



House of Representatives

General Assembly

File No. 919

January Session, 2009

Substitute House Bill No. 6402

House of Representatives, May 7, 2009

The Committee on Appropriations reported through REP. GERAGOSIAN of the 25th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING HUSKY REFORM.

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

1 Section 1. (NEW) (*Effective July 1, 2009*) Not later than January 1,
2 2010, the Commissioner of Social Services shall develop and
3 implement a provider-directed care coordination program for HUSKY
4 recipients. The program shall provide payment to primary care
5 providers for care coordination services provided to persons who
6 require care beyond that offered by a primary care physician. To be
7 eligible for such payment, a provider shall: (1) Develop written care
8 plans that include evidence of family participation; (2) have staff
9 members dedicated to care coordination; (3) maintain documentation
10 of care plans; (4) be designated as the patient's provider by patient
11 selection or by assignment, if the patient does not make any selection;
12 (5) provide services twenty-four hours per day, seven days per week;
13 (6) arrange for the patient's comprehensive health care needs; and (7)
14 provide integration, coordination and continuity of care with referrals

15 for specialty care and other necessary health care services.

16 Sec. 2. Section 17b-260c of the general statutes is repealed and the
17 following is substituted in lieu thereof (*Effective July 1, 2009*):

18 [The] Not later than September 1, 2009, the Commissioner of Social
19 Services shall apply for a Medicaid waiver, pursuant to Section 1115 of
20 the Social Security Act, for the purpose of providing coverage for
21 family planning services to adults in households with income that does
22 not exceed one hundred eighty-five per cent of the federal poverty
23 level and who are not otherwise eligible for Medicaid services. If the
24 commissioner fails to apply for such waiver by said date, the
25 commissioner shall, not later than September 15, 2009, submit a written
26 report in accordance with the provisions of section 11-4a, to the joint
27 standing committee of the General Assembly having cognizance of
28 matters relating to human services explaining the reasons for such
29 failure.

30 Sec. 3. (NEW) (*Effective from passage*) (a) Not later than January 1,
31 2010, the Commissioner of Social Services shall apply for a waiver of
32 federal law under the Health Insurance Flexibility and Accountability
33 demonstration initiative for the purpose of extending health insurance
34 coverage under Medicaid to persons qualifying for medical assistance
35 under (1) the state-administered general assistance program, and (2)
36 the Charter Oak Health Plan, established pursuant to section 17b-311
37 of the general statutes. The commissioner shall submit, in accordance
38 with the provisions of section 11-4a of the general statutes, the
39 application for the waiver to the joint standing committees of the
40 General Assembly having cognizance of matters relating to human
41 services and appropriations prior to submitting the application to the
42 federal government in accordance with section 17b-8 of the general
43 statutes.

44 (b) If the commissioner fails to submit the application for the waiver
45 to the joint standing committees of the General Assembly having
46 cognizance of matters relating to human services and appropriations
47 by January 1, 2010, the commissioner shall submit a written report to

48 said committees not later than January 2, 2010. The report shall
49 include, but not be limited to: (1) An explanation of the reasons for
50 failing to seek the waiver; and (2) an estimate of the cost savings that
51 would result from the approval of the waiver in one calendar year.

52 Sec. 4. Section 17b-257a of the general statutes is repealed and the
53 following is substituted in lieu thereof (*Effective July 1, 2009*):

54 (a) Qualified aliens, as defined in [section] Section 431 of Public Law
55 104-193, admitted into the United States prior to August 22, 1996, shall
56 be eligible for Medicaid provided other conditions of eligibility are
57 met. Qualified aliens admitted into the United States on or after
58 August 22, 1996, shall be eligible for Medicaid subsequent to five years
59 from the date admitted, except if the individual is otherwise qualified
60 for the purposes of state receipt of federal financial participation under
61 Title IV of Public Law 104-193, such individual shall be eligible for
62 Medicaid regardless of the date admitted.

63 (b) Not later than January 1, 2010, the Commissioner of Social
64 Services shall seek federal funds to provide medical assistance to
65 qualified alien children and pregnant women whose date of admission
66 into the United States is less than five years before the date services are
67 provided.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	New section
Sec. 2	<i>July 1, 2009</i>	17b-260c
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>July 1, 2009</i>	17b-257a

APP Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect
Department of Social Services	GF - See Below

Municipal Impact: None

Explanation

Section 1 of the bill requires the Department of Social Services (DSS) to implement a provider directed care coordination program for HUSKY recipients. This provision implements current practice as the primary care case management system currently being implemented by DSS appears to meet the bill's requirements. As such, no additional cost to the state is anticipated.

Section 2 requires DSS to apply for a Medicaid family planning waiver by September 1, 2009. It is anticipated the DSS will incur an administrative cost of up to \$200,000 to develop this waiver. The cost of this waiver would be dependent upon what services are allowed under the plan, which cannot be known in advance. Experience in other states has shown that family planning expenditures can result in significant savings through reduced Medicaid funded deliveries. The FY 10-11 biennial budget (as approved by the Appropriations Committee) contains \$2 million in each year to provide family planning services, and assumes a savings of \$6 million in FY 11. Services provided under a family planning waiver are reimbursed at 90% by the Federal Medicaid program.

Section 3 requires DSS to enroll State Administered General Assistance (SAGA) and Charter Oak Health Plan clients in Medicaid

via a federal Health Insurance Flexibility and Accountability (HIFA) waiver. The bill also repeals a section of statute that previously required SAGA to be expanded and included in Medicaid. This section was never implemented, and therefore has no fiscal impact.

Currently, the state only receives federal reimbursement (via the Disproportionate Share Hospital grant) for the hospital inpatient and outpatient portions of the SAGA program. The following table illustrates the FY 10 current services estimated costs for SAGA:

	FY 10
Hospital Payments	\$ 61,322,400
Other Medical Payments	\$ 121,393,055
GA Managed Care (DMHAS)	\$ 83,281,389
TOTAL	\$ 265,996,844
Fed Revenue - DSS	\$ (30,661,200)
Fed Revenue - DMHAS	\$ (7,495,325)
Net State Program Costs	\$ 227,840,319

As indicated by the table, there are approximately \$190 million in non-hospital SAGA costs (including behavioral health care) that are not currently eligible for federal reimbursement. The state receives no federal reimbursement for Charter Oak expenditures, estimated in FY 10 to be \$20.8 million.

It cannot be anticipated what the structure of the HIFA waiver submitted by the department will be, nor what the federal government may require prior to final approval of federal financial participation. (For the purposes of this analysis, it is assumed that any such waiver is specific only to the SAGA and Charter Oak programs, and does not alter the structure of the current state Medicaid program.)

HIFA waivers allow states great flexibility in structuring benefits. Both the SAGA and Charter Oak program have substantially different benefit plans and payment mechanisms as compared to the Medicaid program. Should the federal government simply allow these program

structures to be maintained while providing federal reimbursement (which is unlikely), the state would realize a net revenue gain of \$95 million.

It is more likely that the federal government would require substantial changes in these programs prior to waiver approval. These changes would likely increase the overall cost of the program, thereby reducing the net state gain. Although the changes required cannot be anticipated, the state would likely see a net gain even with substantial increases (up to 70%) in the overall programmatic costs.

DSS will also incur additional administrative costs (likely between \$100,000 and \$200,000) for staff and contractual obligations necessary to develop and submit such a waiver.

Section 4 requires DSS to seek federal funds for eligible children and pregnant women who are legal immigrants. The recent federal State Children's Health Insurance program (SCHIP) reauthorization allows states to receive the enhanced match (65% for Connecticut) for this population. DSS currently expends \$23.6 million annually on medical services for legal immigrants with no federal reimbursement. Assuming that roughly half these costs are for pregnant women and children, the state would realize a revenue gain of \$7.67 million annually from this provision.

The Out Years

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

*Sources: Department of Social Services Caseload Information
OFA Budget Book*

OLR Bill Analysis**sHB 6402*****AN ACT CONCERNING HUSKY REFORM.*****SUMMARY:**

This bill requires the Department of Social Service (DSS) to (1) extend medical assistance to certain legal aliens and (2) apply for a federal waiver to obtain federal Medicaid matching funds for the state-funded State-Administered General Assistance (SAGA) and Charter Oak medical assistance programs. It sets a deadline for the DSS commissioner to apply for a federal waiver to provide family planning services to more women.

The bill also requires the DSS commissioner to develop and implement a provider-directed care coordination program for HUSKY recipients by January 1, 2010.

EFFECTIVE DATE: July 1, 2009, except for the provision requiring the waiver for Medicaid coverage of SAGA and Charter Oak, which is effective upon passage.

MEDICAL ASSISTANCE FOR PREGNANT WOMEN AND CHILDREN WHO ARE QUALIFIED ALIENS

The bill requires the DSS commissioner, by January 1, 2010, to seek federal funds to provide medical assistance to qualified alien children and pregnant women who were admitted into the U.S. less than five years before the "date services are provided."

The recently passed federal Children's Health Insurance Program Reauthorization Act (CHIPRA, PL 111-3) permits states to claim federal Medicaid (HUSKY A in Connecticut) and State Children's Health Insurance Program (SCHIP, HUSKY B) funds to provide health care coverage to pregnant women and children who are recent (within

five years) immigrants.

The 1996 federal welfare reform law generally bars legal immigrants who have been in the U.S. for fewer than five years from receiving federally funded assistance. States can provide this assistance with state-only funds, which Connecticut has done since 1997.

FAMILY PLANNING WAIVER

PA 05-120 directed DSS to seek a federal Medicaid 1115 waiver to provide family planning coverage to adults in households with income up to 185% of the federal poverty level (FPL). (These are individuals who would not otherwise qualify for HUSKY A.) DSS never requested the waiver.

The bill requires the commissioner to (1) apply for this waiver by September 1, 2009 or (2) if he fails to do so, report to the Human Services Committee by September 15, 2009 explaining the reasons why.

WAIVER FOR MEDICAID COVERAGE OF SAGA AND CHARTER OAK HEALTH PLAN

The bill requires the DSS commissioner, by January 1, 2010, to apply for a federal Health Insurance and Flexibility and Accountability (HIFA) demonstration waiver to provide Medicaid coverage to individuals qualifying for either the SAGA medical assistance program or the Charter Oak Health Plan (see BACKGROUND). Currently, state funds are used to pay for the SAGA program and the subsidized portion of the Charter Oak Health Plan. Medicaid coverage would provide a federal match for these state expenditures.

The bill requires the commissioner to submit the waiver application to the Human Services and Appropriations committees before sending it to the federal Medicaid agency, in accordance with state law. If he fails to do so by the above date, he must report to both committees explaining (1) why he is not seeking the waiver and (2) an estimate of the cost savings that such a waiver would provide in a single calendar year. This report must be submitted by January 2, 2010.

Current law requires the DSS commissioner, by January 1, 2008, to seek a waiver to cover SAGA recipients with income up to 100% of the federal poverty level. He never sought the waiver.

PROVIDER-DIRECTED CARE COORDINATION FOR HUSKY RECIPIENTS

The bill's provider-directed care coordination program must pay primary care providers (PCP) for care coordination services they provide to individuals who need care beyond what the PCP offers.

To qualify for these payments, a provider must:

1. develop written care plans that include evidence of family participation;
2. have staff members dedicated to care coordination;
3. maintain documentation of care plans;
4. be designated as the patient's provider by patient selection or by assignment when the patient does not choose a provider;
5. provide services 24 hours per day, seven days per week;
6. arrange for the patient's comprehensive health care needs; and
7. provide integration, coordination, and continuity of care with referrals for specialty care and other necessary health care services.

DSS is currently running a pilot primary care case management program for HUSKY recipients in two parts of the state. The program contains many of the same elements that the bill's program includes.

BACKGROUND

Legislative History

The House referred the bill (File 509) to Appropriations, which eliminated provisions (1) requiring (a) health care professionals to do post-partum depression screenings, (b) DSS to provide HUSKY

coverage for these screenings, and (c) the Behavioral Health Partnership to play a role in these screenings; (2) revising DSS' Medicaid smoking cessation coverage; and (3) requiring an SCHIP waiver to cover supports and services for children with special health care needs.

Federal Waivers

Federal Medicaid law (Section 1115 of the Social Security Act) allows states to request “demonstration” waivers of federal rules to expand health care coverage when those rules would otherwise not allow this or to limit who the program covers. These waivers generally run for five years but can be renewed.

The federal government introduced the HIFA waiver in 2001, which used the existing 1115 Medicaid waiver to encourage states, through their Medicaid- and State Children's Health Insurance Program-funded programs, to experiment with alternate strategies in an effort to reduce the number of uninsured residents. The federal Medicaid agency gave states broad authority under these waivers, including limiting enrollment, modifying benefit structures, and increasing beneficiaries' cost sharing which, without the waiver, would not be allowed. At the same time, states were expected to expand coverage.

States may still request 1115 waivers, which are research and demonstration waivers that allow states to experiment with coverage. These states must be able to demonstrate that they are “budget neutral” over the life of the demonstration, meaning they cannot be expected to cost the federal government more than it would cost without the waiver.

Legislative Approval of Waivers—CGS § 17b-8

State law requires the DSS commissioner, when submitting an application for a federal waiver for anything more than routine operational issues, to submit the waiver to the Human Services and Appropriations committees before sending it to the federal government. The committees have 30 days to hold a hearing and

advise the commissioner of their approval, denial, or modification. If the committees deny the application, the commissioner may not submit it to the federal government. The law also sets up a process for when the committees do not agree. If the committees do not act within the 30-day period, the application is deemed approved.

Medicaid Coverage for SAGA

In 2003, the legislature directed DSS to seek a Medicaid waiver to cover SAGA medical assistance recipients by March 1, 2004 (PA 03-3, June 30 SS). In 2007, the legislature extended the deadline to January 1, 2008 and extended the waiver to individuals with incomes up to 100% of the FPL (PA 07-185). Currently, SAGA medical assistance is available to individuals with income up to about 55% of the FPL.

Charter Oak Health Plan

Since August 2008, the Charter Oak Health Plan has offered state residents another health insurance option. Individuals must be uninsured for at least six months to qualify, and benefits are provided by managed care organizations with which DSS contracts. The state provides both premium and deductible assistance to individuals whose incomes are under 300% of the FPL.

Related Bills

sSB 988 (File 195) requires DSS to seek a 1115 demonstration waiver for SAGA and Charter Oak by January 1, 2010.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute
Yea 13 Nay 6 (03/19/2009)

Appropriations Committee

Joint Favorable Substitute
Yea 41 Nay 14 (04/23/2009)