



of Wisconsin Disability Organizations

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## The Affordable Care Act in Wisconsin: Implications for People with Disabilities

The Supreme Court of the United States issued its ruling on the Affordable Care Act on June 28, 2012 upholding the law.

### **Background:**

The Affordable Care Act has already made a significant difference in the lives of Wisconsinites, including those living with disabilities. Specifically, data from the U.S. Department of Health and Human Services shows that in Wisconsin, 43,000 young adults, including those with disabilities, have gained insurance coverage as a result of being able to continue coverage on their parents' policies. In addition, the 15.5% of Wisconsin children under 18 with special health care needs are now protected from being dropped from coverage due to pre-existing conditions.

The court decision means all of the current provisions of the Affordable Care Act remain in effect. These include:

- Allowing children to remain on their parent's health insurance plan until they are 26 - helping young adults who are struggling in this difficult economy;
- Keeping in place Wisconsin's Federal Health Insurance Risk-Sharing Plan (HIRSP) Authority. Approximately 1,373 previously uninsured Wisconsin residents who were locked out of the coverage system because of a pre-existing

condition continue to receive coverage under this plan;

- Reducing the Medicare Part D donut hole which helps people cover the cost of prescription drugs;
- Eliminating pre-existing condition discrimination for children;
- Eliminating lifetime limits on coverage;
- Establishing rebates from health insurance plans that do not spend enough on health care. Insurance companies must spend generally at least 80 percent of premium dollars on health care and quality improvements instead of overhead;
- Eliminating termination of health insurance because a person becomes sick.

In addition, beginning January 1, 2014, the following provisions are put in place:

- People will be able to purchase individual health insurance through a health insurance exchange;
- No pre-existing condition discrimination for adults;
- Households with incomes below 400% of the Federal Poverty Level will be eligible for subsidies to purchase their individual health insurance;
- Most people will be required to have health insurance or pay a penalty on their tax return.

## **Other Benefits of the Law for People with Disabilities:**

- Expanded access to affordable, quality health care regardless of age, income, or pre-existing condition. This means that everyone, including those living with a disability, will be able to obtain access to care.
- Shifting our health care system towards an emphasis on prevention and near-universal coverage, helping people lead healthier lives while reducing health care costs.
- Funding to establish preventive health programs and create and operate the Health Benefit Exchange. These Exchanges will help connect people to the health care coverage that is best for them.
- Maintaining the CLASS Act infrastructure for the development of a long-term services and supports program and extends and enhances the Money Follows the Person Program.

## **How the Affordable Care Act Can Support Employment of People with Disabilities:**

- Up until now, many adults with disabilities do not seek work or leave the workforce because they need guaranteed health insurance, such as the state's Medicaid program provides.
- The Affordable Care Act's protections against denial of pre-existing conditions that go into effect for adults beginning in 2014 can allow many people with disabilities to increase their work hours or seek work because they can now have continuous coverage.
- People with disabilities who are self-employed often don't grow their small businesses because of fear they will lose eligibility for Medicare and/or Medicaid. The insurance exchanges are a new part of the safety net that can allow these individuals to expand their businesses and income without the worry of losing access to insurance and medical benefits.
- An expansion of coverage for people with disabilities in the private market, with an essential benefits plan which now must

include habilitative services, means many people who rely on the state to provide a minimum amount of specialty care to maintain function may now be able to get that support in the private market. This means these individuals could expand their employment, receive the quality of care they need through private means, and free up scarce Medicaid dollars to be used for the more expansive habilitative care required by people with the most significant disabilities.

- Careful attention to the quality and extent of health care services offered in Wisconsin's essential benefits plan in the private market has the potential to result in a great increase in the number of people with disabilities who can truly access the care they need while working.
- Pre-existing protections mean that young people with disabilities exiting high school who want to work at competitive wage can now seek that job without fear of losing health care coverage through the poverty requirements of Medicaid. Limited options for health care no longer mean these youth are held hostage to a life of poverty.

## **Next Steps in Wisconsin:**

The Supreme Court modified the Medicaid Expansion provision in the law. Under the law as written, all persons with incomes below 133% of the federal poverty level would be eligible for Medicaid beginning January 1, 2014 regardless of whether they had children in the home or were determined to have a disability. Under the law as written, states that refused to accept this expansion would have had all of their Federal Medicaid matching funds taken away. Under the Supreme Court's modification, a state that refuses to accept the expansion would not have its Federal Medicaid matching funds taken away for existing Medicaid programs. Wisconsin has the option of using Federal Medicaid funding for coverage for this expansion – the federal government will assume 100 percent of the Medicaid costs of covering newly eligible individuals for the first three years that the expansion is in effect (2014-2016). Wisconsin

will need to decide whether it will accept the Medicaid expansion.

Before 2014, Wisconsin will also need to decide whether the state will run the health insurance exchange or whether it wants the Federal Government to run Wisconsin's health insurance

exchange. States also determine elements of their essential benefits package which will be critical in defining the quality and extent of coverage in the private insurance market and whether it is adequate for people with disabilities.

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