Evaluation of Wisconsin's BadgerCare Plus Health Care Coverage Program

Report #5
Applicants' Access to Employer Health Insurance:
Do Existing Systems Effectively Collect and Verify Information?

Submitted to the Wisconsin Department of Health Services
December 2010

UNIVERSITY OF WISCONSIN
Population Health Institute
Translating Research for Policy and Practice

Thomas DeLeire, PhD, Principal Investigator
Donna Friedsam, MPH, Project Director

Research Team:
Laura Dague, PhD(c), Daphne Kuo, PhD, Lindsey Leininger, PhD, Sarah Meier, MSc,
Shannon Mok , PhD(c), and Kristen Voskuil, MA

In consultation and collaboration with

UW Institute for Research on Poverty
Steve Cook, MS, Tom Kaplan, PhD, and Bobbi Wolfe, PhD
&
Wisconsin Department of Health Services
Milda Aksamitauskas, MPP and Linda McCart, JD

Background
Wisconsin statute (s. 49.471 (9) Wis. Stats.) requires employers to verify health insurance benefits to employees and/or family members who apply for BadgerCare Plus. Information regarding health insurance access and coverage must be verified before an applicant's BadgerCare Plus enrollment can be determined.[1]

Employers are sent a letter and asked to complete and return the form within 30 days of the date of receipt. Information from the surveys is matched to an applicant's employment status. Wisconsin statute specifies that an employer's failure to respond to the request could result in a penalty equal to the full per member per month cost of coverage under BadgerCare Plus for each of the employer's current and any future employee(s), as well as their family members, who receive BaderCare Plus.

DHS maintains and updates the data submitted by employers, within its Employer Verification of Health Insurance (EVHI) database. Theoretically, employers must annually complete a survey about their insurance offerings. DHS also planned to design a secure, self-service web site where employers can update their health insurance information annually.

Research Questions
The EVHI system became important to our efforts to assess the potential substitution of public coverage for private insurance coverage (crowd-out). In the process, we developed and explored a range of questions about the EVHI system itself. The data and methods are detailed below, and led to the following conclusion:

- **Principal Finding**
  The EVHI system is subject to substantial error and incomplete data. In its present form, it is not a valid or reliable tool for verifying access to employer-sponsored health insurance.

How Many BadgerCare Plus Enrollees have Corresponding EVHI employer data?
Of the 571,423 individuals that were newly enrolled in BC+ from February 2008 to November 2009, only 60% had an employed member. Of those with an employed member, 72% had corresponding information in the EVHI system from that member's employer. Month-by-month, this figure varies between 68-74%.

How Many Employers are Represented within EVHI?
Approximately 39% of inquiries from EVHI did not receive an employer response as to whether the employer offered major medical insurance to their employees (information from EVHI system based upon EVHI employer id table matches). Of 53,741 firms represented in

[1] Background leading to implementation of the EVHI is available: http://www.dhs.wisconsin.gov/aboutdhs/OPIB/policyresearch/BadgerCareEVP9-05.pdf and http://www.dhs.wisconsin.gov/em/ops-memos/2008/pdf/08-01.pdf

Wisconsin's Unemployment Insurance database and associated with a new enrollee, only 46% were also represented in the EVHI system.

How well are Employee and Employer Data Matched?

An employer responding to an EVHI inquiry is mainly identified by their Federal Employer Identification Number, which the employer enters on the paper or electronic form. At the same time, the BadgerCare applicant has also listed an employer, and an FEIN has been automatically assigned to that listed employer. Matching the employer's FEIN with the corresponding applicant's assigned FEIN may fail in certain cases, particularly when an employer name has multiple FEINs. This may occur when an employer has multiple locations, the business is franchise-based or uses sub-contractors.

DHS has found that employers often list the FEIN for another location or a FEIN that does not hold the responsibility for insurance on their EVHI response. The system is also challenged to match an applicant's reported employer with employer reported FEINs when there is confusion in CARES as to which location an employee works. Other problems occur if an applicant lists the location where he/she works, but the applicant is actually employed by a sub-contractor. For example: The McDonalds Corporation, headquartered in Illinois has a FEIN and insures the home office employees only. The McDonalds on University Avenue in Madison is a franchise, has another FEIN and is responsible for insuring its own employees. If someone were to own multiple McDonalds franchises, the company they form to manage those locations can have its own FEIN and its own insurance options.

No system exists to discover or link related FEINs to one another. As well, alternative spellings can easily throw off available search tools. The process appears quite vulnerable to data entry and other human error when attempting to match EVHI FEINs to FEINs assigned to a BadgerCare applicant's reported employer. In the sample we tested, the FEINs appear more consistent when matched from the Unemployment Insurance database to our U.S. Department of Labor database of self-insured employers.

How Good Is the Health Insurance Information in EVHI?

The EVHI system records employer responses about their offer of group health insurance, and requests details about premium cost-sharing and what employees are eligible (hours per week, managers and other staff). Employer responses are not specific to any particular employee. That is, the employer response to an EVHI inquiry does not indicate whether the employer offers insurance or what kind of insurance sponsorship would be offered to any specific BadgerCare Plus applicant. Information provided by the BadgerCare applicant (regarding hours worked, salary/wage, job status), is then used to impute whether that particular employee is eligible for affordable (based on BadgerCare Plus definition) employer-sponsored insurance.

Data and Methods

We use information on health insurance coverage from Wisconsin's Third-Party Liability (TPL) database in order to assess the quality of the health insurance information provided by the EVHI system. The TPL data are collected from Wisconsin insurance carriers of fully-insured firms statewide for other administrative purposes. Only 5,497 (10%) of cases were attached to self-insured employers, and these cases may not have been present in the TPL. We use U.S.

Department of Labor list of ERISA governed self-funded firms to eliminate cases within EVHI that were listed as employed with a self-funded firm. We then identify all employees in the EVHI database that were listed as employed by fully-insured firms. We match those BadgerCare cases with the TPL database and connect those employees and the individuals in their BadgerCare case with the TPL database.

Our universe of newly enrolled individuals match to 48,244 fully-insured firms. We test the system for both all new enrollees and for new enrollees with a person on their case that matched to Wisconsin's Unemployment Insurance (UI) database (an "employed"). We match newly enrolled individuals to the UI and EVHI systems by looking at all of the other people on their case, checking whether any of them also have a UI match. Those who appear in the TPL database have health insurance and are termed "TPL positive," while those that have someone on their case with an employer in EVHI who reports insurance offering are termed "EVHI positive" or "EVHI negative." Those for whom there is no corresponding employer have "no EVHI presence."

Results

We find that 7% (34,112/476,250) of new enrollees and 14% (34,112/246,786) of new enrollees with an employed on their case were both TPL and EVHI positive. Of those enrollees that did not match to the EVHI database at all, 16% had matching records in TPL (Table 1). Of enrollees with an employed on their case, 20% applicants match TPL but do not match to EVHI at all (Table 2).

EVHI fails to record the presence of third-party insurance for 61% (54,132/88,244) of new enrollees who were TPL positive. (Table 1, Columns B1, Rows b+c/d). When accounting for other employeds on the case (Table 2), EVHI still fails to report third party insurance for 39% of persons who are TPL positive. Of applicants, including their affiliated employeds, whose employers report that they do not provide insurance, 15% (4,552/29,821) are TPL positive. (Row b, columns B1 and C1) These applicants and the people on their case may get insurance through other sources rather than from their employers.

Table 1: BC Applicants

		TPL				Total (Row) C1
		NO		YES		
	EVHI	A1	A2	B1	B2	
a	Yes	99,449	74%	34,112	26%	133,561
b	No	25,269	85%	4,552	15%	29,821
c	Not in EVHI	263,288	84%	49,580	16%	312,868
d	Total	388,006	81%	88,244	19%	476,250

Table 2: BC Applicants with an Employed Person on the Case

		TPL				Total (Row) C1
		NO		YES		
	EVHI	A1	A2	B1	B2	
a	Yes	99,449	74%	34,112	26%	133,561
b	No	25,269	85%	4,552	15%	29,821
c	Not in EVHI	66,405	80%	16,999	20%	83,404
d	Total	191,123	77%	55,663	23%	246,786