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To: Insurance and Real Estate Committee of the General Assembly
From: Jane McNichol, Executive Director
Date: April 19, 2010

Re: Immediate Impact of Federal Health Care Reform on Medicaid, HUSKY and SAGA

1. **State must at least maintain current eligibility levels and enrollment procedures** in Medicaid (includes HUSKY A) until January, 2014 and, for children, must maintain current eligibility levels in HUSKY A and B (CHIP) until January, 2019.

2. **State may expand Medicaid coverage to include individuals under 65 with household income below 133% of the federal poverty level through a state plan amendment beginning April 1, 2010.** This opens Medicaid up to childless individuals without disabilities who are currently not eligible for Medicaid.

   A state which expands coverage will receive federal reimbursement at the Medicaid reimbursement rate. On April 6, Connecticut became the first state to submit a state plan amendment under this provision. Under Connecticut's proposed state plan amendment, the state will offer Medicaid coverage to individuals now covered by the state-funded SAGA (State Administered General Assistance) program. Exact income eligibility and benefits available are unclear at this time. DSS has indicated that it intends to offer full Medicaid benefits to people who would be eligible for the current SAGA program.

   The State anticipates that the federal revenue generated by the federal Medicaid match will exceed the costs of the expanded services available to this population through Medicaid. The state anticipates a net gain of about $53 million through June 30, 2011.

   Some residential substance abuse programs currently receive significant funding as a result of services provided to people enrolled the SAGA program. Some of these programs or some of the services provided may not be covered by Medicaid. Providers have been told that provision will be made for continued funding but the mechanism for this is unclear.

3. **State may expand Medicaid coverage for family planning services through a State Plan Amendment.** DSS has long-standing mandate to submit a waiver to provide family planning services in Medicaid and has raised the question of whether that authorizes submission of a state plan amendment.

4. **State is required to provide Medicaid coverage for tobacco cessation services for pregnant women.** This provision will become effective on October 1, 2010. No legislative action seems necessary to implement this provision.

5. **The Secretary of HHS is required to issue regulations to establish a process for public notice and comment for section 1115 waivers in Medicaid and CHIP.** Connecticut has an existing process for public notice and comment and legislative approval of section 1115 waivers in CGS Sec. 17b-8. Changes in this process might be required once the Secretary of HHS has issued regulations.

6. **States can provide HUSKY B (CHIP) coverage to children of state employees eligible for health benefits if certain conditions are met.** Representatives of the Office of Health Care Advocate and the Office of the State Comptroller believe that very few children of state employees in Connecticut would be affected by this provision. The Office of the State Comptroller is investigating the impact of this provision on Connecticut.