# Evaluation of Wisconsin's BadgerCare Plus Health Care Coverage Program

**Report #1: Executive Summary**
Findings on Enrollment, Take-Up, Continuity, Target Efficiency, and Participation in Employer-Sponsored Insurance Coverage

Submitted along with corresponding reports
to
the Wisconsin Department of Health Services
December 2010

UNIVERSITY OF WISCONSIN
Population Health Institute
*Translating Research for Policy and Practice*


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## Preface: BadgerCare Plus

Wisconsin's BadgerCare Plus (BC+) program was designed to ensure access to health insurance coverage to virtually all Wisconsin children and to bolster coverage for parents and other caretaker adults. The program, launched in February of 2008, expanded upon BadgerCare (Wisconsin's Children's Health Insurance Program) and Medicaid. Its reforms included eligibility expansions; simplification of eligibility rules and enrollment and verification processes; and an aggressive marketing and outreach campaign.

BadgerCare Plus eliminated the income eligibility ceiling for children. Coverage operates as a single program with two insurance products: the Standard Plan, for enrollees < 200% Federal Poverty Level (FPL), and the Benchmark Plan, for enrollees >200% FPL. The former is the traditional Medicaid plan and requires only minimal cost-sharing, while the latter is comprised of a more limited set of covered services and requires co-payments on non-preventive services, similar to private insurance policies.

The premium threshold for children was set at 150% FPL under BadgerCare and was raised to 200% FPL under BadgerCare Plus. Modest-income children (200-300% FPL) enrolled in the Benchmark Plan are subject to premium payments that increase with family income level; premiums start at $10 per month and are capped at 5% of total monthly income. The families of higher-income children (> 300% FPL) are required to pay the full cost of coverage in the Benchmark Plan, which amounted to approximately $100 per month in 2008.

In contrast to the 200% income threshold imposed for children, the sliding-scale premium begins at 150% FPL for parents and caretakers; again, with total family premium contributions capped at 5% of monthly income. BadgerCare Plus also includes caretaker relatives in its definition of parental eligibility.

Prior to the launch of BadgerCare Plus, anti-crowd-out provisions were applied in the BadgerCare program but not in the Medicaid program. Under BadgerCare Plus, applicants with incomes over 150% FPL are subject to anti-crowd-out provisions. With good-cause exceptions, these individuals face a three-month waiting period for dropped coverage and they cannot have been offered employer-sponsored insurance (ESI) during the past 12 months or have the opportunity to enroll in ESI during the upcoming 3 months. The employer must cover at least 80% of the premium for the crowd-out provisions to apply.

# Background and Overview

The University of Wisconsin Population Health Institute, in partnership with the Wisconsin Department of Health Services (DHS), conducted an evaluation of various aspects of the BadgerCare Plus program, Wisconsin's expanded public health insurance coverage for low and moderate income children, parents/caretaker relatives and pregnant women.

The evaluation employed quantitative and qualitative methods to assess program design elements and their impact. Particular questions of concern included affordability, continuity of coverage, and crowd-out of private health insurance coverage. The question of affordability was addressed indirectly by assessing enrollment, take-up, exit, and churning at various income levels. Conclusions reported here also include findings on utilization of the ACCESS on-line system and the target efficiency of the program in enrolling persons not already covered by other insurance options.

*Data*

The accompanying reports provide detail on the research questions, data, methods, and findings for each of the components of the BadgerCare Plus evaluation. Most of the analyses used data from Wisconsin's CARES enrollment and eligibility system. Enrollment, income and demographic data were pulled for the time period January 2007 through November 2009. We stratified the data by age, income eligibility category, and rural/urban status.

Data from the on-line ACCESS system were used to describe and analyze entry into BadgerCare Plus relative to other methods of application and enrollment. The study of crowd-out involved the analysis of data from Employer Verification of Health Insurance (EVHI) System, the Third-Party Liability (TPL) tapes, the Unemployment Insurance system, and from the U.S. Department of Labor's list of self-insured employers.

Population denominators and estimates of the uninsured were constructed using the U.S. Census Current Population Survey (CPS) and the American Community Survey (ACS). We compared these figures to those reported by Wisconsin's Family Health Survey but chose to utilize the CPS and ACS data in order to allow comparability to other states.

A qualitative component of the evaluation was separately submitted. It aimed to improve understanding of the program's development and implementation, thus aiding in the interpretation of the quantitative findings contained in the current report. We conducted 15 in-depth, semi-structured interviews with 17 key informants from local and state government, health care associations and advocacy groups for the qualitative report.

This research was funded in part by a grant from the Robert Wood Johnson Foundation under its State Health Access Reform Evaluation (SHARE) initiative, and also substantially supported by the Wisconsin Department of Health Services.

# Reports Submitted
# December 2010

1. Executive Summary: Background, Overview, and Summary of Findings

2. Enrollment, Take-Up, Exit, and Churning:
   Has BadgerCare Plus Improved Access to and Continuity of Coverage?

3. Target Efficiency and the Displacement of Private Insurance:
   How Many New BadgerCare Plus Enrollees Came from the Uninsured?

4. Wisconsin's Lessons about the Potential of Medicaid Auto-Enrollment

5. Wisconsin's On-Line System for Medicaid Application and Enrollment:
   Who Uses It? And Does it Increase the Take-Up of Other Benefits?

6. Has Wisconsin Achieved the Policy Goal of 98% Access to Health Insurance?

# Summary of Findings

## I. Enrollment

- Children in lower income groups contributed more to enrollment increases than did children of higher income levels.

- The number of children enrolled in the program increased 29% between January 2008 – November 2009.

- Over half (58%) of this increase was among children under 150% federal poverty level (FPL), all of whom would have been eligible for BadgerCare (CHIP), Healthy Start, or family Medicaid (<185% FPL) under program rules in effect prior to the implementation of BadgerCare Plus.

Our findings suggest that program simplification measures, branding, and targeted outreach strategies were effective in drawing in newly eligible and also many eligible-but-not-enrolled individuals, an outcome referred to in the literature as the "welcome mat" or "woodwork" effect.

## II. Continuity: Take-Up, Exit and Churning

### A. Take-Up

Defined as the increase in enrollment Dec 2007 through Nov 2009 divided by the total or uninsured population (CPS 2008 & 2009), adjusted for estimated displacements of private insurance.

| | All | < 150 | 150-200 | 200-300 | 300+ | Urban | Rural |
|---|---|---|---|---|---|---|---|
| **Children** | | | | | | | |
| Uninsured | 88% | 107% | 140% | 54% | 13% | 63% | 193% |
| **Parents/Caretakers** | | | | | | | |
| Uninsured | 49% | 73% | 65% | 4% | NA | 39% | 75% |

Note: There are several reasons why the estimated take-up rate might exceed 100%: To the extent that the CPS estimate undercounts the number of uninsured children in Wisconsin, the ratio of change in enrollment to the number of uninsured will overstate the take-up rate. Additionally, the high rate of take-up may be an artifact of the likely increase in the number of uninsured since the 2008 and 2009 rounds of the CPS, resulting in an increased pool of income-eligible uninsured children. The ratio is also affected by differences in income reporting within the CPS and BadgerCare Plus.

It is possible that an increase in take-up may suggest migration from private insurance to public coverage. The figures reported here have been adjusted for such migration using estimates of crowd-out developed elsewhere in this research project. (See accompanying Report #3 on target efficiency and crowd-out.)

**B. Exit Rates**

- The average monthly unadjusted exit rate fell 22% for children and 15% for adults from the pre-period to the post-period.

- Adjusting for the changes in county unemployment rates and the socioeconomic composition of program participants, exits fell by 18% in the post-period (April 2008-November 2009) relative to the pre-period (January 2007-December 2007).

- Evidence suggests that administrative simplification efforts—net of the influences of crowd-out and premium provision changes—were associated with improved retention.

**C. Churning**

- Conditional churning rates (persons who exit and re-enter within six months, as a percentage of all who exit) show a moderate overall increase between May 2007 and May 2009.

- This trend may reflect two post-program circumstances: Those that exit during the down economy of 2008-2009 have higher need to re-enroll, and they may find it administratively easier to re-enter the program as their circumstances change.

| **Conditional Churning: Percent, of those who Exit, that Re-Enter within Six Months May 2007-May 2009** | | | |
|---|---|---|---|
| | **All** | **≤150 FPL** | **150-200% FPL** |
| **Children % change** | 13.51% | 14.04% | 35.37% |
| **Adults % change** | 10.77% | 5.68% | 49.51% |

| **Overall Churning: Percent, of all Enrollees, that Exit and Re-Enter within Six Months, May 2007-May 2009** | | | |
|---|---|---|---|
| | **All** | **≤150 FPL** | **150-200% FPL** |
| **Children % change** | -37.21% | -43.75% | -63.55% |
| **Adults % change** | -23.20% | -48.54% | 43.77% |

- Overall churning rates (those who exit the program and re-enter within six months as a percentage of all BadgerCare Plus enrollees) show a slow decline for all enrollees, for those with incomes $\leq 150$, and for children and adults.

- The overall rate shows a different trend than the conditional rate because the increases in conditional churning (persons re-entering after exiting the program) is offset by the 18% decline in overall program exits.

- BadgerCare Plus design features have reduced overall churning by keeping people on the program (reducing exits) through volatile circumstances. Once members leave the program, however, their likelihood of re-entering the program remains high.

## III. Target Efficiency/Crowd-Out

- Approximately 23% of individuals who enrolled between April 2008 and November 2009 had access to private health insurance at the time of enrollment.

- Approximately 12% maintained their coverage, using BadgerCare Plus as the secondary payer, while the remaining 11% dropped their private coverage.

- This means that, of 326,327 new enrollees in the time period April 2008-November 2009, about 76,000 had other private health insurance. Of this group, about 40,000 maintained their private coverage as the primary payer, and about 36,000 dropped their private coverage.

- The percentages of enrollees who initially had access to private insurance and who subsequently dropped this insurance are roughly similar for child and adult enrollees, are higher for individuals in higher income families, and are slightly higher for individuals residing in urban counties.

- The estimates of the percentage of new enrollees who dropped private health insurance in favor of coverage under BadgerCare Plus are very low compared with previous crowd-out estimates, reported elsewhere at 25-50%, of Medicaid and CHIP expansions in other states and nationally.

**Percentages of Newly Enrolled BadgerCare Plus Members who Maintained or Dropped Private Coverage at or Near the Time of Enrollment, April 2008 through November 2009**

| | Had Private Coverage at the Time of Enrollment | Maintained Private Coverage | Dropped Private Coverage |
|---|---|---|---|
| All | 23.3% | 12.4% | 10.9% |
| Adults | 22.7% | 10.9% | 11.8% |
| Children | 23.8% | 13.6% | 10.2% |

## IV. Systems

### A. Auto-Enrollment

- The January 2008 auto-converts comprised almost 63% of 69,910 new enrollees entering the program in February 2008.

- Approximately two-thirds of both auto-converts and other new enrollees had incomes that were less than 150% FPL and, for those with incomes above 150% FPL, similar proportions of both auto-converts and other new enrollees were subject to premium payments.

- Over half of the auto-enrollees (59%) were parents, and the vast majority (96%) of these parents had a family member already enrolled in public coverage when the auto-enrollment took place.

- Program retention was considerably poorer for auto-converts subject to premium requirements than for other new enrollees subject to premiums.

- The likelihood of disenrollment was very high for all new enrollees subject to premium payments, regardless of enrollment mode.

- Controlling for socioeconomic measures and county-level unemployment rates, disenrollment among lower-income (i.e. those not subject to premium payments) auto-converts was 13% higher than for those with comparable incomes who enrolled via traditional venues.

## B. ACCESS On-Line System: Utilization and Efficiency

***Application methods and user characteristics***

- The choice of application method varies significantly among various demographic groups.

- Of the total applicants analyzed, 62% applied through ACCESS, while approximately 17% applied by mail-in or by walk-in methods and 4% by phone.

***Applicant methods differed in several regards among subgroups***

- Those in metropolitan areas used ACCESS more (65%) than their rural counterparts (60%). This holds as well for mail-in methods. However, metropolitan applicants used walk-in methods less (14%) than rural applicants (20%).

- Women used ACCESS less than men (56% versus 68%) and they used walk-in more (22% versus 14%).

- Among income groups, ACCESS was much more readily utilized by persons above 150% FPL than those with incomes below 150% FPL (> 80% versus 56%), while persons below 150% FPL favored walk-in more heavily (22% versus 5%).

***Target Efficiency of System***

- Across enrollment modes, ACCESS applicants were the least likely to be determined eligible for coverage (69% versus 87% for phone, 83% for walk-in, and 77% for mail-in)

- About twice as many ACCESS "Apply for Benefits" modules are completed per month as are "Am I Eligible" modules, while applicants applying by phone or in person via county offices are usually prompted through a mini "Am I Eligible" screener prior to undergoing the application process. This filter probably increases the target efficiency of telephone and in-person methods.

- The ACCESS tool successfully attracts more applicants into the FoodShare program. However, it appears to do so at a cost of declining specificity and target efficiency – that is, it brings in more applicants but a lower the percentage of applicants are found eligible for the program.

- Target-efficiency may improve by adjusting the system to encourage – or perhaps require – online applicants to complete an eligibility screener prior to submitting an application.

## V. Achievement of 98% Access to Coverage

- Based on 2008 data, approximately 94.1% of Wisconsin residents had access to health insurance coverage following implementation of the 2009 BadgerCare Plus Core Plan.

- If the Core Plan enrollment cap were not in place, the BadgerCare Plus Core program would have allowed Wisconsin to attain 96.3% access to coverage for residents.

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***Web Site***

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***Papers in Progress***

Leininger L, Voskuil K, Friedsam D, DeLeire T. Wisconsin's On-Line System for Medicaid Application and Enrollment: Who Uses It? And Does it Increase Take-Up of Benefits?

DeLeire T, Dague L, Voskuil K, Kuo D, Leininger L, Meier S, Mok S, Friedsam D. Estimating Crowd-Out from a Public Insurance Expansion Using Administrative Data.

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