,700 individuals.

DHS has assumed a 21% drop-off rate for adults in the Core Plan and transitional MA with incomes greater than 200% of the FPL who would be subject to the revised premiums. Even though these adults have family incomes greater than traditional MA recipients, they would face substantial premium increases under the Department's revised proposal, as shown in Table 2. For example, an adult in a three-person family with family income of 250% of the FPL who participates in transitional MA would see their annualized premiums increase from $0 to $3,866 under the revised premium proposal. Current enrollment figures indicate that there are approximately 3,350 non-pregnant, non-disabled adults in the Core Plan and transitional MA with incomes greater than 200% of the FPL. Therefore, the expected enrollment impact for these higher-income adults would increase by approximately 335 individuals for each 10% increase in the projected drop-off rate.

The Department estimates that the projected enrollment impact of its revised premium proposal will generate annual savings of approximately $30.6 million ($12.2 million GPR and $18.4 million FED). DHS developed these projections by multiplying the average per member per month cost (net of current premiums, where applicable) to the number of individuals projected to leave the MA program in response to the revised premiums. This also represents the projected savings for the 2011-13 biennium, as DHS now assumes the revised premiums will first apply in July 2012.

<u>Increased Premiums</u>. The annual increase in premium revenues projected to result from the Department's revised premium proposal is $29.1 million ($11.6 million GPR and $17.5 million FED), which the Department estimated by applying the revised premium schedules to the non-pregnant, non-disabled adults with incomes greater than 133% of the FPL who are projected to remain in the program.

Committee Approval Required for Revised Premium Proposal. The following aspects of the Department's revised premium proposal require Committee approval under Act 32 (as well as final approval from CMS) before they can be implemented by the Department:

- *Imposing premiums on non-pregnant, non-disabled adults in BadgerCare Plus with family incomes between 133% and 150% of the FPL*. Current state law does not authorize DHS to impose premiums on these individuals if their family income is less than 150% of the FPL, and the Committee did not approve imposing premiums on adults with family incomes less than 150% of the FPL at the November 10, 2011 meeting;

- *Applying premiums up to 6.3% of family income on non-pregnant, non-disabled adults in BadgerCare Plus with incomes up to 200% of the FPL*. Current state law does not authorize DHS to impose premiums on these individuals in excess of 5% of their family income, and the Committee did not approve premiums in excess of 5% at the November 10, 2011 meeting;

- *Applying premiums to non-pregnant, non-disabled adults in the Core Plan and in* *transitional MA on an income-based sliding scale ranging from 3.0% of family income for adults at 133% of the FPL to 9.5% of family income for adults at 300% of the FPL and higher*. Current state law does not authorize DHS to impose premiums on Core Plan or transitional MA participants. At the November 10, 2011 meeting, the Committee approved premiums equal to 5% of family income for adults in the Core Plan and in transitional MA with family incomes between 150% and 200% of the FPL.

The Department's submission also requires the Committee to approve one other, relatively technical aspect of its revised proposal. Included among the Department's original MOE waiver request proposals was an item that would extend the restrictive re-enrollment from six months to twelve months in cases where a family member fails to pay a premium. Under current law, the six-month restrictive re-enrollment period does not apply for any month in which the participant's family income is less than 150% of the FPL. To make this proposal consistent with its revised premium proposal, the proposed twelve-month restrictive re-enrollment period would not apply in those months where the individual's family income was less than 133% of the FPL.

The Committee approvals required in order for the Department to implement its revised premium proposal are collectively referred to as "Department's Revised Premium Proposal." (Alternative A).

UPDATED SUMMARY OF PROJECTED SAVINGS FROM THE DEPARTMENT'S REVISED MOE WAIVER REQUEST

In addition to its revised premium proposal, the Department has recently provided this office with information regarding the status of its negotiations with CMS on other aspects of its original MOE waiver request. As indicated, those negotiations have caused the Department to revise, and in some instances withdraw, its original proposals. The following discussion provides a brief summary of the current status of the Department's original MOE waiver request proposals, based on discussions with DHS. As such, the summaries are not intended to provide a comprehensive description of the Department's ongoing negotiations with CMS. Updated enrollment impacts and savings projections are also provided. Note that unlike the proposed revisions to the Department's premium proposal, the other revisions described below (where applicable) do not require Committee approval at this time because they would not conflict with current state law in a manner not already approved by the Committee at its November 10, 2011 meeting. Further note that in all cases, the Department and CMS must still negotiate final terms and conditions. For additional detail on these proposals, see this office's November 10, 2011 paper regarding the original DHS proposal.

1. Premiums

The Department's original premium proposal has been substantially revised, as described above. The updated projections reflect these proposed revisions. The primary reason the updated projections are lower than the original projections is that the Department's revised proposal (unlike the original) would not change the individual-based premiums that currently apply to BadgerCare

Plus children. The updated projections also reflect the Department's current assumption that the revised premium schedule for non-pregnant, non-disabled adults with family income greater than 133% of the FPL will go into effect in July 2012, rather than April 2012, as originally assumed. Note that the projections shown for this item do not include the revised proposal's projected impact on non-pregnant, non-disabled adults in transitional MA. Those projected impacts are shown separately in item #10, below.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	0	0
Children	12,109	0
Adults	6,169	6,289
Core Plan	945	1,308
Total	19,223	7,597

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$41,125,000	$15,560,000
FED	61,875,000	23,340,000
Total	$103,000,000	$38,900,000

2. Terminate Eligibility for Individuals with Access to Private Insurance Where the Family Pays a Premium Less than 9.5% of Family Income

This item would create a new "crowd-out" rule that disqualifies certain individuals from receiving MA coverage if they had access to, or currently have access to or coverage under employer-sponsored major medical insurance for which the employee's monthly premium contribution is less than 9.5% of family income. As originally proposed, the new crowd-out rule would have applied to BadgerCare Plus adults with family income over 100% of the FPL and to BadgerCare Plus children with family income over 133% of the FPL. The new rule also would originally have applied to children and adults in transitional MA at those same income levels following the termination of the transitional MA eligibility classification. As revised, the new crowd-out rule as currently proposed would only apply to non-pregnant, non-disabled adults in BadgerCare Plus with family income greater than 133% of the FPL. The updated projections assume that the new rule will first apply to new enrollees starting in July 2012, and to current enrollees at the time of their annual re-enrollment starting in July 2012.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	0	0
Children	11,274	0
Adults	16,588	7,108
Core Plan	0	0
Total	27,862	7,108

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$12,290,000	$1,159,600
FED	18,470,000	1,778,400
Total	$30,760,000	$2,938,000

3. Terminate Eligibility for Young Adults with Access to Health Insurance through a Parent's Coverage

The Department indicates that while it has not formally withdrawn this item from its current waiver request, the proposal is not the subject of active negotiations with CMS. For budget forecasting purposes, the updated projection does not assume any savings from this item in the 2011-13 biennium.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	0	0
Children	0	0
Adults	2,851	0
Core Plan	0	0
Total	2,851	0

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$3,600,000	$0
FED	5,300,000	0
Total	$8,900,000	$0

4. Increase Eligibility Restrictions Related to Non-Payment of Premiums

The Department's original proposal would have applied a 12-month restrictive re-enrollment period for families in BadgerCare Plus who failed to pay a required premium. As originally proposed, that 12-month period would have applied to all members of the family (including children) if the family failed to pay a required family premium. The revised proposal would only apply the new 12-month restrictive re-enrollment period to adults who fail to pay a required premium. The existing rules as applied to children would not change. The projections reflect that the revised proposal would no longer apply to children and that its assumed implementation date is now July 1, 2012 rather than April 1, 2012, as originally assumed.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	0	0
Children	0	0
Adults	0	0
Core Plan	0	0
Total	0	0

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$700,000	$334,000
FED	1,100,000	502,000
Total	$1,800,000	$836,000

5. Expedite Disenrollment of Individuals determined to be Ineligible for the Program

As originally proposed, this item would have terminated BadgerCare Plus coverage for participants ten days after they received notice of adverse action advising them they had been determined to be no longer eligible for the program. Under current practice, such individuals retain their coverage through the end of the month. The revised projections reflect an estimated implementation date of January 1, 2013, rather than July 1, 2012, as was originally assumed.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	0	0
Children	0	0
Adults	0	0
Core Plan	0	0
Total	0	0

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$4,800,000	$2,400,000
FED	7,100,000	3,600,000
Total	$11,900,000	$6,000,000

6. Eliminate Retroactive Eligibility

The Department indicates that this item is still being actively negotiated with CMS. The projections have not changed.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	0	0
Children	0	0
Adults	0	0
Core Plan	0	0
Total	0	0

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$2,700,000	$2,700,000
FED	4,000,000	4,000,000
Total	$6,700,000	$6,700,000

7. Eliminate Presumptive Eligibility for Children

The Department indicates that based on its negotiations with CMS, it has withdrawn this proposal from its current waiver request.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	0	0
Children	0	0
Adults	0	0
Core Plan	0	0
Total	0	0

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$200,000	$0
FED	400,000	0
Total	$600,000	$0

8. Count Income of all Adults, except Grandparents, Living in a Household for at least 60 days

The Department indicates that based on its negotiations with CMS, it has withdrawn this proposal from its current waiver request.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	102	0
Children	229	0
Adults	2,258	0
Core Plan	0	0
Total	2,589	0

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$6,200,000	$0
FED	9,500,000	0
Total	$15,700,000	$0

9. Require Verification of State Residency

The Department indicates that this proposal is the subject of ongoing negotiations with CMS. No changes have been made to the original projections at this time.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	384	384
Children	2,940	2,940
Adults	1,716	1,716
Core Plan	447	447
Total	5,487	5,487

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$6,000,000	$6,000,000
FED	8,900,000	8,900,000
Total	$14,900,000	$14,900,000

10. Transitional MA

As noted above, the Department has withdrawn its original proposal to eliminate the transitional MA eligibility classification. Instead, the Department's revised proposal would retain the classification, with the only change from current law at this time being that non-pregnant, non-disabled adults with family income of 133% of the FPL or greater would be subject to premiums set on an income-based sliding scale ranging from 3.0% of family income at 133% of the FPL to 9.5% of family income at 300% of the FPL or higher. Children in transitional MA would not be subject to premiums during their transitional MA eligibility period. The Department indicates that its revised proposal to apply the new income-based sliding scale premiums to non-pregnant, non-disabled adults in transitional MA has not yet been the subject of negotiations with CMS.

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	0	0
Children	2,568	0
Adults	4,168	2,643
Core Plan	0	0
Total	6,736	2,643

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$12,600,000	$8,320,000
FED	18,900,000	12,480,000
Total	$31,500,000	$20,800,000

Table 3 provides a summary comparison (original versus revised) of the estimated enrollment effects and biennial savings for the proposals that were included in the Department's original MOE waiver request approved by the Committee at its November 10, 2011 meeting.

TABLE 3

Summary Comparison of the Projected Impact of the Department's MOE Waiver Proposals (Original versus Updated)

Estimated Enrollment Impact	Original Projections	Revised Projections
PW/Newborns	486	384
Children	29,120	2,940
Adults	33,750	17,756
Core Plan	1,392	1,755
Total	64,748	22,835

Estimated 2011-13 Savings	Original Projections	Revised Projections
GPR	$90,215,000	$36,473,600
FED	135,545,000	54,600,400
Total	$225,760,000	$91,074,000

ALTERNATIVES

A. Approve the Department's Revised Premium Proposal in its entirety.

B. Delete one or more of the following items from the Department's Revised Premium Proposal:

1. Imposing premiums on non-pregnant, non-disabled adults in BadgerCare Plus with family incomes between 133% and 150% of the FPL.

2. Applying premiums up to 6.3% of family income on non-pregnant, non-disabled adults in BadgerCare Plus with incomes up to 200% of the FPL.

3. Applying premiums to non-pregnant, non-disabled adults in the Core Plan and in transitional MA on an income-based sliding scale ranging from 3.0% of family income for adults at 133% of the FPL to 9.5% of family income for adults at 300% of the FPL and higher.

4. Revise the Department's original proposal to extend the restrictive re-enrollment from six months to twelve months in cases where a family member fails to pay a premium such that the new twelve-month restrictive re-enrollment period would not apply in those months where the individual's family income was less than 133% of the FPL.

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