

LEGAL ACTION OF WISCONSIN

Providing free legal services to low-income Wisconsin clients since 1968 • Proporcionando servicios legales gratuitos a clientes de bajos ingresos en Wisconsin desde 1968

TO: Senate Committee on Economic and Workforce Development
FROM: Abby Bar-Lev Wiley, Legislative Director, Legal Action of Wisconsin
RE: Impact of SB 905/AB 934 on Legal Action's Clients
DATE: February 9, 2022

Thank you for the opportunity to provide comments on AB 934/SB 905. Legal Action of Wisconsin (LAW) is the largest non-profit law firm providing high-quality, free civil legal aid to low-income people in 39 of Wisconsin's southern counties. Our broad reach and expertise mean that we see what poverty looks like over a wide swath of the state, from urban and rural areas, from farmworkers to construction workers. One of our priority areas focuses on helping clients secure and maintain the government benefits necessary to meet their most basic needs including food, shelter, health, and income. Legal Action has serious concerns about how AB 934/SB 905 would impact our low-income clients.

AB 934/SB 905 Would Wreak Havoc on the Health of Low-Income Wisconsinites

AB 934/SB 905 would require DHS to determine an individual's eligibility for Medical Assistance every six months, and would kick low-income Wisconsinites off the program for six months if they are determined to have failed to report any change that may impact their eligibility. This bill would create a massive administrative burden that would lead to loss of coverage and delays of critical care for Wisconsin's most vulnerable residents, including for the elderly and people with disabilities whose situations do not typically change throughout the year.

People with low-incomes move frequently and face greater health problems, meaning that they may not discover they were kicked off Medical Assistance until they are at the hospital. Our clients who are able to work, as is true for low-income working people generally, tend hourly or several part-time jobs. Their hours and wages fluctuate based on the employer's determination. Their work often does not include paid time off, and they might lose their jobs or face reduction in hours because they lost childcare or a Covid exposure at school requires their young child to quarantine. Lack of stable income means that our clients move frequently, whether because they can no longer afford rent, are facing eviction or foreclosure, or any other unforeseen crisis that struggling families face. The Covid-19 pandemic has deepened the housing crisis and has exacerbated the disparities in access to health care. For example, people with low-incomes tend to face a number of chronic health problems, ranging from depression to asthma, diabetes and heart disease, at significantly greater levels than the rest of the population.¹ Underlying medical conditions are more likely to result in serious illness from Covid-19, putting many low-income families in the hospital or in the grave during the pandemic. Because people with low incomes move frequently, many might not receive notices from DHS regarding their eligibility.

¹ Alyssa Davis, *With Poverty Comes Depression, More Than Other Illnesses*, Gallup, Oct. 30, 2012, https://news.gallup.com/poll/158417/poverty-comes-depression-illness.aspx?utm_source=alert&utm_medium=email&utm_campaign=syndication&utm_content=morelink&utm_term=All%20Gallup%20Headlines.

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Tragically, they might not discover they have lost their health care coverage until they show up at the hospital or the doctor's office in need of care. This heart-sinking moment would require them to decide: do they get the care they need, or do they pay the rent, the bills, or buy groceries for their children?

AB 934/SB 905 Adds Unnecessary Administrative Burdens on Local Agencies

AB 934/SB 905 would prohibit automatic renewals for reenrollment in Medical Assistance. This prohibition is unnecessary and unduly burdensome to local agencies, which would create delays in coverage for Legal Action's clients. Automatic renewals only occur in instances when the agency can obtain the information to determine eligibility data exchanges, in which relevant information is readily available to the agency. The purpose of automatic renewals is to lessen the administrative burden on local agencies, who would need significant funding increases to manage enrollment if they were no longer able to engage in automatic renewals where appropriate. Automatic renewals have been happening for years without any evidence that the process results in more improper certifications of Medical Assistance than non-automatic renewals.

Under the bill, county agencies, or income consortium agencies, would bear the burden of trying to manage the extreme increase in workload the bill proposes. By requiring eligibility checks every six months instead of every year, AB 934/SB 905 would essentially double county agencies' workload, and then add the prohibition on automatic renewals on top of that. They would need more funding and staffing to send out all the additional notices, process the influx of documents necessary to check eligibility, and more. However, the bill makes no attempt to help agencies manage the additional work. As a result, Legal Action's clients would almost certainly suffer delays and gaps in coverage through no fault of their own.

Medicaid Churn Leads to Greater Costs and Likely to Lead to Increased Reliance on Benefits

The massive administrative burden that AB 934/SB 905 places on DHS would also lead to delays in coverage and worse health outcomes and would be costly. DHS is already reviewing every individual's eligibility every 12 months. This is an appropriate time frame that is easy for our clients to anticipate and reduces unnecessary gaps in coverage. Studies have found that states with more Medicaid "churn"—people moving in and out of Medicaid eligibility—see higher administrative costs, less predictable state expenditures, and higher monthly health care costs. For example, "one study found adults with 12 full months of Medicaid coverage in 2012 had lower average costs (\$371/month in 2021 after adjusting for inflation) than those with six months of coverage (\$583/month) or only three months of coverage (\$799/month)."² People who experience coverage disruptions are "more likely to delay care, receive less preventive

² Sarah Sugar, et. al, Health & Human Services, Asst. Secretary for Planning & Evaluation, Issue Brief, *Medicaid Churning and Continuity of Care: Evidence and Policy Considerations Before and After the COVID-19 Pandemic* (Apr. 12, 2021), available at <https://aspe.hhs.gov/sites/default/files/private/pdf/265366/medicaid-churning-ib.pdf>.

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care, refill prescriptions less often, and have more emergency department visits.”³

The bill is going the opposite direction that many states have taken. Rather than looking for ways to create higher disenrollment and churn, many states have been looking to create more continuity in enrollment given the high costs, administrative burdens, and worse health outcomes associated with Medicaid churn. Prior to the pandemic, 35 states had adopted policies and processes to reduce churn, including such common sense measures as implementing processes to improve communication with enrollees to help prevent them from losing coverage because they do not receive or respond to notices from the state.⁴ Unfortunately, AB 934/AB 905 would have the opposite impact, making it harder for low-income Wisconsinites to understand the status of their health coverage and resulting in massive disenrollment.

When people are sick and are not receiving medical care they need, or when they are unable to access preventive services, it is harder for them to get work and more likely for them to lose their jobs. As a result, AB 934/SB 905 will not only result in making low-income Wisconsinites sicker, it is also more likely to lead to a greater dependence on state benefits and higher unemployment. This bill does nothing to help Legal Action’s clients; it does not help them obtain family-sustaining jobs that may include health benefits, it simply makes it harder for them to maintain the benefits they need to be able to work and stay well.

Thank you for your consideration.

³ *Id.*

⁴ Bradley Corallo et. al, *Medicaid Enrollment Churn and Implications for Continuous Coverage Policies*, Kaiser Family Foundation, Dec. 14, 2021, <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-churn-and-implications-for-continuous-coverage-policies/>.

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