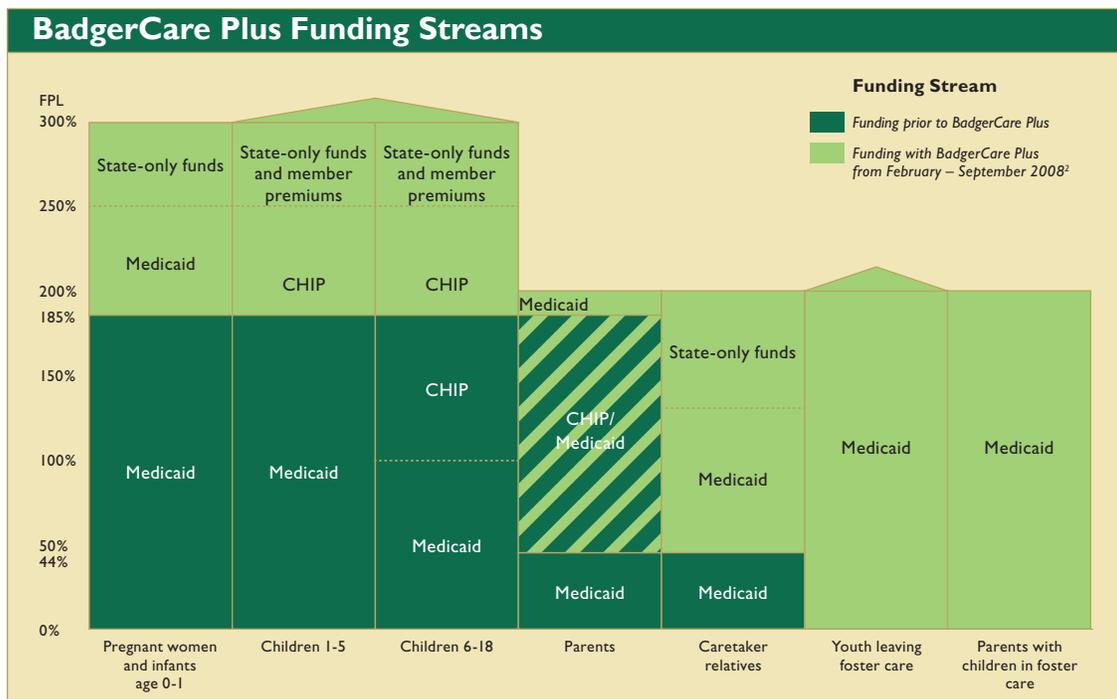


BadgerCare Plus: Funding Sources

Under the Deficit Reduction Act of 2005 (DRA), states have flexibility to modify Medicaid benefits and cost-sharing requirements without the cap on federal financial participation that accompanies §1115 waivers. The flexibility granted by the DRA, coupled with long-standing Medicaid authority to expand eligibility by disregarding income, allows states to file state plan amendments in order to expand coverage to higher income populations in plans that charge limited premiums and look more like commercial insurance. (For additional information on this topic, see “Financing State Coverage Expansions: Can New Medicaid Flexibility Help?” This document is available in the publications section of the NASHP website at www.nashp.org.)

The development of BadgerCare Plus required State Plan Amendments to both Wisconsin’s Medicaid and CHIP state plans. BadgerCare Plus is funded through a combination of Medicaid, CHIP, and state-only funds.¹ The multiple funding streams are invisible to beneficiaries, who receive services regardless of whether those services are reimbursed by Medicaid, CHIP, or state-only funds.



¹ Wisconsin decided to use state-only funds for some BadgerCare Plus beneficiaries after the Centers for Medicare and Medicaid Services (CMS) issued the “August 17 Directive” (officially known as Health Official Letter SHO#07-001) that increased requirements on states wishing to use CHIP funds for families above 250% FPL.

² Funding streams continue to change as Wisconsin continues to adapt the BadgerCare Plus program. Several State Plan Amendments are currently pending with CMS.

About the National Academy for State Health Policy

The National Academy for State Health Policy (NASHP) is an independent academy of state health policy makers working together to identify emerging issues, develop policy solutions, and improve state health policy and practice. As a non-profit, non-partisan organization dedicated to helping states achieve excellence in health policy and practice, NASHP provides a forum on critical health issues across branches and agencies of state government. NASHP resources are available at: www.nashp.org.

This project was funded by the Robert Wood Johnson Foundation, the nation’s largest philanthropy devoted exclusively to improving the health and health care of all Americans.