

BadgerCare Plus: Premium Assistance

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.)

“Premium assistance” is a health insurance purchasing strategy in which a state uses public funds to pay for a portion of the premium costs of employer-sponsored insurance for eligible populations. Premium assistance programs allow states to capture employer contributions toward the cost of delivering health care to Medicaid and CHIP beneficiaries who qualify for employer coverage.

BadgerCare Plus expands Wisconsin’s premium assistance program, known as Health Insurance Premium Payment (HIPP). HIPP is an option for BadgerCare Plus members when it is cost-effective for the state to pay for or subsidize coverage under an employer’s health plan rather than enrolling an individual or family in BadgerCare Plus. DRA authority was not required for this HIPP expansion, but Wisconsin chose to make these changes simultaneously with the development of BadgerCare Plus.

HIPP pays the following out of pocket costs for eligible beneficiaries:

- Employee’s share of monthly premium
- Co-insurance
- Deductibles

Beneficiaries are responsible for paying:

- Co-payments required by the employer sponsored insurance plan
- Nominal co-payments for wrap-around services provided by the state

HIPP provides wrap-around benefits

- BadgerCare Plus covered services not included in the employer sponsored plan are reimbursed by the state on a fee-for-service basis
- Members participating in HIPP are enrolled in BadgerCare Plus as secondary insurance

HIPP is used when it is cost-effective for the state:

- Cost-effectiveness is determined individually for each person in a family
- The cost of wrap-around services is included in the cost-effectiveness calculation

About the National Academy for State Health Policy

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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.