Wisconsin at Crossroads for Health Care Reform, Study Says

Madison, WI — Wisconsin, while currently mired in ongoing debate surrounding Medicaid expansion, will have the opportunity to all but scrap the Affordable Care Act (ACA) to pursue its own approach to achieving the same coverage, affordability, and cost goals. This decision will be under the purview of the state’s next governor, who can pursue an ACA State Innovation Waiver in 2017. A study by the University of Wisconsin Population Health Institute reviews Wisconsin’s implementation process and milestones to date, providing a basis to inform where to stay the course and where to consider a new route.

This report is the most recent in a series of state and regional studies examining the rollout of the ACA. The national network, with 35 states and 61 researchers, is the effort of the Rockefeller Institute of Government, the public policy research arm of the State University of New York, the Brookings Institution, and the Fels Institute of Government at the University of Pennsylvania.

Wisconsin’s implementation of the Affordable Care Act has set it apart from its regional neighbors and put it on a unique path among states nationally, according to the study. All of the states in the upper Midwest — Illinois, Indiana, Iowa, Michigan, Minnesota, and Ohio — are participating in an ACA-supported Medicaid expansion or preparing to do so. Wisconsin instead pared back Medicaid eligibility for persons above the poverty level, sending them to the ACA for their coverage, while opening up the program to more adults below the federal poverty level — an alternative that the national press has referred to as “Obamacare with a twist,” the study explains.

While Wisconsin is not strictly pursuing an ACA-supported Medicaid expansion, the state’s BadgerCare program does cover adults up to 100 percent of the federal poverty level, after which point they can seek subsidized coverage through the ACA. The Wisconsin report explains how this has distinguished Wisconsin as the only nonexpansion state that has avoided a “coverage gap.”

The study points to Governor Walker’s effort to avoid state reliance on what he said would be a risky federal promise of future ACA matching funds. According to the study, he also promoted his plan as a strategy to reduce the number of uninsured while discouraging reliance on public sector entitlement programs. He projected to cut the state’s number of uninsured rate in half, by about 225,000, with most of the reduction coming by enrolling people in the ACA subsidized exchange-based coverage.

The Wisconsin report describes how the governor adopted a bifurcated approach to the ACA. Governor Walker's entitlement reform policy has depended heavily on the ACA’s federal exchange and subsidies to meet Medicaid
reduction and coverage goals. The Wisconsin Department of Health Services has also moved aggressively to educate people about the Medicaid and BadgerCare changes, along with opportunities for new coverage under the ACA. But this occurred at the same time that Governor Walker continued to express strong opposition to the ACA in the national press, opining in the Wall Street Journal about "Unworkable ObamaCare."

This duality continues to play out a year later, the study indicates. Governor Walker, who opted against a state-run exchange, has asserted Wisconsin's relative success in connecting its residents to coverage: nearly 140,000 Wisconsin residents enrolled in coverage through the federal ACA exchange, and 91 percent of them received financial subsidies for their health plan premium. But Governor Walker also deflects questions about the status of the persons who have been removed from BadgerCare, asserting that any concerns about the ultimate status of former BadgerCare members should be directed to the federal agency in charge of the ACA.

Wisconsin now stands at a crossroads, according to the study's lead author, Donna Friedsam, health policy program director for the University of Wisconsin's Population Health Institute. Several recent reports, including one from the state's nonpartisan Legislative Fiscal Bureau, have highlighted the potential revenue savings available if the state would accept an ACA Medicaid expansion. Other Republican-governed states, most recently Pennsylvania, have been moving to accepting Medicaid expansion. And Governor Walker is locked in a tight re-election campaign against Democratic challenger Mary Burke, who has criticized the current administration's ACA-related policy.

The Wisconsin report provides a baseline of the decisions and factors at play through the first year of ACA implementation. Ultimately, Governor Walker's current plan will be judged by the trends in insurance coverage, premium rates relative to other states, the financial health of the state's hospitals and provider sector, Medicaid program enrollment trends, and the impact on the state budget.

For a complete copy of the report, go to our web site.

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