



---

---

# Budget Briefs

from the  
Wisconsin Legislative Reference Bureau

---

---

Budget Brief 00-2

January 2000

## BADGERCARE REVISED

### INTRODUCTION

The biennial state budget act (1999 Wisconsin Act 9), passed by the legislature and signed into law by Governor Tommy Thompson on October 27, 1999, modifies the coverage of BadgerCare, a program of health care coverage for low-income families and individual children who lack employer-sponsored medical insurance and are not eligible for Medical Assistance. The program, which began full operations in July 1999, had enrolled 32,003 adults and 12,851 children, as of December 1999.

### BACKGROUND

**Eligibility.** BadgerCare, created by 1997 Wisconsin Act 27, allows families with dependent children to receive the current services and benefits of the Medical Assistance (MA) program if the family's countable income is at or below 185% of the federal poverty level (FPL). "Countable income" is gross income minus certain exceptions for work-related expenses, childcare costs, and child support payments. In some cases, the state will enroll the BadgerCare family in the employer's health care plan if the cost is less than the BadgerCare fee-for-service or the MA HMO coverage. Once eligible, families may remain in the program if their income does not exceed 200% of FPL. There is no asset test. An individual seeking BadgerCare coverage must be a U.S. citizen or qualified alien and a Wisconsin resident.

#### 1999 Federal Poverty Levels

Group Size	Base	185%	200%
2	\$11,060	\$20,461	\$22,120
3	13,880	25,678	27,760
4	16,700	30,895	33,400
5	19,520	36,112	39,040
6	22,340	41,329	44,680
7	25,160	46,546	50,320
8	27,980	51,763	55,960

Sources: U.S. Department of Health and Human Services and Wisconsin Department of Health and Family Services Internet sites.

Families that currently have access to an employer-subsidized health plan for which the employer pays at least 80% of the premium cost are not eligible for BadgerCare. In addition, families who were covered by such a plan during the three months prior to application for the program are ineligible.

**BadgerCare Premiums.** BadgerCare families with countable incomes ranging from 150% to 200% of FPL are required to pay a percentage of their income as a monthly premium for their coverage. Premium levels are determined by the Department of Health and Family Services (DHFS). If the rate schedule set by the department exceeds 3% of family income, the legislature's Joint Committee on Finance must approve the change, but state law caps monthly premiums at 3.5% of the family income.

Act 9 provides that if the federal government notifies DHFS that Native Americans may not be required to pay BadgerCare premiums, the department must request supplemental funding from the Joint Committee on Finance.

### **CHANGES MADE BY ACT 9**

**Adjustments to Maximum Income Levels.** Act 9 requires DHFS to restrict BadgerCare coverage by lowering the maximum income levels for initial eligibility if funding is insufficient to cover projected enrollments. The adjustment may not be greater than necessary to ensure sufficient funding, and it must have the prior approval of the Joint Committee on Finance. If, after DHFS sets lower levels, funding is sufficient to increase the maximum, the department is required to raise the level again, but it cannot exceed the 185% limit. The department may not adjust the maximum income level of 200% of FPL for persons already enrolled in BadgerCare.

**Coverage for Children Who Do Not Reside with a Parent.** Originally, a child who did not reside with a parent was not eligible for BadgerCare. Act 9 expands coverage to include a child under 19 years of age who does not or will not reside with a parent if the child meets all of the following requirements:

- Child's income does not exceed 185% of FPL (or 200% of FPL if the child is already enrolled in the program);
- Child does not have access to employer-subsidized health care coverage;
- Child has not had access to health care coverage within the time period established by DHFS, unless the department establishes exceptions; and
- Child meets all other requirements DHFS establishes by rule, except that the department may not include any health condition requirements.

### **FOR MORE INFORMATION**

For copies of the statutory provisions modifying BadgerCare (Section 49.665, Wisconsin Statutes), contact the Legislative Reference Bureau at (608) 266-0342 or check 1999 Wisconsin Act 9 on the Internet at <http://www.legis.state.wi.us/billtext/acts/99acts.html>. For more detailed information about BadgerCare, contact the Department of Health and Family Services, Division of Health Care Financing, at (800) 362-3002 or check the department's Internet site at <http://www.dhfs.state.wi.us/badgercare/index.htm>.