



Wisconsin is at Risk: Responding to Federal Medicaid Cuts¹

Congress is debating the American Health Care Act (AHCA) which will significantly reduce Medicaid funding in Wisconsin. Specifically, the AHCA would lock Wisconsin into its past Medicaid spending amounts without adequate increases. This is very different than how Medicaid works now. Now when Wisconsin chooses to reduce a waiting list, increase supports to children or other special populations or ensure Medicaid can fund a new treatment or therapy, the federal government matches Wisconsin tax dollars at 60%. This funding match would go away under the AHCA and force Wisconsin to make tough choices.

Early estimates show Wisconsin stands to lose \$1 billion in Medicaid funding over the next ten years. To deal with this cut Wisconsin is likely to:

- Cut benefits in Medicaid-funded programs
- Cut payments to providers
- Restrict eligibility to programs



In Wisconsin Medicaid funds many programs and supports, including:

- Family Care
- The Children's Waiver
- Mental Health programs like CCS
- Autism services
- Personal Care
- Aging and Disability Resource Centers
- IRIS
- BadgerCare
- Katie Beckett
- Therapies like OT, PT and Speech
- Supports provided in schools

Many of these are "optional services" and are at significant risk for cuts.

High Risk Factors for Wisconsin

While some states may be able to deal with proposed federal funding reductions under the AHCA more easily, certain factors put Wisconsin at greater risk.

Wisconsin has been historically efficient with its Medicaid investments, covering many individuals with complex care needs at lower costs. However, this successful track record means Wisconsin is eligible for less future federal funding.

(All data and analysis used in this document is derived from <http://www.kff.org/report-section/factors-affecting-states-ability-to-respond-to-federal-medicare-cuts-and-caps-which-states-are-most-at-risk-issue-brief/>)¹ Rudowitz, R; Valentine, A; Ubri, P; Zur, J; Factors Affecting States' Ability to Respond to Federal Medicaid Cuts and Caps: Which States Are Most At Risk?; The Henry J. Kaiser Family Foundation; June 9, 2017; Accessed June 12, 2017. ² Reidhead, M; The American Health Care Act Fails to Restore Parity for Nonexpansion States; Missouri Hospital Association; June 2017.



Wisconsin Medicaid Spending: At Risk for Our Lower Spending

■ Wisconsin is one of 19 states that opted not to fully expand Medicaid under Obamacare. According to a new report² promoted by the Wisconsin Hospital Association, non-expansion states stand to lose \$680 billion under the AHCA with Wisconsin receiving an estimated \$37 billion less than other states by 2025.

■ Wisconsin ranks 17th in the nation in per capita Medicaid spending – meaning we spend less per person in Medicaid than 33 other states. Under a per capita cap, these states would receive more money in the future just because they spend more today.

We should be REWARDED, NOT PENALIZED for being efficient with Medicaid funding.

Some reasons Wisconsin is more efficient than other states:

■ 67% of our Medicaid population is in Managed Care (a strategy to streamline costs)

■ 65% of our long-term care spending is on home and community-based services (verses costly institutional settings). The national average is 55%.



Wisconsin's Population: At Risk for Meeting the Future Needs of our Residents

■ Wisconsin ranks 20th in the nation for people below the poverty level. States with higher poverty rates rely on Medicaid to support their residents.

■ Wisconsin's population is aging quickly. Health care for people 85 and older costs a great deal more. Wisconsin expects a 30% change in the number of people ages 85 and older between 2015-2030. Per capita caps will make it harder to meet the needs of our aging population which will have complex care needs.



Health Status of Wisconsinites: At Risk to Meet Future Demand

■ Wisconsin has higher than average rates for people who reported a disability – 20th in the nation. Greater numbers of people with disabilities indicates a greater need for long-term supports.

■ Wisconsin has nearly one-third (31%) of adults reporting poor mental health status.

■ Wisconsin ranks above the national average (11.2 vs. 10.4) in the rate of people who have been dying from opioid overdose.

Wisconsin Medicaid Revenues: At Risk to Lose More \$ than Other States

■ Wisconsin currently receives a higher federal Medicaid match rate (59% for 2018) than 25 other states. The federal match rate goes away completely under the AHCA and Wisconsin will be at a disadvantage to raise taxes to maintain our investment.

■ Wisconsin already struggles to fully fund Medicaid in our state budget while also adequately funding roads and schools. Taking away federal funds will shift costs to state taxpayers and make the budget crunch worse.



Wisconsin Health Care Costs: At Risk Because Health Care Here Costs More

■ Wisconsin has historically high per capita health care expenses. We rank 17th in the nation. Our expenses are higher than the national average and higher than neighboring states of Illinois and Michigan. Because Medicaid must purchase services from private health care providers Wisconsin will have greater difficulty than other states paying these providers when federal funding is cut.

■ Wisconsin has the 13th highest average family premium for employer-based insurance.