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Testimony Regarding:

Bill No. 200, An Act Concerning the Reporting of Sanctions Imposed by the Department of Social Services on Managed Care Organizations Providing Services Under the HUSKY Plan Part A and Part B

Bill No. 1128, An Act Implementing the Governor's Budget Recommendations with Respect to Social Services Programs

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Human Services Committee Public Hearing

February 27, 2007

Dear Senator Harris, Representative Villano, and Members of the Human Services Committee:

Sharon Langer is a Senior Policy Fellow, and Mary Glassman is Director of Legislative Affairs with Connecticut Voices for Children, a research-based public education and advocacy organization that works statewide to promote the well being of Connecticut's children, youth and families. We submit this written testimony on behalf of the sister lobbying organization - Advocates for Connecticut's Children and Youth (ACCY), a statewide, independent, citizen-based organization dedicated to speaking up for children, youth and families.

We support Bill No. 200, An Act Concerning the Reporting of Sanctions Imposed by the Department of Social Services on Managed Care Organizations and Providing Services Under the HUSKY Plan Part A and Part B. This legislation would require the Department of Social Services to submit annual reports to the Medicaid Managed Care Council concerning whether and to what extent the HUSKY managed care organizations have been sanctioned by the Department for failure to comply with contractual obligations. This information would assist the legislature fulfill its oversight responsibility concerning the HUSKY program.

We oppose the Governor's proposals yet again to eliminate a cost of living adjustment (COLA) in the public assistance programs, including the Temporary Family Assistance (TFA) program (Section 2), and to institute a "premium assistance" program for families on HUSKY A as outlined in Section 9 of Bill No. 1128, An Act Implementing the Governor's Budget Recommendations with Respect to Social Services Programs.

Before we discuss the reasons we oppose both of these proposals, we do want to go on record as strongly supporting the Governor's recommendation to increase staffing in the Department of Social Services. As this Committee is aware, the Department lost a large percentage of staff in recent years due

to early retirements and staffing reductions. Workers in the largest regional offices carry caseloads in the hundreds. Now that the Department is struggling with a recent and unwelcome federal mandate to verify US citizenship of families in Medicaid (HUSKY A), significant delays in processing applications has occurred. Such inefficiencies affect the well-being of vulnerable children and families by causing delay in needed medical care, and demoralize agency staff.

Reject the Governor's Recommendation to Eliminate the COLA in TFA

The monthly TFA benefit has not been increased since 1991. The current monthly benefit for a family of three in most areas of the state is \$543. If the COLA had not been eliminated each year since 1992 the benefit would be \$775 (still only half the federal poverty level) but \$232 more than the current benefit. We urge this committee to reject the Governor's proposal, and instead adopt the Program Review and Investigations Committee legislative recommendations (HB. 7240) to peg the benefit amount to the current TFA "standard of need" which would increase the monthly benefit for a family of three to \$745, for example. Equally important the PRIC legislation calls for the Department to establish a methodology for adjusting the TFA benefit in future years based on the actual costs of rent, utilities, and other basic living expenses.

Reject the Governor's Recommendation to Institute a Premium Assistance program in HUSKY A

In order to enact such a premium assistance program, the Governor would seek a federal waiver to require all HUSKY A families with access to health insurance through their employer to participate in the employer-based program (and provide assistance in paying premiums so they can do so) as a condition of eligibility for the HUSKY program. The Governor projects approximately \$5 million in savings in FY 09 from this change.

The Governor in her biennial budget promised "no adverse change" legislation to eliminate fluctuations in benefits and coverage during the biennium. We applaud the Governor's recognition that the HUSKY program has suffered too many changes in the last few years, resulting in a drop in enrollment¹, and confusion about program rules, and her concomitant pledge to do no harm to the HUSKY program. **Unfortunately, this proposal could create more barriers to care for low-income working families, prove costly to the state, and not result in meaningful savings.**

¹ Since June 2005, HUSKY enrollment has dropped by 19,000 persons, about 15,000 of them are children under the age of 19. HUSKY Program enrollment data from June 2005 to January 2007, reported by the Connecticut Department of Social Services.

While the concept of premium assistance (PA) appears on the surface to make sense - capturing private health insurance dollars to cover lower-income families - the implementation of these programs has been disappointing. Some states have closed down their PA programs, and others, after studying the concept, have withdrawn them from their waiver proposals to the federal government.² Others have taken years to realize any possible cost savings. One New Jersey official has recognized that “one or two more years with double-digit premium increases and [the state] may be priced out of the market.”³

Developing and overseeing premium assistance programs are labor intensive and expensive.⁴ The Department of Social Services will incur enormous administrative costs to implement these programs.

The Governor, in her budget address, also proposed “wrap-around” coverage, i.e., the state would pay the employee share of premiums, deductibles, and co-payments, as well as provide access to any Medicaid-covered services not offered under the employer-sponsored insurance plan, such as transportation benefits to ensure that HUSKY A enrollees suffer “no loss of benefits or additional expense”. It is not clear where the projected cost savings of \$5 million will come from in light of these assurances.

Instead of the Governor’s proposal, we urge this Committee and the legislature to invest in *proven* strategies to strengthen the HUSKY program which has been successful in reducing the number of uninsured children and families. At earlier public hearings before this Committee, we have testified to the myriad ways in which we can improve the HUSKY program. To name just three, we urge the Committee to restore “continuous eligibility” which would allow children to remain eligible for HUSKY for one year regardless of fluctuations in income, align parent and children income eligibility limits in HUSKY, and increase rates paid to HUSKY health providers to better ensure timely access to preventive care.

Thank you for this opportunity to express our concerns about the Governor’s recommendations concerning the HUSKY program.

² For example, Maryland recently shut down its PA program because of concerns that it was too costly and reaching too few people. After conducting feasibility studies, Colorado and Arizona concluded that PA programs would be too costly and burdensome on the administering state agencies. As a result, they have chosen to cancel or postpone implementation. *Id.*, See also, National Academy of State Health Policy’s Premium Assistance Toolbox for States at www.patoolbox.org.

³ See J. Alker, *Premium Assistance: Who Pays and Does it Save Money?*, presentation January 26, 2006, sponsored by the Connecticut Health Foundation, www.cthealth.org (quoting Dennis Doderer, Dep. Assistant Director, NJ Division of Medical Assistance and Health Services).

⁴ *Id.* (private insurance increases exceed CT’s per person Medicaid cost growth (1999-2002); J. Alker, *Premium Assistance Programs: How are they financed and do states save money?*, Kaiser Commission on Medicaid and the Uninsured, October 2005, available at www.kff.org; J. Alker, *Serving Low Income Families Through Premium Assistance: A Look at Recent State Activity*, Kaiser Commission on Medicaid and the Uninsured, Oct. 2003, available at www.kff.org .

