



House of Representatives

General Assembly

File No. 246

January Session, 2007

Substitute House Bill No. 6158

House of Representatives, April 2, 2007

The Committee on Human Services reported through REP. VILLANO of the 91st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR CHILDREN.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 17b-292 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2007*):

4 (a) A child who resides in a household with a family income which
5 exceeds one hundred eighty-five per cent of the federal poverty level
6 and does not exceed [three] four hundred per cent of the federal
7 poverty level may be eligible for subsidized benefits under the HUSKY
8 Plan, Part B.

9 Sec. 2. Subsection (b) of section 17b-292 of the general statutes is
10 repealed and the following is substituted in lieu thereof (*Effective July*
11 *1, 2007*):

12 (b) A child who resides in a household with a family income over
13 [three] four hundred per cent of the federal poverty level may be

14 eligible for unsubsidized benefits under the HUSKY Plan, Part B.

15 Sec. 3. Subsection (e) of section 17b-292 of the general statutes is
16 repealed and the following is substituted in lieu thereof (*Effective July*
17 *1, 2007*):

18 (e) A newborn child who otherwise meets the eligibility criteria for
19 the HUSKY Plan, Part B shall be eligible for benefits retroactive to his
20 date of birth, provided an application is filed on behalf of the child
21 [within] not later than thirty days [of] after such date. Any uninsured
22 child born in a hospital in this state or in an eligible border state
23 hospital shall be enrolled by an expedited process in the HUSKY Plan,
24 Part B provided (1) the child's family resides in this state, and (2) a
25 parent of such child authorizes enrollment in the program. The
26 commissioner shall pay any premium cost such family would
27 otherwise incur for the first two months of coverage to the managed
28 care organization selected by the family to provide coverage for such
29 child.

30 Sec. 4. (NEW) (*Effective July 1, 2007*) The Commissioner of Social
31 Services shall reimburse providers of medical services under the
32 HUSKY Plan, Part A and Part B at a rate that is equal to the rate paid
33 for the provision of such services under the Medicare program.

34 Sec. 5. Section 17b-297 of the general statutes is repealed and the
35 following is substituted in lieu thereof (*Effective July 1, 2007*):

36 (a) The commissioner, in consultation with the Children's Health
37 Council, the Medicaid Managed Care Council and the 2-1-1 Infoline [of
38 Connecticut] program, shall develop mechanisms [for outreach for] to
39 increase outreach and maximize enrollment of eligible children and
40 adults in the HUSKY Plan, Part A [and] or Part B, including, but not
41 limited to, development of mail-in applications and appropriate
42 outreach materials through the Department of Revenue Services, the
43 Labor Department, the Department of Social Services, the Department
44 of Public Health, the Department of Children and Families and the
45 Office of Protection and Advocacy for Persons with Disabilities.

46 (b) The commissioner shall include in such outreach efforts
47 information on the Medicaid program for the purpose of maximizing
48 enrollment of eligible children and the use of federal funds.

49 (c) The commissioner shall, within available appropriations,
50 contract with severe need schools and community-based organizations
51 for purposes of public education, outreach and recruitment of eligible
52 children, including the distribution of applications and information
53 regarding enrollment in the HUSKY Plan, Part A and Part B. In
54 awarding such contracts, the commissioner shall consider the
55 marketing, outreach and recruitment efforts of organizations. For the
56 purposes of this subsection, (1) "community-based organizations" shall
57 include, but not be limited to, day care centers, schools, school-based
58 health clinics, community-based diagnostic and treatment centers and
59 hospitals, and (2) "severe need school" means a school in which forty
60 per cent or more of the lunches served are served to students who are
61 eligible for free or reduced price lunches.

62 (d) The commissioner, in consultation with the Latino and Puerto
63 Rican Affairs Commission, shall collaborate with Latino community-
64 based organizations to develop and implement outreach efforts that
65 specifically target eligible Latino children in order to increase
66 enrollment of such children in HUSKY Plan, Part A and Part B. Such
67 efforts shall include, but not be limited to, public education, outreach
68 and recruitment activities described in subsections (a) to (c), inclusive,
69 of this section.

70 [(d)] (e) All outreach materials shall be approved by the
71 commissioner pursuant to Subtitle J of Public Law 105-33.

72 [(e)] (f) Not later than January 1, 1999, and annually thereafter, the
73 commissioner shall submit a report to the Governor and the General
74 Assembly on the implementation of and the results of the community-
75 based outreach program specified in subsections (a) to (d), inclusive, of
76 this section.

77 Sec. 6. (NEW) (Effective July 1, 2007) The Commissioner of Social

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Social Services	GF - Cost	Significant	Significant

Municipal Impact: None

Explanation

This bill makes various changes to the Department of Social Services' (DSS) HUSKY health insurance programs. The quantifiable costs of the bill, as detailed below, total \$340,300,000 in FY08 and \$369,200,000 in FY09.

Section 1 of the bill increases the eligibility limits for the HUSKY plan, part B from 300% of the Federal Poverty Level (FPL) to 400% FPL. Although the bill does not specify, it is assumed that this expansion would include the premium and cost sharing requirements currently in place for children enrolled in HUSKY B, Band 2 (236%-300% FPL). The Office of Fiscal Analysis (OFA) estimates that this expansion will enroll an additional 7,100 children when fully annualized in FY09. Including the rate increases implemented in section 4 of the bill, this expansion is expected to cost \$10,900,000 in FY08 and \$17,700,000 in FY09.

Currently, expenditures under the HUSKY B program are reimbursed 65% by the federal government under the SCHIP program. Connecticut operates under a federal waiver that allows the state to cover children up to 300% FPL. It is unclear whether the federal government would approve a coverage expansion above 300% FPL. Therefore, the costs of the children covered between 300% and 400% FPL may be fully state funded.

Section 2 of the bill specifies that unsubsidized benefits under the HUSKY B program begin at 400% FPL. This aligns the unsubsidized portion of the program with the changes in section 1 of the bill and has no fiscal impact.

Section 3 requires expedited HUSKY B enrollment of uninsured newborns and requires DSS to pay any premium costs for the first two months of coverage. There are approximately 90 uninsured births monthly in Connecticut. Enrolling these children in HUSKY B and paying full premiums for the first two months is expected to cost \$2,700,000 in FY08 and \$5,700,000 in FY09 (assuming the rate increases in section 4 of the bill). These costs would be 65% reimbursable under the federal SCHIP program.

Section 4 requires DSS to reimburse providers of medical services under the HUSKY programs at a rate which is equal to the rate paid for the provision of such services under the Medicare program. It should first be noted that DSS does not directly reimburse medical providers under the HUSKY programs. The Department pays a capitated rate to managed care organizations (MCO's), who then reimburse medical providers in their systems. Secondly, given the disparate populations served (HUSKY is predominantly women and children, while Medicare serves the elderly and disabled), there may not be Medicare rates that correspond with HUSKY rates. Finally, rates paid by the MCO's to providers in their system are not available as they are considered proprietary.

Assuming that DSS was to implement the provisions of this section by increasing the rates under the behavioral health partnership and the capitated rates paid to the HUSKY MCO's, OFA estimates that this would cost approximately \$326,700,000 in FY08 and \$345,800,000 in FY09. As stated above, exact comparisons between current HUSKY rates and Medicare rates are not possible. Based on data included in the Office of Health Care Access' 2005 Annual Report on the financial status of Connecticut's hospitals, it would require a 38% Medicaid rate increase to match the hospital rates paid under the Medicare program.

As reliable data does not exist for rate comparisons, OFA used this 38% rate increase as a proxy. The increases cited above would be eligible for federal reimbursement under the Medicaid and SCHIP program, which would generate an estimated \$165,000,000 in FY08 and \$175,100,000 in FY09.

The rate increases included in section 4 of the bill may lead to increased access to services as providers may be more willing to serve HUSKY clients. Should this be the case, it is likely that the MCO's would seek a future increase in their capitated rates to compensate for this change. It is not known what this increased utilization may be.

Section 5 of the bill requires DSS to increase outreach and maximize enrollment of eligible children and adults in the HUSKY programs. Increased outreach will result in increased administrative costs, the extent of which is dependent upon the outreach mechanisms used, which are not specified in the bill. Should such outreach efforts succeed, additional enrollment in these programs would result in additional state costs.

Section 6 of the bill requires DSS, in consultation with the Department of Public Health, to develop a plan to implement a system of preventative health care services for children in the HUSKY programs. The departments would likely incur administrative costs in developing such a plan. Further state costs would be incurred should this plan include services over and above those currently available in the HUSKY plans. The extent of these costs cannot be known until such a system is developed.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6158*****AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR CHILDREN.*****SUMMARY:**

This bill makes several changes in the HUSKY insurance program for children. It:

1. increases the HUSKY B income limit,
2. requires expedited HUSKY B enrollment of uninsured newborns,
3. requires DSS to increase the amount it pays HUSKY A and B providers,
4. requires DSS to do additional HUSKY outreach, and
5. requires DSS to develop a preventive health care system for children enrolled in HUSKY.

EFFECTIVE DATE: July 1, 2007

HUSKY PROVISIONS***Increase in Income Limit for HUSKY B***

The bill increases, from 300% to 400% of the federal poverty level (FPL), the income limit for children to be eligible for HUSKY B coverage. (It is not clear whether the federal government will allow the state to use State Children's Health Insurance Program funds to pay the federal share of this coverage (65%)). By extension, it increases the starting income level at which people can purchase unsubsidized coverage from 300% to 400% of the FPL.

Under current law, children in families with income between 185% and 300% of the FPL are eligible for subsidized HUSKY B coverage. Children in lower-income families and some of their caretaker relatives qualify for HUSKY A.

HUSKY B Enrollment of Uninsured Newborns

The bill requires that any uninsured child born in a Connecticut hospital or an “eligible border state hospital” be enrolled in HUSKY B under an expedited process when (1) the child’s family lives in Connecticut and (2) at least one parent authorizes the enrollment. The bill does not define “eligible border state hospital.”

It requires the Department of Social Services (DSS) commissioner to pay to the HUSKY B managed care organization (MCO) the first two months of the premiums that the family would otherwise have to pay. Currently, families with incomes between 235% and 300% of the FPL pay \$30 per month (\$50 family maximum) in premiums. Lower-income families do not pay premiums.

By law, a newborn child who otherwise meets the HUSKY B eligibility criteria is eligible for benefits retroactive to the child’s birth date, provided someone files an application on the child’s behalf within 30 days of the birth.

Reimbursement of HUSKY Providers

The bill requires the DSS commissioner to reimburse HUSKY A and B providers for medical services provided at the same rate that Medicare pays for these services. DSS does not pay medical providers directly in the HUSKY A and B programs. Rather, it pays MCOs a monthly capitated rate for each HUSKY enrollee. Likewise, Medicare may not cover the same services as HUSKY.

Outreach

Current law requires DSS, in consultation with 2-1-1 Infoline, to develop outreach mechanisms for HUSKY, including mail-in applications, which get disseminated through a number of state

agencies. The bill requires them instead to increase outreach and maximize enrollment of eligible children and adults.

To increase the enrollment of Latino children in HUSKY, the bill requires the DSS commissioner, in consultation with the Latino and Puerto Rican Affairs Commission, to collaborate with Latino community-based organizations to develop and implement outreach efforts that specifically target these children. This must include, at a minimum, public education, outreach, and recruitment activities described in law.

System of Preventive Care

The bill requires the DSS commissioner, in consultation with the DPH commissioner, to develop a plan to implement a preventive health care system for children enrolled in HUSKY A or B. This must include, at a minimum, eye care, oral health care, and chronic disease management.

BACKGROUND

Related Bills

Several committees have reported bills addressing health care access that contain provisions similar to those in this bill. They are:

Bill Number	Committee
SB 1	Public Health
SB 3	Human Services
SB 70	Insurance
SB 1127	Human Services
SB 1371	Insurance
HB 6158	Children
HB 6652	Insurance
HB 7314	Labor
HB 7375	Human Services

COMMENT

Reimbursing Providers under HUSKY

MCOs, not DSS, set the rates that providers receive for medical services rendered under HUSKY. Moreover, the Medicare program may not necessarily pay for services that HUSKY does, such as dental care.

COMMITTEE ACTION

Select Committee on Children

Joint Favorable Substitute Change of Reference

Yea 9 Nay 0 (03/06/2007)

Human Services Committee

Joint Favorable

Yea 17 Nay 0 (03/15/2007)