Disclaimer: This presentation is a basic tool to understand how Medicaid works now and how changes could impact people in Wisconsin. Congress is considering federal spending cuts and other changes that could change how Medicaid is funded and how much federal money comes to states. We will not know what Congress is proposing until a bill is introduced. There may be several bills that include Medicaid cuts. Cuts could be made administratively through stop payments or impoundment. Things could change quickly.

Wisconsin Medicaid

How it works, who it serves, who it pays

February 7, 2025

last changed 02/05/2025

Why do we think Federal Medicaid spending will be cut?

- Reports (Project 2025, Paragon) with ideas on how to cut Medicaid have been public for months. National groups identified likely ideas in December 2024.
- Widely reported by media this Congress intends to cut Medicaid to offset spending for other priorities.
- Medicaid cuts have been part of Congress budget reconciliation discussions.
- Specific proposals House Budget Committee considering to cut Medicaid published in January.

last changed 02/05/2025

SPENDING REFORM OPTIONS
Policy Explainer
Topline Savings: *$5.3 - $5.7 T*

1. **REPEAL MAJOR BIDEN HEALTH RULES (*$420B*)**
2. **STRENGTHEN MEDICARE FOR SENIORS *($479B)***
   - *Site Neutral – $146B*
   - *Uncompensated Care – $229B*
   - *Bad Debt – $42B*
   - *BCA Mandatory Sequester Extension - $62B*
3. **MAKING MEDICAID WORK FOR THE MOST VULNERABLE *($2.3T)***
   - *Per Capita Caps - up to $918B*
   - *Equalize Medicaid Payments for Able Bodied Adults - up to $690B*
   - *Limit Medicaid Provider Taxes - $175B*
   - *Lower FMAP Floor - $387B*
   - *Special FMAP Treatment for DC – $8B*
   - *Repeal American Rescue Plan FMAP Incentive – $18B*
   - Medicaid Work Requirements - $120B
4. **REIMAGINING THE AFFORDABLE CARE ACT (ACA) (*$151B*)**
   - *Recapture Excess Premium Tax Credit – $46B*
   - *Limit Health Program Eligibility Based on Citizenship Status - $35B*
   - *Repeal the Prevention Public Health Fund – $15B*
   - *Appropriate Cost Sharing Reductions - $55B*

Full list of budget cut proposals published by Politico
https://acrobat.adobe.com/id/urn:aaid:sc:VA6C2:1e265d7c-b552-4354-8207-66afc78c9025

The federal government and states pay for Medicaid

Federal money given to states to help run state Medicaid programs is called the Federal Medical Assistance Percentage (FMAP)

In Wisconsin, the federal government pays 60% of Medicaid costs; the state pays 40%.

That means for every Wisconsin Medicaid dollar spent, $0.60 is federal money and $0.40 is state money.

Federal money (match) helps the state cover more people, and more health and long-term care services for residents for less cost to the state.

Medicaid can expand or contract, and is responsive to changing conditions (mass unemployment, a pandemic, a demographic bubble)

Higher Federal match reduces impact on state budgets when more people need Medicaid or costs increase.

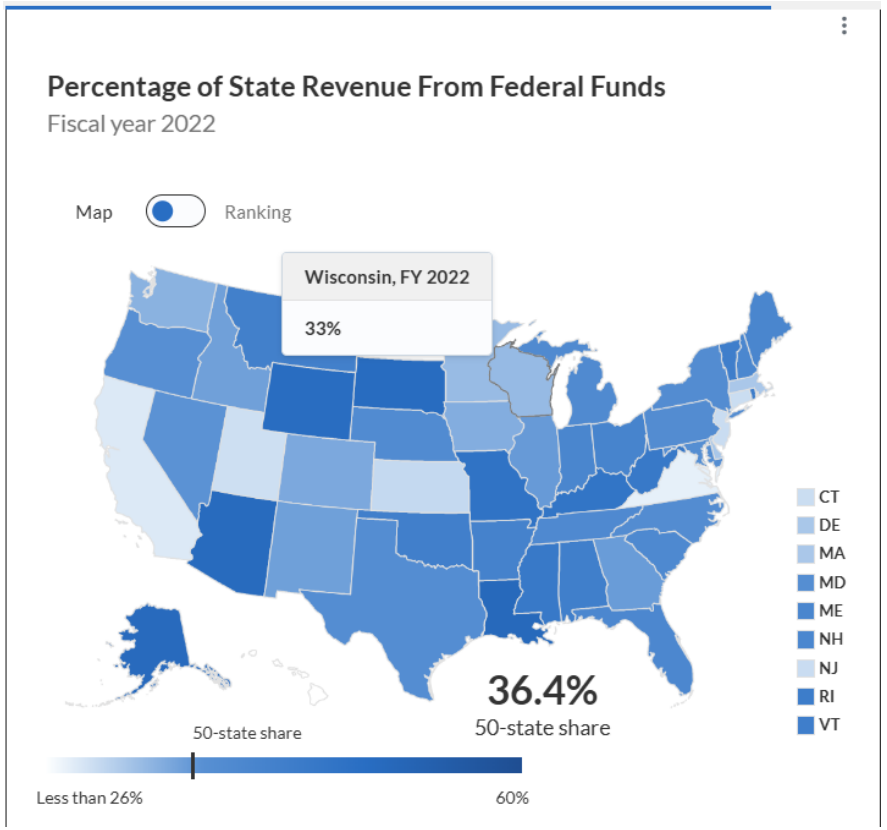
last changed 02/05/2025

State budgets are built with federal dollars

- 33% (or $16.5 B) of Wisconsin's ~$50 Billion state budget is federal money.
- Medicaid is the largest source of federal money for states.
- On average, 56% of states' federal funding is for Medicaid.
- In WI, ~$9.24 B, or 20% of WI's total budget, is federal money for Medicaid.
- The state puts in ~$3.7B in state funds for Medicaid.
- Almost $13B (or 26%) of WI's budget is Medicaid.

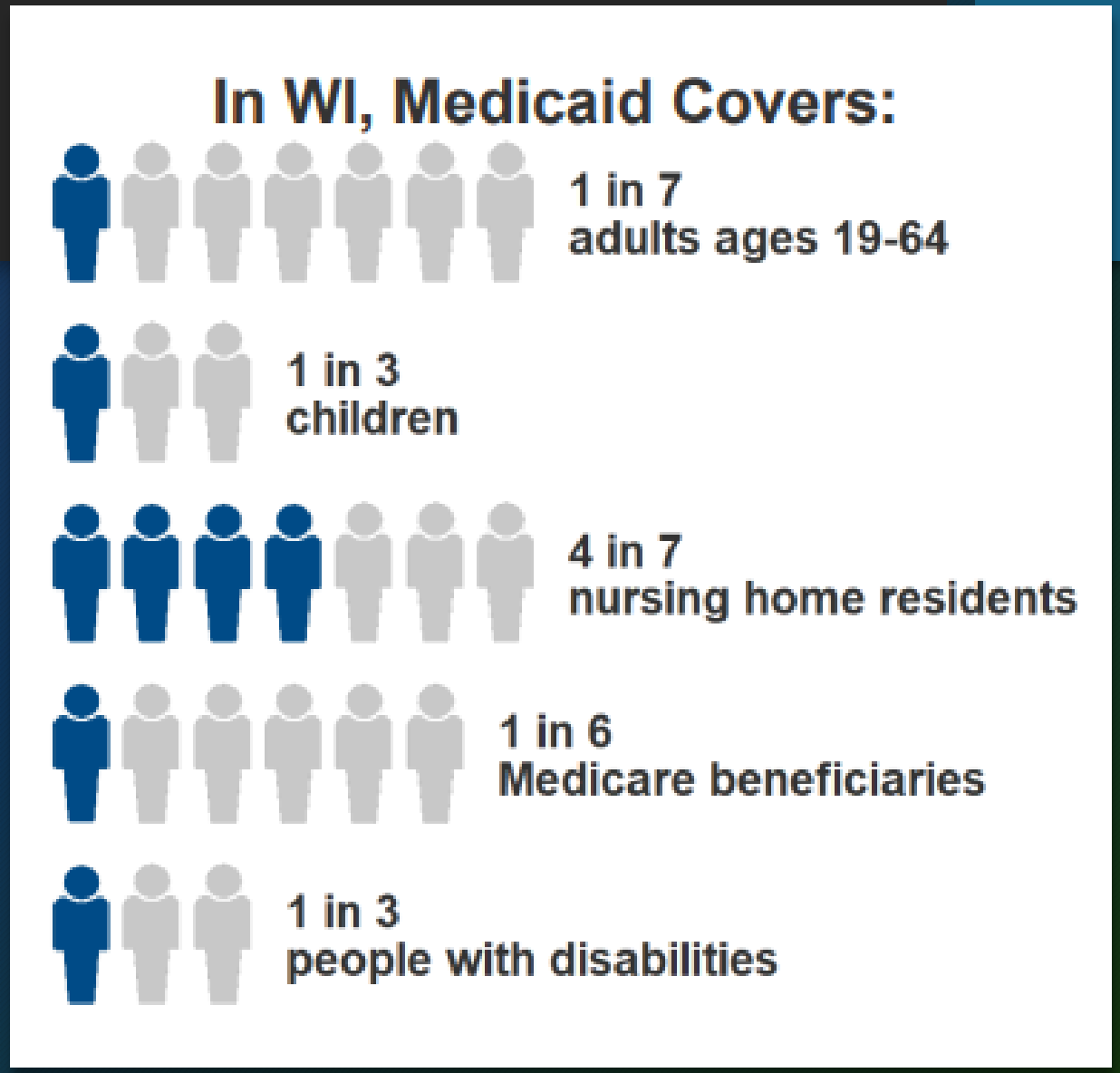
last changed 02/04/2025

Lower federal spending causes holes in state budgets. States then have to decide to spend more state money or cut programs.



Who is in Wisconsin Medicaid?

- 18% of Wisconsin's population (1.2M people) has health or long term care services through Medicaid/CHIP.
- Wisconsin Medicaid populations include:
  - children,
  - older adults,
  - people with physical disabilities,
  - people with intellectual/developmental disabilities (I/DD),
  - people with mental health conditions,
  - low income pregnant women,
  - low-income working adults.



https://www.kff.org/interactive/medicaid-state-fact-sheets/

last changed 02/05/2025

Who gets paid by Medicaid?

Hospitals & Clinics, Federally Qualified Health Centers	• Doctors, Specialists, Doctors, therapists (PT,OT, ST), mental health professionals
Nursing homes & Institutions	• CNAs, Nurses, social workers
Home and Community Based Service Providers	• Personal care, direct support workers, private duty nurses, employment and day services, residential provider workers.
Counties	• Mental health providers, ADRC, CLTS workers, Case Managers
Other Professionals	• Dentists, NEMT drivers, MCOs, Small provider businesses, school nurses

last changed 02/04/2025

What does Wisconsin Medicaid cover?

Mandatory Benefits
(States MUST Provide)

EPSDT
Inpatient/outpatient hospital services
Physician services
RHC/FQHC services
Laboratory and X-ray services
Family planning services
Nursing facility
Home health services
Transportation to Medical services

Optional Benefits
(States can CHOOSE)

Prescription drugs
PT/OT/ST
Other diagnostic, screening, preventive, and rehabilitative services
Dental and vision services
Case management
Home and community-based services (Family Care, IRIS, CLTS)
Hospice
(WI Medicaid covers all 57 optional services)

Full list of mandatory/optional services (subject to change):
https://www.medicaid.gov/medicaid/benefits/mandatory-optional-medicaid-benefits/index.html

last changed 02/05/2025

Wisconsin Medicaid pays for many things

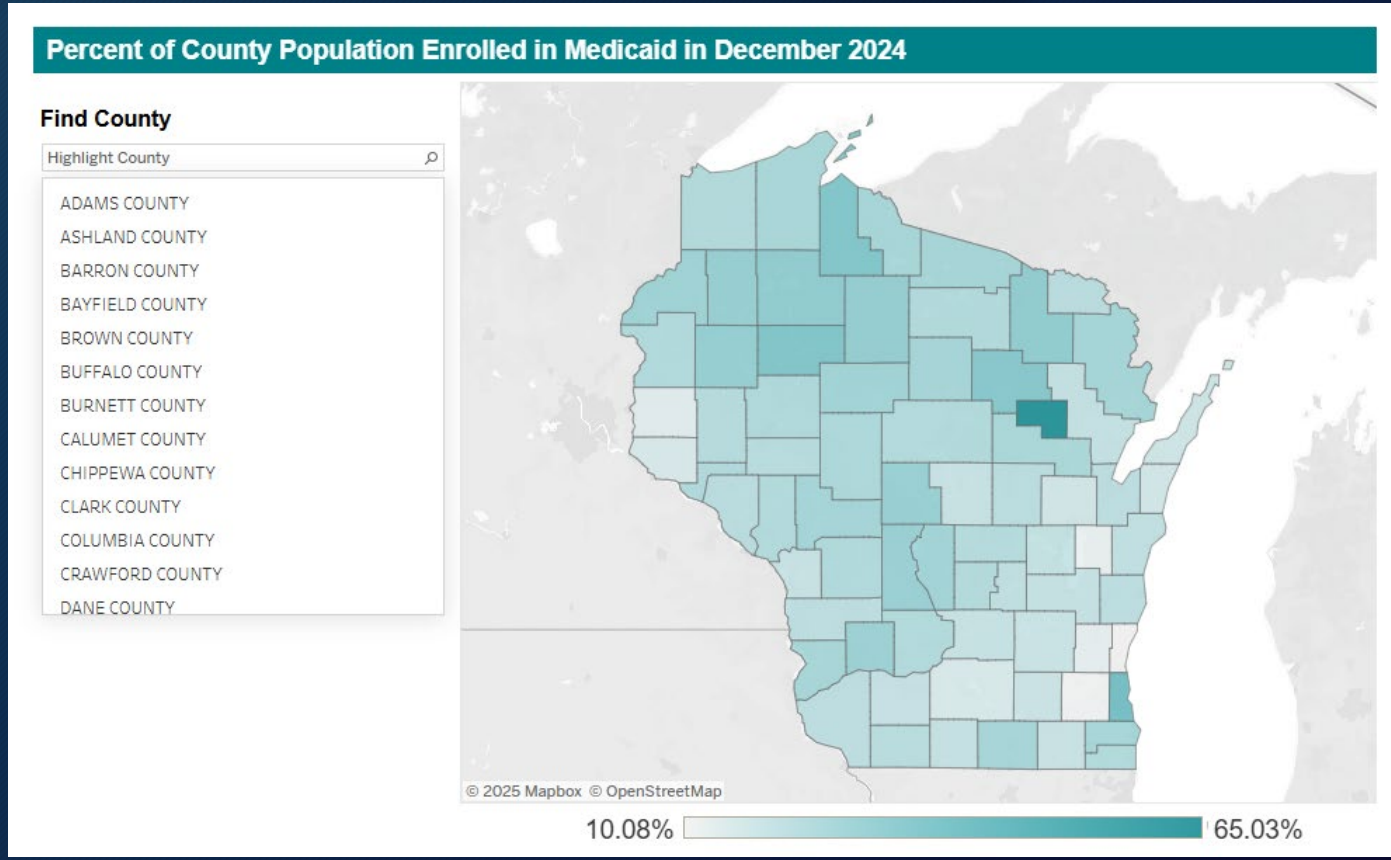
- Institutional care. (Skilled Nursing Facilities, State Institutes for Mental Disease, State Developmental Disability Centers)
- All health and personal care services paid for by the Forward Health card.
- ~50% of ADRC operating costs.
- Health care for kids in foster care.
- School Based Medical Services, and School based Mental Health services for students with IEPs
- In-patient hospital care for prisoners
- Access to medications and treatment of medical conditions, mental illness, and substance use disorders for Medicaid-eligible people released from prison.

last changed 02/05/2025

Where is Wisconsin's Medicaid population?

Find by county how many people are participating in a Medicaid program and what proportion of county residents are in a Medicaid program.

Note: Medicaid creates many jobs and pays workers within the county to provide health and long-term care for Medicaid participants.



https://www.dhs.wisconsin.gov/medicaid/renewal-data.htm

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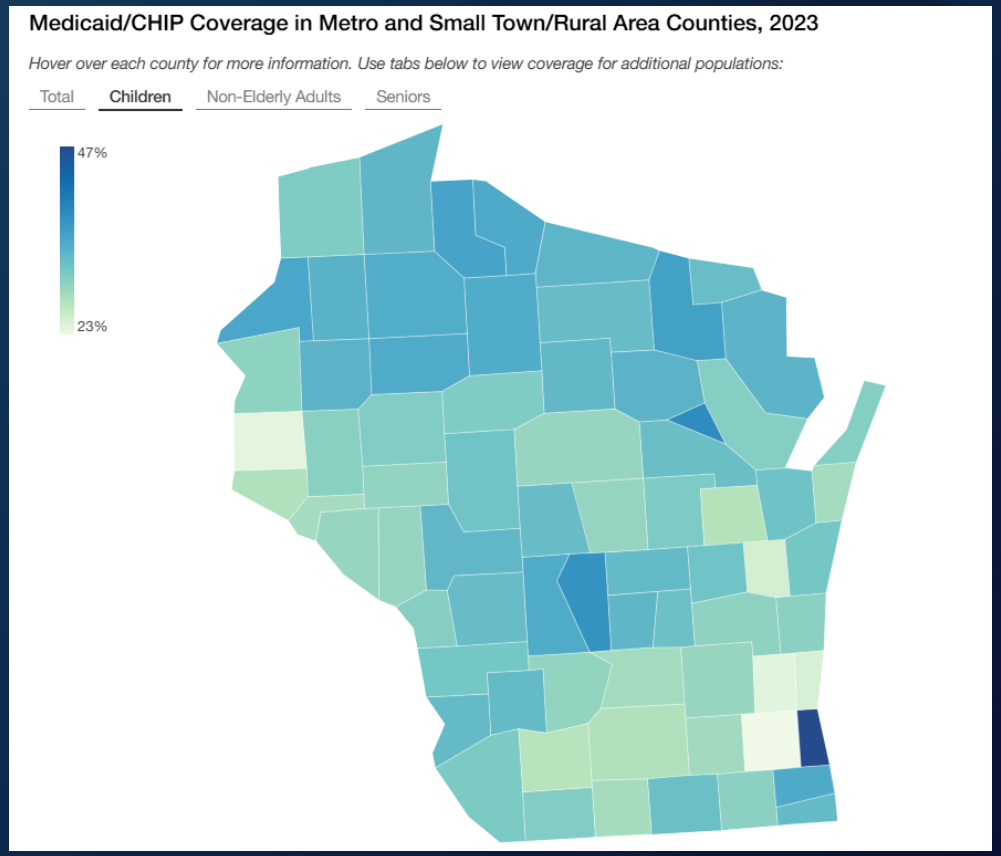
Medicaid critical to rural health care access

Medicaid is an important payer source for small town and rural counties.

Medicaid is a stable source of operating dollars that has helped maintain rural health care access

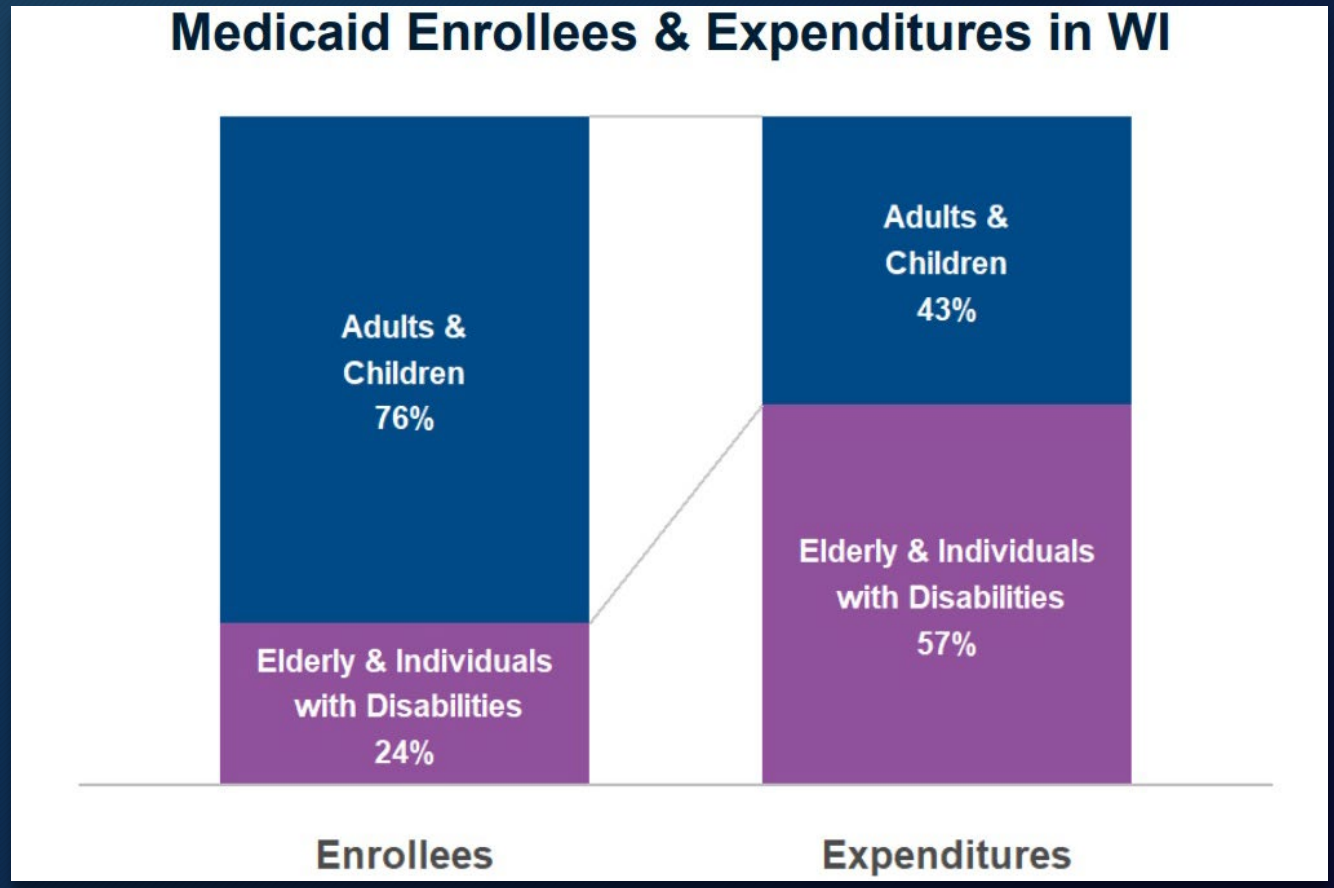


Look up your county's Medicaid insurance rate for children, adults, and older adults: https://ccf.georgetown.edu/2025/01/14/medicaid-coverage-in-metro-and-small-town-rural-counties-in-wisconsin-2023/

last changed 02/05/2025

There is no way to target Medicaid cuts to specific populations.

- The children and adults category includes people with disabilities, mental illness, and older adults.



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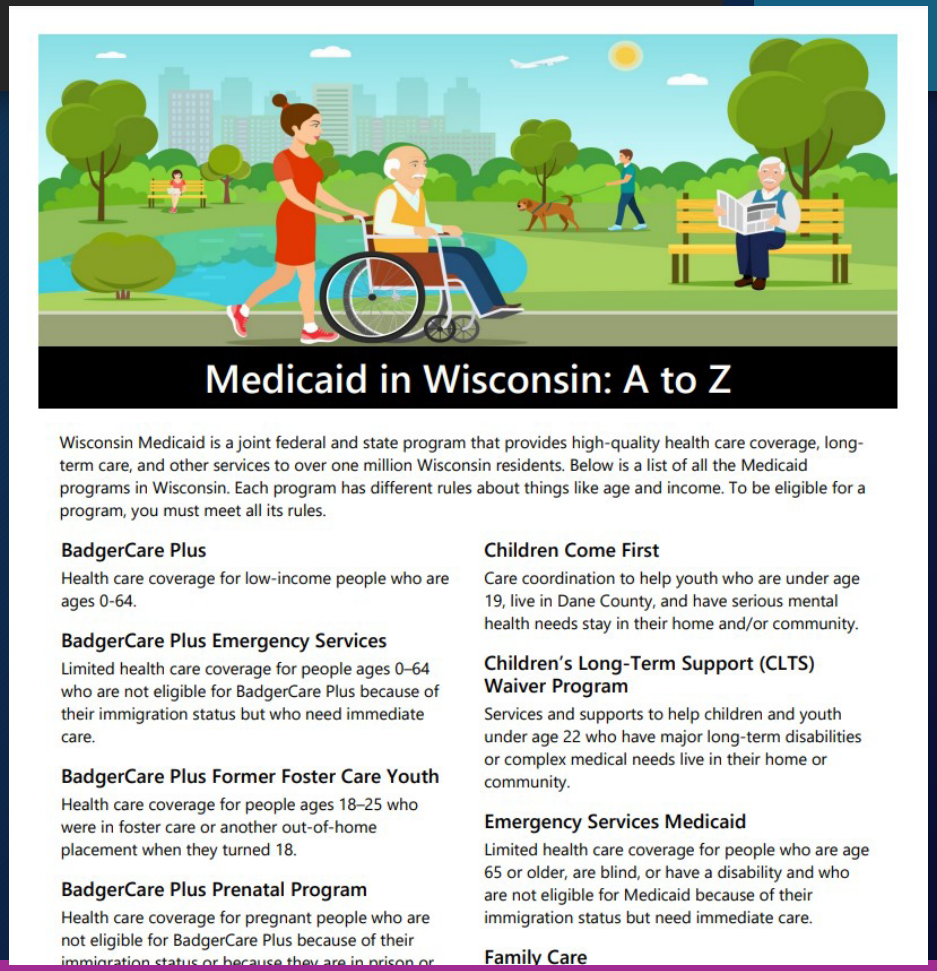
Wisconsin Medicaid goes by many names

Population	Programs
Pregnant women	*BadgerCare*
Kids	*BadgerCare, foster care, Katy Beckett, CLTS*
Families	*BadgerCare*
Adults w/o kids	*BadgerCare*
People with disabilities	*Family Care, IRIS, Partnership/PACE, MAPP, BadgerCare, Institutional*
People with mental illness	*BadgerCare, MAPP, CCS, Institutional*
Older Adults	*Family Care, IRIS, Partnership/PACE, SeniorCare, BadgerCare, Institutional*
Substance Use Disorder	*BadgerCare, CCS*



Medicaid in Wisconsin: A to Z

Wisconsin Medicaid is a joint federal and state program that provides high-quality health care coverage, long-term care, and other services to over one million Wisconsin residents. Below is a list of all the Medicaid programs in Wisconsin. Each program has different rules about things like age and income. To be eligible for a program, you must meet all its rules.

BadgerCare Plus
Health care coverage for low-income people who are ages 0-64.

BadgerCare Plus Emergency Services
Limited health care coverage for people ages 0–64 who are not eligible for BadgerCare Plus because of their immigration status but who need immediate care.

BadgerCare Plus Former Foster Care Youth
Health care coverage for people ages 18–25 who were in foster care or another out-of-home placement when they turned 18.

BadgerCare Plus Prenatal Program
Health care coverage for pregnant people who are not eligible for BadgerCare Plus because of their

Children Come First
Care coordination to help youth who are under age 19, live in Dane County, and have serious mental health needs stay in their home and/or community.

Children's Long-Term Support (CLTS) Waiver Program
Services and supports to help children and youth under age 22 who have major long-term disabilities or complex medical needs live in their home or community.

Emergency Services Medicaid
Limited health care coverage for people who are age 65 or older, are blind, or have a disability and who are not eligible for Medicaid because of their immigration status but need immediate care.

Family Care

Wisconsin has 19 Medicaid programs
https://www.dhs.wisconsin.gov/publications/p02383.pdf

Kids & Families rely on Medicaid

- Prenatal care and prescriptions for pregnant women.
- More than 1 in 3 births are covered through Medicaid.
- Immunizations, routine check-ups, and screenings
- 1 in 3 kids in Wisconsin rely on Medicaid for health care coverage.
- Dental and vision care
- Mental health care

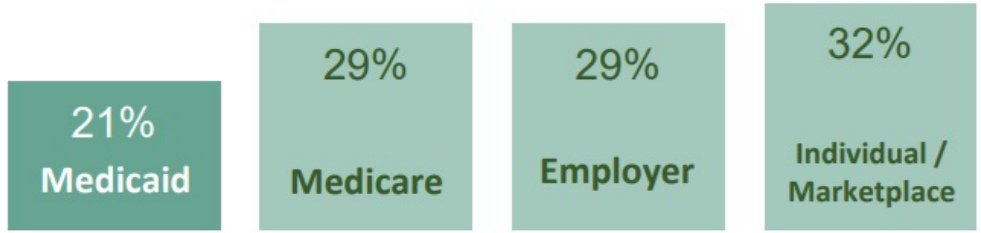
last changed 02/05/2025

Medicaid enrollment by the numbers

563,542	Children enrolled in Medicaid or CHIP[1]
Nonexpansion	Adults enrolled because of ACA expansion[4]
175,118	Dually eligible for Medicare and Medicaid[5]

Adults insured with Medicaid are least likely to report having medical debt

*Adults ages 19–64 who were continuously insured and **reported having medical debt**, by insurance type, 2024*[7]



About 400 thousand adults get their health care through Medicaid, more than half of which are parents/caretakers or pregnant women.

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Older Adults rely on Medicaid

- 11% (156,000) of people enrolled in Wisconsin's Medicaid programs were age 65 or older.
- 92,310 rely on SeniorCare to afford prescription drugs.
- Medicaid funds almost all long-term care (Family Care, IRIS, CLTS, nursing homes)
- Many low-income older adults are in BadgerCare.
- The population of low-income older adults is growing.
- 14% of Wisconsin's Medicare enrollees are also enrolled in Medicaid.

last changed 02/05/2025

People with disabilities rely on Medicaid

~30% of people with disabilities in Wisconsin rely on Medicaid.

People with disabilities are a high-cost population that have care needs that last a lifetime.

Medicaid is the only place many can get the health or long-term care they need. The private market is not an option.

People with the same or increasing care needs over a long time need to know that what they need will continue to be covered for all the years they need it.

Even small changes—less personal care shifts, medication changes, etc.—can make it so someone can't live in their home anymore.

Federal spending cuts that cause states to cut Medicaid programs affect people more because they need more help for a long time.

last changed 02/05/2025

Medicaid makes it possible to live at home

Family Care/IRIS	Nursing Home (Private pay)	State Developmental Disability Center
$133-$150 day $4000-$4500/month	$340 day or about $10,000/month	$1,519 per day or $45,203/month

Family Care, IRIS, and CLTS are **institution diversion programs**.

These Home and Community Based (HCBS) long-term care programs allow children and adults with disabilities and older adults who would otherwise have to live in an institution to live in the community.

People want to live in their communities not institutions. Its better for them and more cost effective for the state.

Federal Medicaid law makes states pay for more expensive institutions; the safer and more cost effective HCBS services are optional.

People with Mental Illness rely on Medicaid

- Medicaid is the largest payer of mental health services.
- Mental health coverage includes children and adults
- Covered mental health services include inpatient and outpatient services
- Medicaid covers inpatient rehabilitation services for people with substance use disorder.
- People with mental illness are in the “able-bodied” BadgerCare population, MAPP, and county-run programs such as the Children’s Long Term Support (CLTS) and Comprehensive Community Services (CCS)”.

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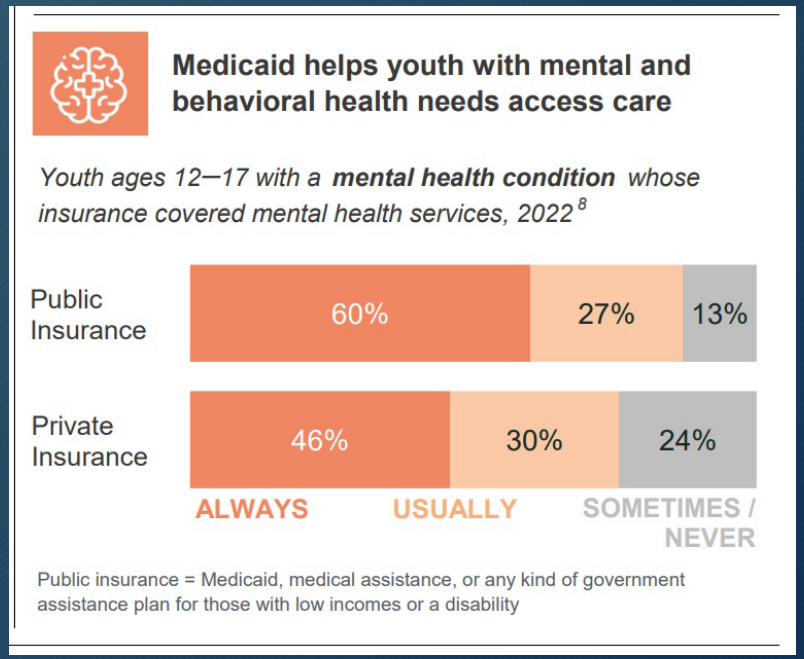
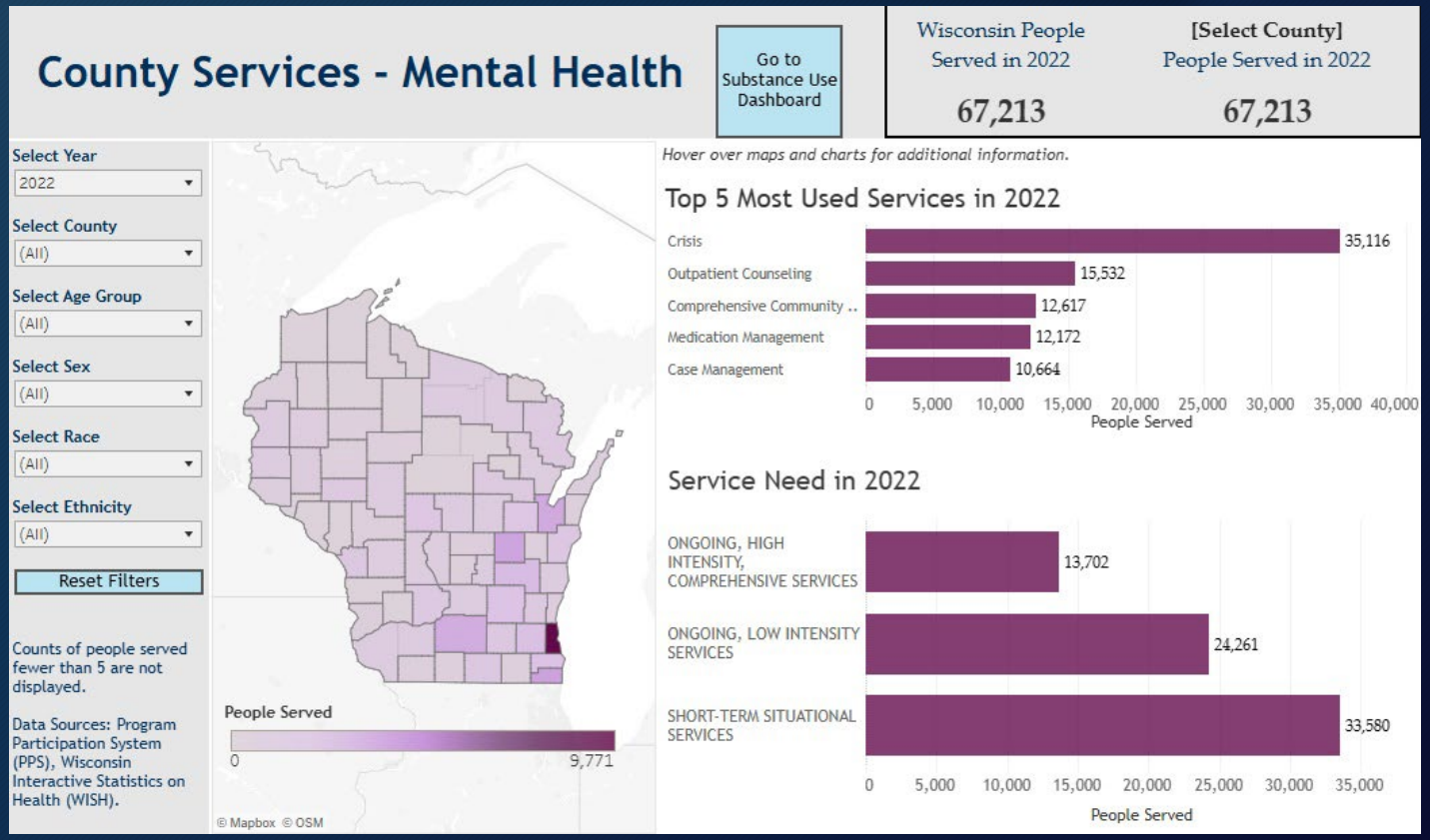
Medicaid means mental health access





Look up how many people used mental health services in your county:
https://www.dhs.wisconsin.gov/mh/county-services-dashboard.htm

last changed 02/05/2025

Ideas to cut Federal money spent on Medicaid and health care*

#1 Medicaid Block Grants

#2 Decrease amount of Federal Medicaid dollars (FMAP) going to states

#3 Limit amount of Medicaid dollars that can be spent on one person (per capita or lifetime cap)

#4 Law or policy changes to make it easier for states to cut Medicaid or keep people out of Medicaid programs

#5 Stop states from using money from Provider Taxes and other sources as part of state Medicaid match

#6 Change what must be covered under Affordable Care Act (ACA)

#7 Stop Federal money that lowers Affordable Care Act (ACA) premiums

#8 Lower or stop Federal funding for Medicaid expansion population

*There are more ideas in reports that would impact Medicaid beyond the 8 listed above.
Starred items are on the 1/13 House list of spending cuts released by Politico
1/14 U.S. Supreme Court agreed to take a case that could impact what must be covered under the ACA.

last changed 02/05/2025

How much less federal Medicaid money would come to states?

$2.3 Trillion total federal spending cuts to Medicaid and the ACA

$2.17 Trillion of federal money going to states would be removed, leaving huge holes in all state budgets.

States use this $2.17 Trillion federal money to pay for the health and long-term care of people in state Medicaid programs and to pay the workers that provide care for those people.

- $387B less to states by lowering amount of federal Medicaid dollars that pay for state Medicaid programs (FMAP)
- $918B less to states by Per capita caps
- $175B less to states by not letting states use Provider Taxes as part of state Medicaid match
- $120 B less when people are kept out of Medicaid through work requirements.
- $690B less to states by lowering FMAP for Medicaid Expansion population –
- $46B cost passed on to people who have ACA Marketplace plans by stopping Federal money that lowers ACA premiums.

last changed 02/05/2025

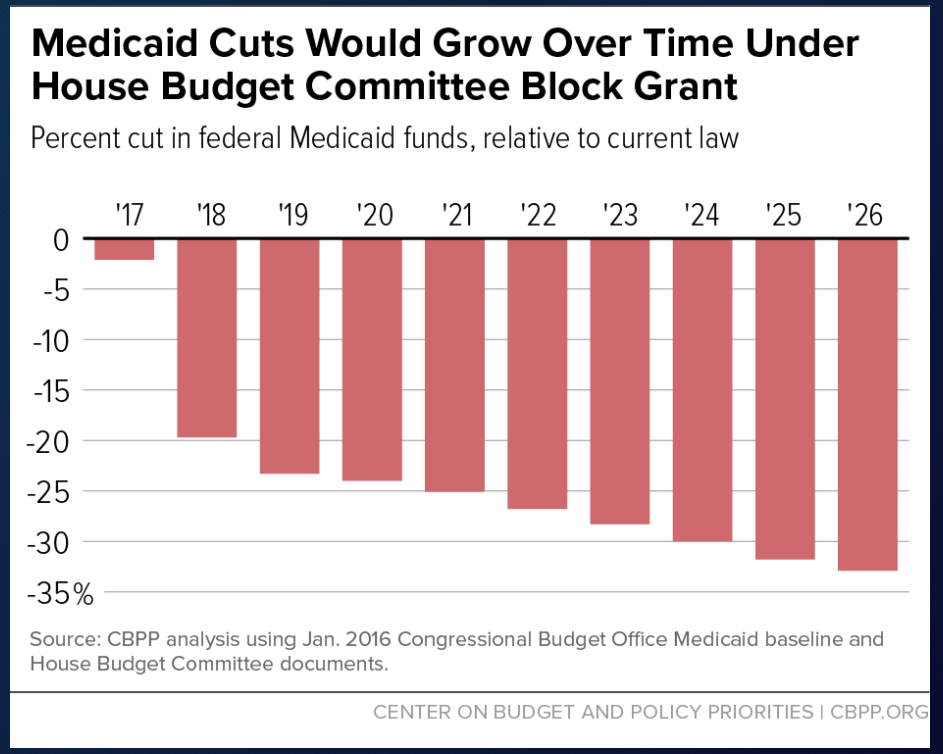
What would these ideas mean for Wisconsin?

- This means much less Federal Medicaid money would come to states to help run state Medicaid programs.
- Some proposals would make large cuts right away and cuts to state Medicaid programs would deepen over time.
- Proposals could change who and what is covered under Medicaid.

Block Grants

#1 Medicaid Block Grants

- Block grants give a fixed amount of federal money to states.
- The amount of federal money stays the same, even if costs go up or more people use Medicaid services.
  - Many services mandated by federal law are high-cost and leave less room to pay for optional, more cost-effective services.
- Block grant cuts grow over time.
- As costs increase, states must either put in more state money, or cut Medicaid services, payments, or who can be in Medicaid to fit the amount the states wants to spend.



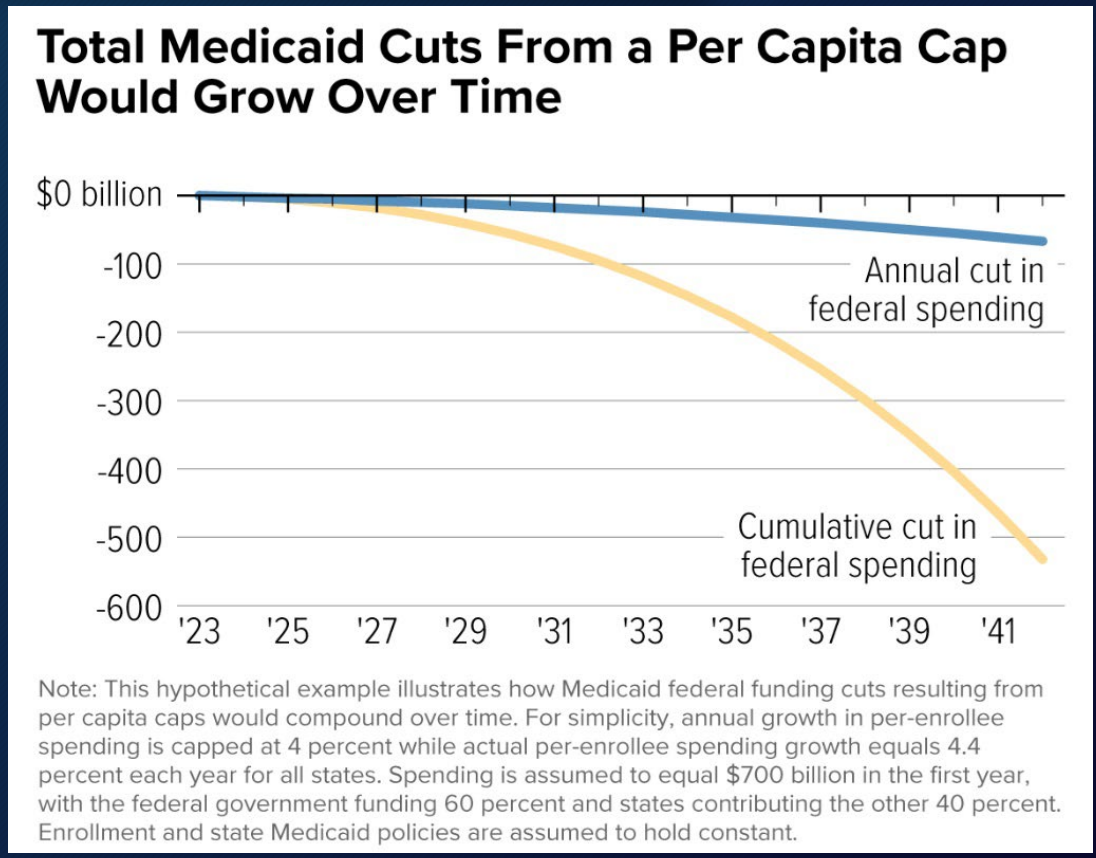
Block grants were part of a 2017 proposal and an analysis of how Medicaid cuts would have grown over time.

last changed 02/05/2025

Per Capita Caps

#3 Limit amount of Medicaid dollars that can be spent on one person (per capita or lifetime cap)

- Per capita caps give a set amount of federal money for every individual Medicaid recipient in the same population or enrollment category
  - Caps do not account for changes in need or increases in costs
  - Caps can set a spending amount per year or over a lifetime.
- People's care needs are different. Health or long-term care costs may be greater than the per capita cap.
- States must decide whether to cover costs that exceed the cap.
- Per capita caps set spending limits below the cost of care. This means states have large initial cuts that deepen over time as costs increase.



Lower FMAP

#2 Decrease amount of Federal Medicaid dollars (FMAP) going to states

- Current federal law guarantees the federal government will pay at least 50% of what it costs the state to operate its Medicaid programs.
  - A statutory formula determines each state's FMAP; Wisconsin gets 60%.
- Removing the statutory federal minimum match will mean some states get less that 50% and other states will see their match go down.
- Any reduction in FMAP is a dramatic funding cut for states

last changed 02/05/2025

Work requirements & other federal law changes

#4 Law or policy changes to make it easier for states to cut Medicaid or keep people out of Medicaid programs

Changes could make it harder for people to:

- **Get** into Medicaid programs:
  - Who states must let into Medicaid programs (e.g. older adults, people with disabilities, etc.)
  - A cap how many people they let in to Medicaid programs
- **Stay** in Medicaid programs:
  - Work requirements
  - More frequent checks of income or functional screens

- Changes could make it easier for states to **cut** their Medicaid programs.
  - waiting lists
  - Make mandatory services optional
  - Restrict benefits
  - Change eligibility (raise level of care or lower income/asset levels needed to get into Medicaid programs).

last changed 02/05/2025

Change what money states can use to meet state match

#5 Stop states from using money from Provider Taxes and other sources as part of state Medicaid match

- Wisconsin uses provider tax revenue from hospitals, intermediate care facilities, and nursing homes to count toward the state's share of Medicaid costs.
- Local governments also contribute to help cover the state's share of Medicaid costs.
- Proposal would reduce how much provider tax money the state could use towards the state match.
- States would have to find other state funding sources to meet the state's share or make cuts to Medicaid if they can't use money they are using now in the same way (or at all).

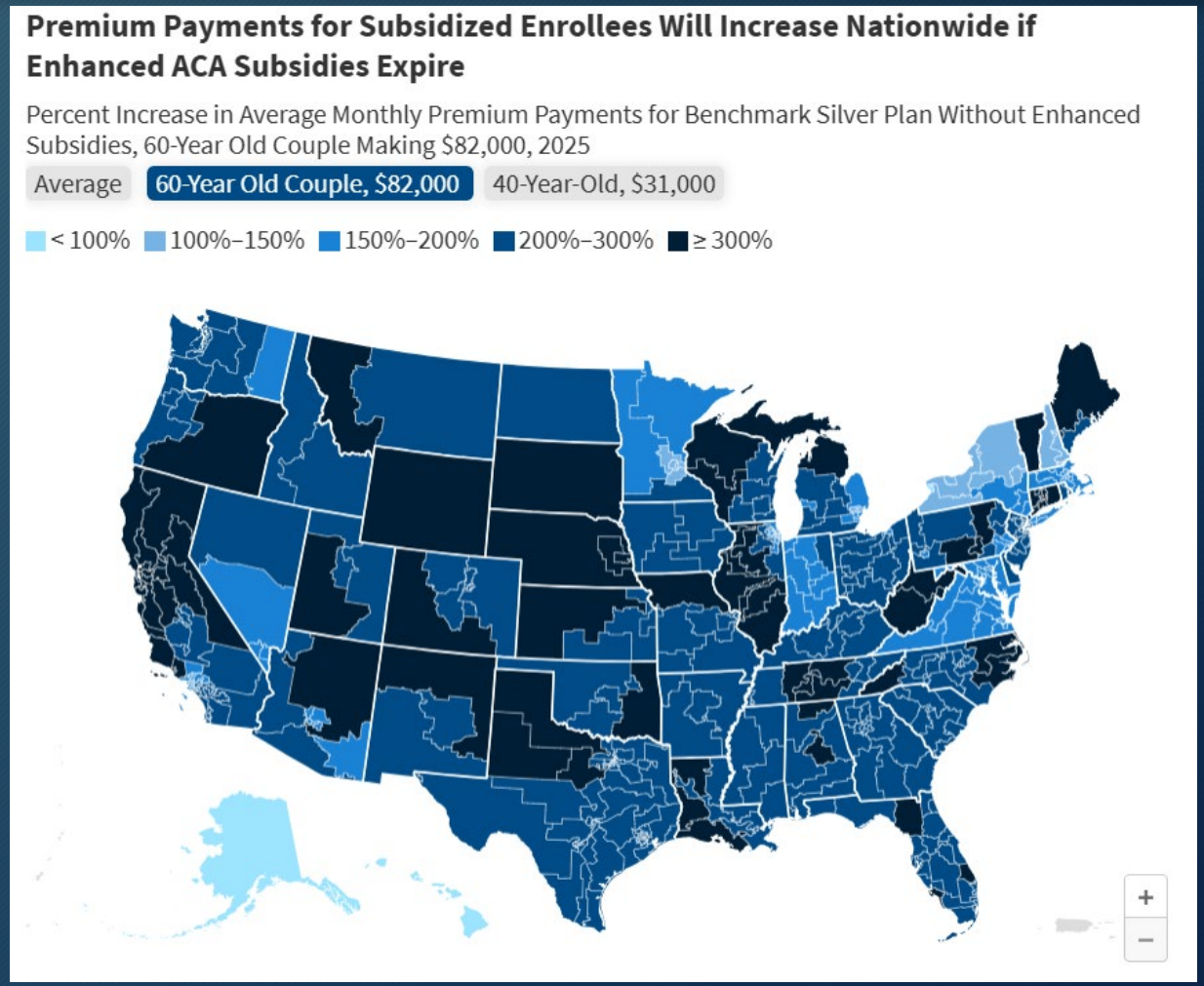
Almost all states use provider tax money to help cover Medicaid costs.

Nationally, 17% of state's share of Medicaid costs are covered by provider taxes.

last changed 02/05/2025

Raise Marketplace premiums

#7 Stop Federal money that lowers Affordable Care Act (ACA) premiums



- In 2021, Congress gave people more money (subsidy) to lower the amount they pay in ACA premiums.
- This funding will stop at the end of 2025.

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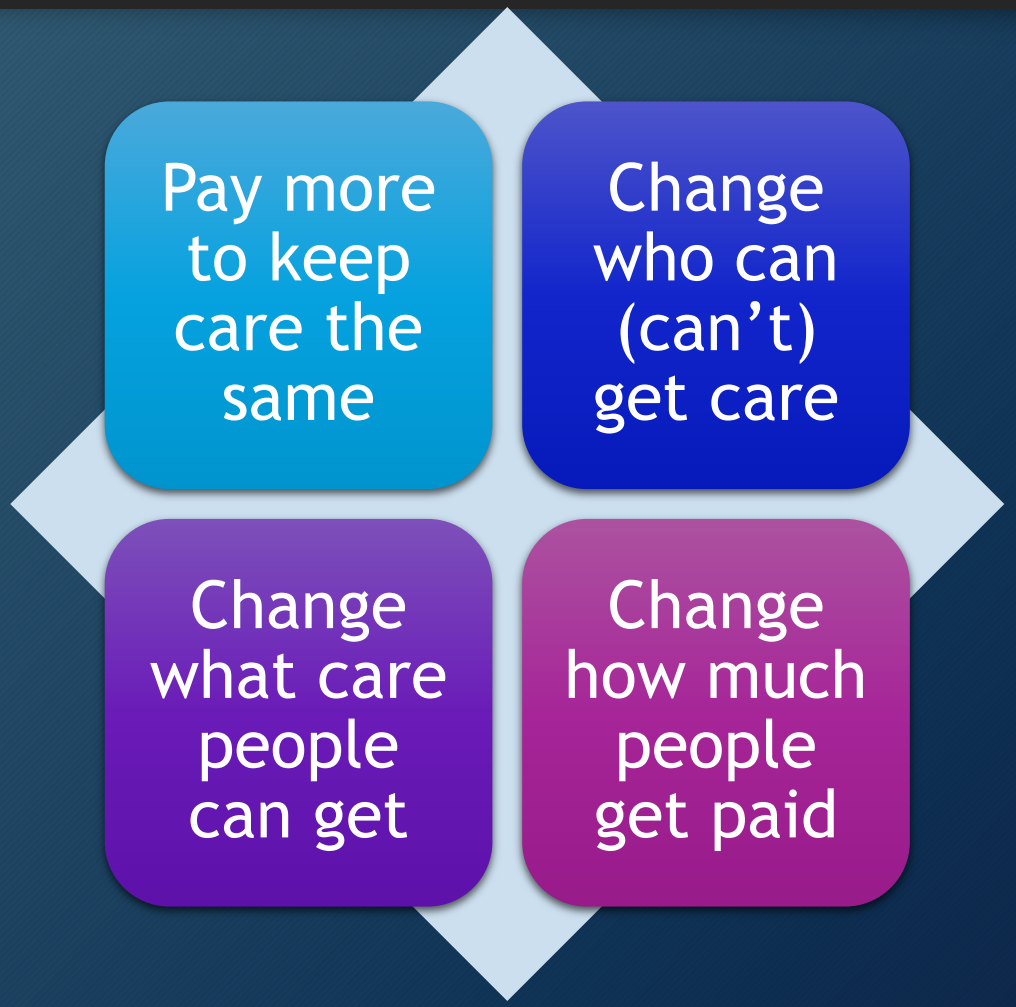
Less Federal Medicaid spending forces states to spend more or cut programs



- State legislatures decide every budget cycle how much to spend on Medicaid.
- When Medicaid costs increase, states will keep having to decide whether to cut programs or spend more state money.

last changed 02/05/2025

Medicaid cuts could happen many ways

Impoundment	U.S. Treasury may not release funds on spending Congress has approved. Any time. Unclear recourse.
Stop Payment	U.S. Treasury stops Medicaid reimbursement payments and/or state draw downs of Medicaid admin funds or grant awards that support Medicaid populations. Any time. Unclear recourse.
Continuing Resolution OR Budget	Congress must pass by March 14th to keep government open. Spending cuts could be in that bill.
Reconciliation bill(s)	Reconciliation moves fast and needs fewer votes to pass. Used in 2017 in attempt to cut Medicaid.
U.S. House (one bill)	One reconciliation bill strategy. If House unable to secure support, Senate two bill strategy likely.
U.S. Senate (bill #1)	(Border security, defense and energy)
U.S. Senate (bill #2)	(Tax bill, Medicaid cuts)

last changed 02/05/2025