CONNECTICUT
VOICES
FOR CHILDREN

Testimony Regarding
H.B. 6305: An Act Concerning Implementation of the Sustinet Plan
S.B. 921: An Act Establishing a State Health Insurance Exchange
Sharon D. Langer
Insurance and Real Estate, Human Services, and Public Health Committees
February 14, 2011

Senator Crisco, Representative Megna, Senator Musto, Representative Tercyak, Senator Stillman, Representative Ritter and Members of the Insurance & Real Estate, Human Services, and Public Health Committees:

I am testifying today on behalf of 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. I am a Senior Policy Fellow, concentrating in policy analysis and advocacy related to Medicaid and HUSKY health insurance programs for low-income families and children.

H.B. 6305, *An Act Concerning Implementation of the Sustinet Plan* and S.B. 921, *An Act Establishing a State Health Insurance Exchange* have major implications for the low-income parents, pregnant women, and children currently eligible for Medicaid (HUSKY A) and the Children's Health Insurance Program (HUSKY B). Both bills implement provisions of the federal Affordable Care Act.

We applaud the emphasis on improving coverage, access to primary care and quality improvements in the Sustinet legislation that would provide incentives for patient-centered medical homes, prevention, comprehensive benefits, and payment reform. It also incorporates the navigator system envisioned by the Affordable Care Act that would assist consumers in understanding and accessing coverage options. Coordination of the Exchange and public health coverage programs is crucial to success. The state needs to speed up its modernization efforts, take advantage of the federal government's offer to pay 90% to improve its eligibility management system (EMS), and any other opportunities to improve coordination between the Exchange and Medicaid/HUSKY/Charter Oak. Otherwise, we will not be able to keep families continuously insured regardless of their change in financial or other circumstances. Continuous coverage is an important goal of reform and research shows that keeping families covered improves their access to regular and cost-effective care.

Basic Health Plan (BH Plan)

We support the inclusion of the BH plan as set forth in H.B. 6305, Sec. 7., in state health reform legislation. It is missing, however, from S.B. 921. As of January 1, 2014, Connecticut will no longer be required to cover parents, caretaker relatives and pregnant women above 133% of federal poverty level in HUSKY A (Medicaid). We currently cover parents and caretaker relatives up to 185% FPL (at the same level as children under 19 in HUSKY A), and cover pregnant women up to 250% FPL under HUSKY A. Children under 19 in HUSKY are eligible regardless of income although their families contribute to the cost of care at higher income limits. The state is required to retain children in Medicaid and CHIP (HUSKY B) until 2019. As a result of HUSKY, we have nearly universal coverage for children.

33 Whitney Avenue • New Haven, CT 06510 • Phone 203-498-4240 • Fax 203-498-4242
53 Oak Street, Suite 15 • Hartford, CT 06106 • Phone 860-548-1661 • Fax 860-548-1783
Web Site: www.ctkidslink.org
E-mail: voices@ctkidslink.org

The State will have several options to choose from in determining how low-income adults will access health coverage. The BH plan provides the best protection for low-income HUSKY parents with income above 133% FPL. Since the federal government will pay 100% of the BH plan, this is also the most fiscally prudent option for the State.

While the state could keep these HUSKY parents covered in Medicaid after 2014, the state would continue to share the cost with the federal government, receiving 50 cents on the dollar for the state's Medicaid expenditures. We would certainly support such a decision but recognize that the State's fiscal situation makes such a decision unlikely.

These adults could also be moved into the Exchange where the federal government would provide subsidies for individuals with family income below 400% FPL. See, Center for Children and Families, *Health Insurance Exchanges: New Coverage Options for Children and Families* (August 2010), available at http://ccf.georgetown.edu However, we agree with the SustiNet Health Partnership Board of Directors that the federal subsidies are not sufficient to make coverage affordable to individuals with income between 133% and 200% FPL – the group that will benefit from coverage through a BH plan. See, *Report to the General Assembly from the SustiNet Health Partnership Board of Directors* (January 2011), available at http://www.ct.gov/sustinet/lib/sustinet/sn.final_report.appendix.cga.010711.pdf

Our support for the BH plan is also predicated on including the protections set forth in H.B. 6305, i.e., "the basic health plan shall include all benefits, limits on cost-sharing and other consumer safeguards that apply to medical assistance provided in accordance with [Medicaid]." In addition, the SustiNet bill rightly requires that any "excess. . . funds" shall be used to increase reimbursement rates for providers serving individuals" in the BH plan.

It is anticipated that the federal funding that the state receives for the BH plan will in fact exceed the amount of money that is currently available under Medicaid for these individuals. The amount of money that the state receives each year for the BH plan is 95% of the subsidies and other cost-sharing assistance at a particular premium level that individuals would otherwise receive in the Exchange. The state is required by federal law to set aside the funding for the BH plan in a trust fund that may only be used for the BH plan. Think of it is a fund not unlike Unemployment Insurance that cannot be siphoned off for other uses.

See attached chart for a comparison of the income eligibility, costs to individuals and the state, and benefits for adults currently covered under HUSKY A and the options available under health reform.

HUSKY Plus

The Sustinet legislation, H.B. 6305, Sec. 6 sets forth SustiNet Plans A through G. We note that this denomination could be very confusing to the general public since we have spent years, for example, using the term HUSKY to rebrand Medicaid for low income families and CHIP coverage for kids. Under this proposal, it appears that the public will have to learn a whole new vernacular.

We do have another more specific concern about this section. HUSKY Plus is described as a separate SustiNet plan, i.e., "Sustinet C". Section 6(a)(3). We think this makes little sense. While we agree that access to the HUSKY Plus wraparound services available to HUSKY B children with special health care needs should be retained, we do not believe that they should be provided through a *separate* SustiNet plan. Given that the Governor recently announced that HUSKY medical services will be provided through a non-risk administrative services organization model rather than through the current capitated risk-based managed care model, HUSKY Plus services will no longer be "carved out" from managed care. Once the ASO model is in place, the HUSKY Plus services would no longer have to be provided as a separate package of benefits. HUSKY Plus is not a separate plan but a package of additional services that certain HUSKY B children may access depending on income and need.

Cost-Sharing

We would like to point out that there appears to be a typographical error in Sec. 18 of H.B. 6305. The word "not" is missing. The sentence should read as follows (addition in bold and underlined):

(a) . . . Notwithstanding the provisions of this subsection, Medicaid, HUSKY Plan Part A and Part B, HUSKY Plus and Charter Oak Health Plan cost-sharing provisions shall **not** be established by the authority but instead shall be established pursuant to the general statutes."

Thank you for this opportunity to testify regarding H.B. 6305 and S.B. 921. If you have questions or need additional information, please do not hesitate to contact me.

		Options for Connecticut under ACA		
	HUSKY Program (Current coverage)	Option 1 Medicaid	Option 2 Basic Health Plan	Option 3 Health Insurance Exchange
Income eligibility				
Parents	Up to 185% FPL	Up to 185% FPL	133-200% FPL	up to 400% FPL
Pregnant women	Up to 250% FPL	Up to 250% FPL	133-200% FPL	up to 400% FPL
Cost				
Individual	No cost	No cost	No cost if aligned With Medicaid*	Monthly premium TBD
State	50%	50%	-0-	-0-
Federal	50%	50%	100%	100% for subsidies
Benefits	Comprehensive	Comprehensive	Aligned with Medicaid*	Must meet "essential benefits" **

* H.B. 6305 envisions that the Basic Health plan would provide the same cost-sharing protections and benefit package as Connecticut's Medicaid program.
** Essential benefits must meet federal defined minimum standards.