

Protect Our Care: Medicaid expansion in Wisconsin would lower premiums for those with private insurance

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MILWAUKEE, WI – Yesterday, Health Affairs released a non-partisan analysis which found that private insurance premiums in Wisconsin would decrease once the state accepted the federal expansion of Medicaid available under the Affordable Care Act. Thirty-seven states have accepted the expansion to date.

The full study can be read [here](#) or below.

Health Affairs: Medicaid Expansion In Wisconsin Would Lower Premiums For Those With Private Insurance

By Aditi P. Sen & Thomas Deleire

Wisconsin Governor Tony Evers [recent budget](#) proposes expanding BadgerCare, the state's Medicaid program for low-income populations, to include adults up to 138 percent of the federal poverty level (FPL). The Governor is facing substantial opposition from Republican legislators and the expansion stands at a critical juncture. Debate is ongoing in the Legislature's Joint Finance Committee; and if history offers any precedent, the [legislature will pass a budget bill and send it to the Governor for his approval before the start of the next fiscal year, which begins on](#)

[July 1st](#). If the Governor's Medicaid expansion is not included in the final bill, any effort to expand the program will be postponed until the next budget cycle. In addition to improving access to care and [reducing uncompensated care costs for hospitals](#) (see a review of this evidence [here](#), and Wisconsin-specific evidence [here](#) and [here](#)), our research shows that expanding Medicaid in Wisconsin would substantially lower private health insurance premiums for insurance coverage offered through the health insurance exchange, or "Marketplace," established by the Affordable Care Act.

Medicaid In Wisconsin

Following the passage of the Affordable Care Act, Wisconsin is the only state that partially expanded Medicaid, to include all adults under 100 percent FPL. Those with incomes over 100 percent FPL are eligible for subsidized insurance through the Exchange. Thus, the "[coverage gap](#)" (individuals with incomes above Medicaid eligibility but below the limit to receive a Marketplace tax credit) that exists in other Medicaid non-expansion states does not exist in Wisconsin. Though low-income individuals are eligible for subsidized insurance, [Marketplace enrollment in the state has fallen over the past two years, particularly among those with incomes below 200 percent FPL](#), raising concerns about affordability of coverage and, in turn, access to care. Evidence that [behavioral health services](#) and [services for working adults with disabilities](#) are more limited with Marketplace coverage than Medicaid further heightens concerns about adequate access to care for vulnerable populations.

The Governor's proposal would expand Medicaid eligibility to an additional [82,000 Wisconsin residents](#) with incomes between 100 percent and 138 percent of FPL. Prior to the passage of the ACA in 2014, BadgerCare covered 52,000 parents with incomes between 100 and 138 percent FPL; the [state expects that this population would enroll in Medicaid under the proposed expansion, along with 30,000 childless adults](#).

Moving from the current partial expansion to full expansion would also allow the state to access an additional \$1 billion in federal funding. As specified in the Affordable Care Act, the federal government would pick up 90 percent of the cost in 2020 with full expansion (compared to the 60 percent share currently covered in Wisconsin).

Effect Of Medicaid Expansion On The Marketplace Risk Pool And Premiums

Medicaid expansion would improve the risk pool and lower premiums in the private health insurance Marketplace. A key way in which private and public insurance markets interact is through risk pools. When public insurance is expanded, individuals who are newly eligible move out of the private insurance risk pool. Currently, Wisconsin residents with incomes between 100 and 138 percent FPL are eligible for subsidized health insurance through the Marketplace established by the Affordable Care Act; under the proposed expansion, these residents would be eligible for Medicaid.

As described in our [recent paper](#), data from the Current Population Survey show that the 100-138 percent FPL population is relatively less healthy than those higher-income individuals who would remain in the Marketplace risk pool with full expansion. Indeed, [prior evidence](#) has shown that states that expanded Medicaid had lower average risk scores in their private insurance market. Further, according to the Medical Expenditure Panel Survey, those reporting fair or poor health have substantially higher health expenditures than those in good, very good, or excellent health. Thus, we would expect that the costs of caring for Marketplace enrollees would be lower in expansion states than in non-expansion states. In turn, lower expected medical costs for Marketplace enrollees likely translate into lower premiums.

We used the same methods as in our [recent published peer-reviewed paper](#) to test whether Medicaid expansion in Wisconsin is likely to translate to lower premiums for Marketplace enrollees [\[1\]](#). Specifically, we compared Marketplace premiums in border counties in states that border Wisconsin (Minnesota, Michigan, and Illinois) and that expanded Medicaid to their neighboring border counties in Wisconsin. The border counties included in our analysis are shown in figure 1. The idea is that these neighboring counties are likely to be similar in terms of a number of factors (e.g., population characteristics) that we think might be related to premiums. We further control for a range of county-level demographic, market, and policy characteristics. We found that premiums of benchmark Marketplace plans were 19 percent (or roughly \$57 per month) lower among Wisconsin's neighbors than in Wisconsin over the 2014-18 period. Premiums of the cheapest Silver and cheapest Bronze plans were similarly lower among Wisconsin's neighbors.