CONNECTICUT VOICES FOR CHILDREN

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Remarks by Sharon D. Langer, Senior Policy Fellow
Healthcare Forum Before the Human Services, Insurance and Real Estate, and Public Health Committees
February 26, 2009

Senators Doyle, Crisco, and Harris; Representatives Walker, Fontana and Ritter, and Members of the Human Services, Insurance and Real Estate, and Public Health Committees: Thank you very much for this opportunity to speak about the prospects of creating a state solution to the lack of affordable, accessible, continuous and quality health care coverage for children and families. Connecticut Voices for Children is a research and policy advocacy organization dedicated to helping policymakers improve the lives of all of our state's children, youth and families. We bring to this important discussion a unique vantage point: We provide independent data analysis of Connecticut's publicly financed health coverage program for children and low-income parents and pregnant women – known as HUSKY. This analysis informs the improvements that we and other advocates recommend to state and federal policymakers.

We recognize that this important discussion is taking place during challenging economic times. During our last big downturn in the economy in 2001-03, health care coverage for children and poor families was cut, and thousands lost coverage. When lawmakers realized the bad effects caused by their decisions, they reversed them – but it took years to undo the damage. We are now faced with a similar fiscal crisis. And of course we fear that yet again health care coverage and access to care will be sacrificed to plug holes in the state budget, by imposing unaffordable premiums and co-pays, cutting back on health benefits, and restricting who is eligible.

Our HUSKY and Medicaid programs must be considered as part of the larger plans for health insurance and healthcare reform. The proposals by the Universal Health Care Foundation of Connecticut and the recent report of the HealthFirst Connecticut Authority (of which I am a member) recognize the importance of these programs and the need for comprehensive improvements.

This is the time for the state, as well as the federal government, to step into the breach of health care coverage that has been created by the erosion of employer-sponsored coverage over the last decade. HUSKY covers about 345,000 children, parents and pregnant women. Without Medicaid and HUSKY the number of uninsured kids (about 43,000 based on latest census data) would be much greater. We also know that almost all of the estimated 29,000 uninsured Connecticut children under age 19 who live in families below 200% of federal poverty ($35,2000 a year for a family of three) are eligible for HUSKY. We need to do more - not less - including sustained community-based outreach, to ensure the health of our state and nation's children and their families.

We are glad to know that the recently enacted federal stimulus and Children's Health Insurance Program (CHIP) legislation include more than $1.32 billion in new federal Medicaid and CHIP funding. We trust that these funds will help prevent cuts to critically needed health care to our kids and families as the legislature and the executive branch fashion improvements to the overall healthcare delivery system. Cutting Medicaid and HUSKY now more than ever is pennywise and pound-foolish. We will be turning away federal funds if we cut. In fact, we will have to cut between $2 and $ 3 to save $1 in state funds for Medicaid and HUSKY. We all know that this will have terrible ramifications for families, providers and the entire healthcare infrastructure.

If we are going to build universal health care coverage in conjunction with our publicly financed programs, we need to simplify eligibility rules, allow people to sign up where they get health care, bring the application process into the 21st century by putting applications and health records online, streamline the procedures for keeping eligible families enrolled, and simplify the ways in which healthcare providers sign-up to participate.

Moreover, we need to pay providers adequately and provide incentives for wellness and prevention for all populations in the state. Connecticut should be applauded for raising Medicaid provider rates in 2007 – for the first time in 20 years - but those rates are still far too low to prompt many providers to participate.

We look forward to working with state lawmakers, other healthcare advocates and the public in improving both coverage and access to quality and affordable health care for all of our children, youth and families.

Thank you very much.

HUSKY & Medicaid: Challenges and Opportunities

Sharon Langer
Connecticut Voices for Children

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Connecticut General Assembly

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HUSKY: Importance to the State

- 1 in 4 children enrolled in HUSKY
- With fewer employers providing health coverage, more families rely on HUSKY
- Medicaid & HUSKY provide critical funding for hospitals, clinics, doctors and local economies
- When families lose jobs they turn to Medicaid & HUSKY to access health care

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HUSKY Enrollment

- 343,717 individuals in HUSKY:
  - 221,915 children in HUSKY A
  - 107,974 parents and pregnant women in HUSKY A
  - 13,828 children in HUSKY B

Enrollment as of February 2009 (DSS)

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Financial Eligibility

Insurance	Population	Eligibility	Countable Assets
HUSKY A (Medicaid)	Children from birth to 19	Up to 185% FPL	Not considered
	Parents with children from birth to 19	Up to 185% FPL	Not considered
	Pregnant women	Up to 250% FPL	Not considered
	Children 19 and 20 y.o.	VERY low income limit varies by DSS regions	$2,000 maximum
HUSKY B (SCHIP)	Uninsured children from birth to 19	Income over 185% FPL(subsidized premiums below 300% FPL)	Not considered

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Financial Eligibility

Insurance	Population	Eligibility	Countable Assets
Medicaid	Elderly and disabled (living in the community)	Receiving SSI ($674/mo; $1,011/mo/couple) or Social Security income below poverty threshold or receiving State Supplemental Assistance	$1,600 individuals or $2,400 for couples
Medicaid	Elderly and disabled (nursing home or waiver program)	Income below 300% of SSI ($2,022/mo)	$1,600 individuals or $2,400 for couples
SAGA	Adults 21 to 65 years of age	Very low income limits (e.g., $506.22/mo)	$1,000 per family; car with equity less than $4,500

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Financial Eligibility

Insurance	Population	Eligibility	Countable Assets
Charter Oak	Uninsured adults 19 to 64 not eligible for SAGA, Medicaid, HUSKY, Medicare	All incomes (subsidized premiums below 300% FPL)	Not considered

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CT Spending on the Medicaid Population

	Proportion of Medicaid Population (FY 2005)	Proportion of Medicaid Spending (FY 2005)
Children	54%	16%
Non-elderly Adults	21%	7%
Elderly	12%	37%
Disabled	12%	40%

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Source: Kaiser Family Foundation. Connecticut Medicaid and SCHIP Data (FY 2005). Available at: www.statehealthfacts.org

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Elderly and disabled comprise smallest share of Connecticut's Medicaid population but account for the majority of costs.

Sharp discrepancies between beneficiary groups

- Average annual spending per Connecticut
  - elderly beneficiary: $21,522
  - adult with disabilities: $23,221
  - child: $ 2,127
  - adult: $ 2,421

The Urban Institute and the Kaiser Commission on Medicaid and the Uninsured estimates based on FY 05 data from the Medicaid Statistical Information System (MSIS) reports from the Centers for Medicare and Medicaid Services (CMS), 2008.

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Challenges: Eligibility Rules

- Complex Eligibility Rules
  - Almost 40 different ways to be eligible for Medicaid
- In 2003, we cut eligibility & benefits
  - Thousands became uninsured & lost access
  - Legislature reversed many of the changes after understanding the consequences
- Changing rules create lack of program stability, individuals go on & off, confusion for enrollees, providers, and others

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HUSKY Lessons Learned: Enrollment & Retention

- Self-declaration of income*
- Presumptive eligibility for children and pregnant women
- Shortened, simplified application
- Friendlier messaging of program/changing name of program
- Increasing income limits
- Aligning income limits between children and parents
- Eliminated asset tests
- Eliminated or reduced co-pays, premiums*
- Lengthened renewal periods

* Governor's budget recommends eliminating self-declaration and instituting or increasing co-pays and premiums (again)

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Opportunities: Enrollment & Retention

- Automatically enroll
- Implement on-line application and other initiatives to streamline eligibility processes*
- Implement "continuous eligibility"**
- Utilize one centralized system to determine eligibility and enroll participants***
- Expand effective outreach strategies

*Under development at DSS **Eliminated in 2003

*** Enacted but never implemented (PA 07-02)

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Challenges: Provider Participation

- Provider participation is voluntary
- Insufficient number of providers
  - Low Medicaid reimbursement rates (In 2007 the fee schedule was raised for the first time in 20 years)
    - But most fees are far below Medicare rates
  - Particularly difficult to access specialty services

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Opportunities: Provider Participation

- Simplify procedures for providers (e.g., simplifying credentialing process; use of electronic health records; use of telephonic or video consultants)
- Increase provider reimbursement fees (e.g., align with Medicare fees)

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Opportunities: Access To Care

- Reward providers for improved access (e.g., 24/7 coverage), coordination of care and patient health outcomes
  - Primary Care Case Management (PCCM)*
- Institute non-risk ASO for all medical services including PCCM
- "Carve-outs" of Behavioral Health, Dental and Pharmacy benefits instituted in past 2 years
  - Indications that access to care is improving
  - Increased transparency and accountability

*PCCM pilot underway in Waterbury and Willimantic

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Challenges: Lack of Resources & Transparency

- DSS is using legacy eligibility computer system
- DSS has limited resources to provide timely data collection and analysis on all aspects of the Medicaid program*
- Medicaid Managed Care Council does not oversee fee-for-service program or Charter Oak
- Medicaid budget doesn't distinguish between HUSKY managed care program & FFS

*Governor's budget recommends elimination of independent performance monitoring

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Opportunities: Require Accountability

- HUSKY Health plans are paid a monthly per member fee
- 1 in 10 children ages 2 – 19 who were enrolled for the entire year in 2007 received *no* medical care (15,000 kids)
- HUSKY program has undergone enormous changes: evaluation of HUSKY is that much more important
- Performance monitoring provides data and information for policy development

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Opportunities: Require Accountability

- Laws are passed but not implemented, for example:
  - SAGA and Family Planning Medicaid Waivers
  - Smoking Cessation Medicaid Option
  - Medical interpretation Medicaid Option

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Sources of Federal Funding

- Federal Funds (FY 2006: $2.1 billion)
  - Medicaid: 50 cents reimbursement
  - SCHIP: 65 cents reimbursement
  - Disproportionate Share Hospital (DSH)
  - To save $1 in state funds, we have to cut $2 in Medicaid

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Source: Kaiser Family Foundation. "Connecticut Medicaid and SCHIP Data (FY 2005). Available at: www.statehealthfacts.org

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Opportunities: Federal Funding

- Maximize federal funding for current programs
  - Convert SAGA and Charter Oak to Medicaid (currently only receive federal funds for SAGA hospital services)
  - DCF, DMHAS, DDS, DOE
    - Possible opportunities for further claiming of federal funds

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Opportunities: Federal Funding & Policy Changes

- American Recovery and Reinvestment Act (aka federal stimulus)
  - Increases federal Medicaid matching funds (FMAP) from October 1, 2008 through December 31, 2010
  - Federal match will increase from 50 cents to almost ***62*** cents on the dollar for most of the next two years

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Opportunities: Federal Funding & Policy Changes

- State Maintenance of Effort requirement to qualify for increased FMAP
  - To be eligible for increased FMAP Connecticut must maintain its Medicaid eligibility limits and processes in effect as of July 1, 2008
- Grant funds for instituting electronic health records, reduction in infectious diseases, etc.

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Opportunities: Federal Funding

- Children's Health Insurance Program Reauthorization Act of 2009(CHIP)
  - CHIP funds HUSKY B (up to 300% FPL)
    - Reimburses CT **65** cents on the dollar
  - Restores federal funding for legal immigrant children & pregnant women in US for fewer than five years on Medicaid & SCHIP
    - CT currently pays with state-only funds
  - Funding for medical interpretation services
    - Reimburses **75** cents on the dollar

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Opportunities: Federal Funding

- Increases match rate for certain children in Medicaid
  - Connecticut will be able to claim higher CHIP match on children with family income above 133% FPL
  - Performance Bonus payments
    - For enrolling and retaining uninsured children
  - Funds outreach through grants to states, community based organizations

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