



## **AHCA fails to Protect Access to Health & Mental Health Care for Wisconsin's Families and Children relying on Medicaid**

Protecting access to Medicaid is essential to protecting health and mental health care access for more than 1 million people in Wisconsin -- health care they need for well-being and to realize their human potential and ultimately reducing health care costs for all.

### **Medicaid Facts**

- *1 in 6 Wisconsinites rely on BadgerCare, 80% of these individuals are in families with a worker<sup>1</sup>*
- *64% of Wisconsin births are financed by BadgerCare<sup>2</sup>*
- *1 in 3 children in Wisconsin are covered by BadgerCare<sup>1</sup>*
- *1 in 4 nonelderly rural residents are covered by BadgerCare<sup>3</sup>*
- *1 in 5 Wisconsinites has a diagnosable mental health condition<sup>4</sup>*
- *Medicaid is the single largest payer in the US for mental health and substance use services<sup>5</sup>*
- *37% of medication assisted treatment for opioid abuse in Wisconsin is paid by Medicaid<sup>6</sup>*

### **WAFCA's Perspective on Medicaid**

The Wisconsin Association of Family and Children's Agencies (WAFCA) is a statewide association that represents over 50 child and family serving agencies and leaders in the field. WAFCA's organizational members are small to very large businesses with more than 15,000 employees serving more than 250,000 individuals and families annually. We provide a wide array of prevention and supportive services such as counseling, and mental health and substance abuse treatment, foster care, in-home support. We collaborate with community organizations, philanthropic foundations, county and state government to develop innovative, cost-effective programs that stretch public dollars to support as many individuals as possible. However, each year we fall short of the increasing demands in our communities. We see the possibilities for bending the health care cost curve and increasing well-being for Wisconsin's families. It is with this perspective that we evaluate the American Health Care Act as it relates to Medicaid.

### **WAFCA is deeply concerned about Medicaid-related provisions of the American Health Care Act, because under these provisions:**

- Responsibility for most health care costs for the groups noted above, as well as others, shifts to the state and Medicaid-funded providers/health systems. To deal with increased costs, states would likely:
  - Increase premiums and copays, which will lead to more uninsured
  - Limit coverage of expensive services, EPSDT, and medications
  - Shift more care costs for disabled children to already underfunded schools

- Limit presumptive eligibility which will lead to increased delay in access to care and will increase uncompensated care, moreover, when individuals finally access Medicaid they will be sicker and require more and more costly care
- Our state would bear the risk of increased costs of health care over time, when:
  - Emergency room and uncompensated and charitable care increase due to decreased Medicaid eligibility and threaten the viability of our hospitals
  - Costs to care for individuals increase due to epidemics (e.g., HIV, opioid)
  - Increased uncompensated care costs are shifted to those who are insured
  - Medical (CPI) inflation is insufficient to cover payment for innovative treatment or higher cost services
  - Medical inflation is insufficient to cover increases in health care costs which the Congressional Budget Office already predicts will happen<sup>7</sup>
- Investments our state has already made in health care efficiency, like managed care, home-based care for the elderly and disabled and our modified Medicaid expansion program, would not be recognized resulting in reduced federal dollars for Wisconsin, more burden on providers, and increased burden on counties

### How much will Wisconsin lose under the AHCA?

- Per capita caps are estimated to produce a 26% decrease in Medicaid funding for all states by 2026, but because Wisconsin has been prudent and effective in its development of community-based care, our caps would be lower than average thus decreasing our federal share even more (30% decrease would mean \$1.6 billion loss of federal funds)<sup>8</sup>
- If costs are 1% higher than the inflation provided, Wisconsin experiences federal underfunding of inflation alone at more than ½ billion dollars per year<sup>9</sup>
- On children alone, an estimated \$348 million reduction in Medicaid funding between 2020-2026<sup>10</sup>
- Closure of mental health and health care organizations resulting in significant job loss
- The strength of our health and hospital system will be undermined which will mean decreased access to care, more illness and lost productivity and opportunity for employment that includes health care coverage

### What should the AHCA do relative to mental health/substance abuse care to reduce Medicaid costs and health care costs for all?

- **Address treatment** for the increased and growing number of individuals struggling with opioid/heroin addiction to **avoid more costly** inpatient care, incarceration, and foster care for their children
- **Increase payment rates** to the cost of care to increase **availability of community-based care** in order to avoid hospitalization
- Provide treatment to all uninsured and underinsured who need mental health care to **increase the number of individuals in the workforce** when so many positions currently go unfilled
- **Increase worker productivity** since studies show that mental illness, especially depression and anxiety, are the number one factor in reduced productivity costing US companies billions each year<sup>10</sup>
- **Save companies money**, because lost productivity costs companies more than health insurance contributions and pharmacy expenses<sup>12</sup>
- **Require parity between health and mental health/substance abuse care** and verify that coverage and limits on care, including rules on access to care, are equivalent

- **Increase financial support for developing trauma-informed care and addressing Adverse Childhood Experiences (ACES)** both of which are proven to reduce health care costs and increase worker productivity
- Reduce health care visits by **reducing the effect of social determinants** such as unemployment, hunger, and poor quality education and housing
- Encourage **payment for performance** rather than volume of services
- **Incentivize a high-quality delivery system and support competition** that leads to accessible, quality care, not just provider options in each area of the state
- **Reinforce the current public/private partnership** that fosters private organizations' support for Medicaid

Our list of what should be done is long, but as **Congressman Paul Ryan** said in response to the November 2015 shootings at the Colorado Springs Planned Parenthood: ***"We need to overhaul our mental illness health system."***<sup>13</sup> Because 1 in 6 Wisconsinites relies on Medicaid for their mental health care and because reducing mental illness will improve the bottom line for business in Wisconsin and reduce health care costs for everyone else, we need to overhaul how we address mental illness through Medicaid.

As we did in our previous statement, we urge you in evaluating Medicaid modifications to consider advice from [Gail Willensky](#), economist and Medicare & Medicaid Director under President George H.W. Bush. In her presentation to the Wisconsin Legislature, Willensky emphasized that **increasing wellness and decreasing health care visits is the best way to reduce federal and state spending on Medicaid.**

Finally, we note that numerous Wisconsin studies show that **mental health treatment works.**<sup>14</sup> Changes to Medicaid should increase, not decrease, Wisconsinites' ability to access effective mental health services. Addressing Americans' mental health will result in healthier individuals and reduced health care costs for all.

### WAFCA as a Resource for You

WAFCA would welcome the opportunity to consult on shaping funding proposals that will increase care and reduce health care costs for both the federal and state governments. We are ready to answer your questions and explain the impact of various proposals on Wisconsin's children and families.

To arrange visits with programs in your district, contact [Linda Hall](#), our Executive Director.

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<sup>1</sup> [State Health Facts](#), Kaiser Family Foundation, 2017.

<sup>2</sup> [Births Financed by Medicaid](#), Kaiser Family Foundation, 2016.

<sup>3</sup> [Role of Medicaid in Rural America](#), Kaiser Family Foundation, 2017.

<sup>4</sup> [The Presidential WPA Program on Child Mental Health. World Psychiatry.](#) October 2003, 2(3), 129-30.

<sup>5</sup> [Behavioral Health in the Medicaid Program—People, Use, and Expenditures, p. 2, by Medicaid and CHIP Payment and Access Commission \(MACPAC\)](#), a non-partisan legislative branch agency that provides policy and data analysis for Congress.

<sup>6</sup> [Medicaid's Role in Addressing the Opioid Epidemic](#), Kaiser Family Foundation, 2017.

<sup>7</sup> [Looking Backward And Forward: Assessing The CBO/JCT Analysis Of The AHCA](#), Health Affairs Blog, April 2017.

<sup>8</sup> [Can States Survive the Per Capita Medicaid Caps in the AHCA?](#), Health Affairs Blog, April, 2017.

<sup>9</sup> Calculated using Legislative Fiscal Bureau's Medicaid 2015-16 Reestimate, [Medical Assistance Cost-to-Continue](#), May 2017.

<sup>10</sup> [Impact of Medicaid Capped Funding on Children](#). Children’s Hospital Association, May 2017.

<sup>11</sup> [Mental Health Problems in the Workplace](#), Harvard Mental Health Letter, Harvard Health Publications, 2010.

<sup>12</sup> Ibid.

<sup>13</sup> [Congressman Paul Ryan Press Conference](#) in response to November 2015 shootings at Colorado Springs Planned Parenthood, December 2015.

<sup>14</sup> United Way Fox Cities’ Providing Access to Healing’ [Increasing Access to Youth Mental Health Services: A Cost-Benefit Analysis of the PATH Program in the Fox Valley](#) study by UW-Madison LaFollette School of Public Policy, 2014.