



*Proposed Medicaid 1115 Demonstration Waiver Application*

*Testimony before the Appropriations and Human Services Committees*

*Commissioner Roderick L. Bremby*

*July 24, 2012*

Good morning, Senators Harp and Musto and Representatives Walker and Tercyak and distinguished members of the Appropriations and Human Services Committees. My name is Roderick Bremby and I am Commissioner of Social Services. I am here today to testify on the Department of Social Services' proposed Medicaid 1115 demonstration waiver application.

Public Act 12-104, An Act Making Adjustments to State Expenditures for the Fiscal Year Ending June 30, 2013, and Public Act 12-1 of the June Special Session, An Act Implementing Provisions of the State Budget for the Fiscal Year Beginning July 1, 2012, included \$50 million in Medicaid savings to be achieved through the implementation of a Medicaid waiver, to modify eligibility and coverage under the Medicaid for Low-Income Adults (LIA) program.

Specifically, the Public Act language requires 1) the imposition of an asset limit of \$10,000, 2) the income and assets of one or both parents of an individual who is under twenty-six years of age and either lives with his or her parent(s) or is claimed as a dependent for tax purposes, be counted when determining the individual's eligibility for the program, and 3) nursing facility care be limited to 90 days.

The proposed application before you has been developed in accordance with federal and state public notice and comment requirements, including two public hearings (exclusive of today's hearing), a 30-day notice period, statewide newspaper and Connecticut Law Journal notices, the creation of a web page dedicated to the waiver application process, a dedicated email address, and an option for the public to sign up for email alerts. Through this process, the department has received numerous comments which are summarized for your review in the waiver application.

By way of background, in 2010 Connecticut became the first state in the nation to extend Medicaid benefits to low-income adults when this opportunity arose as a result of the Affordable Care Act. This transformation of the state-funded State Administered General Assistance (SAGA) program into a new Medicaid coverage group allowed for a richer benefit package for this group of very low-income individuals and provided additional federal matching funds to the state. In the years since implementation, the LIA program has seen dramatic and unanticipated growth, both in numbers of clients and LIA program expenditures.

The application before you preserves Connecticut's commitment to health care coverage for the state's neediest low-income adult residents in anticipation of the expansion of Medicaid under the Affordable Care Act in 2014, while managing program growth and expenditures.

Specifically, as directed by Public Act 12-1, June Special Session, the proposed waiver application imposes an asset test of \$10,000, exclusive of the applicant's home and a single vehicle. In other words, applicants and current beneficiaries with \$10,000 or more in assets will not be eligible for the program. In addition, for purposes of determining eligibility for individuals under age 26, the application proposes to take into account the income and assets of the parent(s) of such individuals when the individual resides with one or both parents or when the individual is claimed by one or both parents as a tax dependent.

Although Public Act 12-1, June Special Session, requires that the waiver limit nursing facility care to 90 days, we are not prepared at this time to implement such a provision without more analysis of the impact. Accordingly, the application proposes that implementation of this proposal will occur only after further evaluation.

It is our expectation that Connecticut's experience under this demonstration waiver will inform the state and national dialogue with regard to implementation of the Medicaid "newly eligible" population expansion. Specifically, the waiver will offer insights into the income and assets that may be available to individuals, their use of nursing facility benefits and the extent to which individuals that have the means to obtain private coverage may choose Medicaid coverage instead.

Connecticut will test whether the elimination of the Medicaid asset test for the "early expansion" population has created an unintended incentive for individuals and for families with dependents under age 26 to forgo private coverage and seek coverage under Medicaid. We believe that the Medicaid program was not intended to "crowd out" private coverage. The waiver will allow us to collect the necessary data and analyze the experience in Connecticut.

In addition, the waiver will also provide Connecticut with the opportunity to gain a richer understanding of the specific cost, benefit design, and access barriers that are present in private coverage, which may have encouraged families to forgo such private coverage and seek out coverage under Medicaid LIA.

Finally, Connecticut will use the demonstration experience to assess whether the eligibility rules for the Medicaid expansion population in 2014 will function at cross-purposes with the Medicaid for the Aged, Blind and Disabled (ABD) program. The new Medicaid LIA program affords access to long-term nursing facility based care, but provides an avenue around the long standing federal requirement that such individuals seek a disability determination and apply a portion of their assets to the cost of long-term care.

CMS has acknowledged that this is a very real problem – one that is a “very small version of what will become a very large issue when the new mandatory adult group goes into effect in 2014. There will be no asset test for anyone eligible under that group, which means the problem

with nursing home services for the early option group that CT is seeing now will expand exponentially to the rest of the country in 2014.”

The department is mindful of the concerns that have been expressed regarding the potential impact of these changes on other Medicaid clients. As such, we are making every effort to implement the waiver in a manner that will minimize its impact on our processing of applications and redeterminations for other programs. First, we will allow most current LIA participants to initially self-attest regarding their assets and, if applicable, their parental income and assets, to determine their continued eligibility. Verifications will only be requested for new applicants and at the time of redetermination for existing clients. Furthermore, the department intends to employ the services of a contractor who will provide assistance to the department with obtaining the information needed to establish continued eligibility.

In addition, the department is undertaking system-wide measures to improve the timely processing of applications and redeterminations across programs. We have hired additional staff to assist with the processing of Medicaid cases and in each regional office we are designating specific staff to immediately initiate redeterminations upon receipt. This should prevent clients from being discontinued for failure to complete a redetermination when they have sent the paperwork in a timely manner.

The department is also implementing measures to avoid disruptions in coverage for current LIA clients. In advance of implementation, we will develop a coordinated effort with our sister agencies, the departments of Public Health, Mental Health and Addiction Services, and Developmental Services, as well as with our community partners including community health centers and hospital outpatient clinics to inform clients of the program changes and to advise them with regard to the steps needed to maintain eligibility.

Finally, for those LIA clients who do lose eligibility, the department will put in place processes to facilitate continuity of coverage through other programs, where possible.

I respectfully urge your support for the waiver application as proposed, which is consistent with the requirements of Public Act 12-1 of the June Special Session. The department has made every effort in our application to ensure that the LIA program is sustainable until the federal expansion in 2014, while continuing to offer access to health care coverage for Connecticut's neediest residents.

Thank you for the opportunity to present our proposed waiver application, and I welcome any questions you may have.