

Healthy Wisconsin

Draft Recommendations

December 12, 2006



Agenda

- Review of the Council's Mission and Deliverables
- Overview of the Draft Report
- Draft Council Recommendations
 - Healthy Wisconsin Reinsurance Authority
 - Medicaid Expansion for Low-Income Childless Adults
- Subsidy

Overview of the Draft Report



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Recommendation 1: Reinsurance Authority

Recommend Creating Reinsurance Authority

- Staffing of the Authority
- Composition of Authority Board of Directors
- Duties for the Authority
- Extent to which Authority follows state government agency requirements

Effect of Reinsurance on average small employer premiums

- Subsidy PMPM directly reduces premiums by 2.5-3.5%
- Preliminary modeling with \$100 million subsidy. Assumes:
 - Pool covers 800,000 to one million lives
 - Insurers pay difference between subsidy amount and total claims in excess of attachment point
 - No premiums to insurers for reinsurance coverage

Attachment Point	PMPM above attachment point	% Total Claims
\$75,000	\$36	12%
\$100,000	\$27	9%
\$125,000	\$21	7%

Variables Affecting Reinsurance Savings

- ❑ Corridor of coverage – attachment point and upper limit
- ❑ Coinsurance in corridor – amount of cost sharing from primary insurer
- ❑ Amount of subsidy
- ❑ Primary Insurer premiums
- ❑ Size of pool
- ❑ Administrative Overhead Efficiencies - Current costs of reinsurance estimated 3-15% of total premiums
- ❑ Long-term Savings/stability of premiums -Urban Institute study in January

Recommendation 2: Medicaid Expansion

Comparison of Possible MA Plans

BadgerCare Plus

- ❑ No annual limit
- ❑ Some fixed \$ service limits
- ❑ Limited use of copays
- ❑ Likely inclusion mandated benefits

Basic Plan

- ❑ \$25,000/yr limit
- ❑ Extensive use of hard \$ service limits
- ❑ Extensive use of copays
- ❑ Possible exclusion of mandated benefits
- ❑ Possible expanded mental health AODA services related to CNOM claims

Potential Cost of Coverage

- Potential population 61,000 childless adults < 200% FPL
- BC+: \$200 PMPM
- Basic plan: \$25,000/yr limit \$146 PMPM
- Assume 50% take up rate

BadgerCare +	Basic Plan
\$73,200,000 All Funds	\$53,400,000 All Funds
\$30,500,000 Non Federal	\$22,500,000 Non Federal



Variables Affecting Expansion Costs

- Design of benefit package
- Coinsurance/copays– amount of cost sharing from individuals
- Size and composition of pool
- Ability to find non federal match (GPR)
- Ability to use Costs Not Otherwise Matchable (CNOM) as non federal match for MA

Subsidy

Subsidy Recommendations

- Smoke Free Wisconsin - Testimony Recommendation
 - \$1/pack increase, which generates \$227 million/yr Note: LFB analysis \$1/pack increase generates \$300 million/yr
 - Tax increase also reduces smoking thereby reducing future health care costs
- Other Options

Discussion and Questions
