



WISCONSIN LEGISLATURE

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A Better Way for the Future

By: Senator Tom Tiffany and Representative Mary Felzkowski

The Joint Finance Committee has started taking votes to craft the biennial state budget. Among the first votes the committee took was to remove non-fiscal policy, items that were non-starters for the legislature, and over a billion dollars in tax and fee increases. Full Medicaid expansion was included in the items that were voted to be removed.

A full Medicaid expansion would extend Medicaid coverage to individuals making up to 138% of the Federal Poverty Line (FPL) with the federal government picking up 90% of the tab. Governor Evers has advertised this as “free” money for Wisconsin. The proposal is well intentioned, but it is our job to consider the long term consequences of these decisions.

If you remember a few years ago, Wisconsin received a Medicaid waiver to cover all adults at and below the FPL. Individuals who are slightly above the FPL, and not eligible for Medicaid, have found health insurance on the marketplace. The state invested \$200 million last biennium to help keep the cost down on these plans. For example, for individuals between 100% and 135%, premiums on the exchange can be as low as \$0.18 a month. As a result, Wisconsin was one of the only states in the country to not have a “coverage gap,” which means that everyone in our state has access to health insurance. Wisconsin also has one of the lowest uninsured rates in the country, and does as well or better than most of the 36 states that have expanded Medicaid.

At a time when people are moving off of government dependency at an astounding rate, a full Medicaid expansion would cause tens of thousands of people to move from private insurance to government-run Medicaid. Wisconsin reimburses Medicaid patients at only 60% of their costs. This means that health care providers have to make up these costs elsewhere. A recent study estimates that if Wisconsin accepts a full Medicaid expansion, individuals who have private health insurance would end up paying an additional \$600 million to make up the difference. That is an extra \$700 a year for a family of four. There is no such thing as free money; someone has to pay the bills.

Looking to a few other states that have accepted Medicaid expansion, we can see these real costs. Rhode Island has seen Medicaid enrollment increase 63% since 2013, causing the state to spend 25% more on Medicaid, even with the feds picking up most of the bill. In Ohio, Medicaid expansion has caused costs to increase 53% more than what was budgeted for. We experienced something similar a decade ago in Wisconsin when Governor Doyle expanded BadgerCare Plus. Enrollment far exceeded estimates and people ended up on waiting lists because the state simply couldn't afford it.

Most importantly, studies show that those on government-run Medicaid have worse health outcomes than those on private insurance. Trips to the emergency room for Medicaid recipients rise, while the use of primary care providers goes down. The private market can better serve these individuals by focusing on preventative care and treating the whole patient that can lower their need for health care overall.

For these reasons, Republicans in the legislature have been very consistent in stating there is a better way forward. Nonetheless, Governor Evers decided to include full expansion in his budget. The Medicaid “free money,” in addition to billions of dollars in new tax and fee increases, are needed to pay for significant spending increases the Governor prioritizes in his budget. Rather than putting even more burden on the taxpayer, we believe our focus should be on addressing the 5% of uninsured individuals in the state who do have access to health insurance but are not currently utilizing it. Our conservative budget can prioritize these individuals while promoting better health outcomes for all and will accomplish these goals without expanding Medicaid and jeopardizing the state's finances.