

Testimony Supporting H.B. 5450: An Act Establishing a Basic Health Program

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Human Services Committee
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Senator Musto, Representative Tercyak and Members of the Committee:

I am a Senior Policy Fellow with 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. My work at Connecticut Voices focuses primarily on the coverage and access issues in the HUSKY Health Program for children, parents and pregnant women. In addition, my colleague Mary Alice Lee, PhD, has spent the last 16 years monitoring the performance of the HUSKY Health Program for children and families.¹

On behalf of Connecticut Voices, I am testifying today in support of HB 5450, An Act Establishing a Basic Health Program. The legislature needs to make decisions *now* about who will be covered under the Health Insurance Exchange in 2014, and therefore whether to establish a Basic Health Program. Leaving such a decision to the next legislative session makes no sense as some have suggested. Those designing the Exchange need to know what populations will access coverage through the Exchange plans.

A State Basic Health Program (SBHP) is a federal option to provide affordable coverage to uninsured low-income individuals between 133% and 200% FPL.² The SBHP is funded with the federal monies that would otherwise have subsidized coverage for this population in the Exchange.³ These federal dollars may only be used for the SBHP. It is anticipated that the federal funding is more than sufficient to cover the cost of providing a Medicaid look-alike benefit package to those covered by the SBHP. We strongly support the requirement in HB 5450 that any available federal monies be plowed back into the program to improve provider rates, thereby increasing access to care.

In setting up a SBHP, the legislature needs to decide whether the approximately 15,000-20,000 HUSKY A (Medicaid) parents and pregnant women with income over 133% will remain on Medicaid.

Under the Medicaid program, Connecticut and the federal government share the costs of the program. The federal government reimburses the state 50 cents on the dollar. In 2014, the State could maintain coverage for HUSKY A parents and pregnant women, up to 185% FPL and 250% FPL, respectively, and continue to share the costs with the federal government.

However, Connecticut would save about \$48 million in state Medicaid costs while continuing good coverage for 15,000 – 20,000 HUSKY adults with income between 133% and 200% FPL in 2014 by moving them out of Medicaid and into a SBHP funded with federal dollars. Unfortunately, there will be a small number of pregnant women between 200% and 250% FPL currently on Medicaid who will not be eligible for the SBHP since the federally mandated income limit for a SBHP is 200% FPL. If Medicaid is no longer covering pregnant women over 200% FPL in 2014 then they will be required to purchase coverage through the Exchange (assuming they do not have access to “affordable coverage” through their employers).

If these low-income HUSKY A parents and pregnant women are moved into the Exchange research shows that they are unlikely to be able to afford coverage – even with the federal subsidies - due to the higher living costs in Connecticut. It is estimated that they will have to pay between 8% and 13% of their income.⁴ That translates, for example, to as much as \$4,135 to \$5,993 in out of pocket costs for a parent with three children.⁵ A recent Mercer study for the Connecticut Health Insurance Exchange Board estimates that 50% of eligible people with incomes between 133% and 200% FPL (37,500 people) will not purchase coverage through the Exchange and will be uninsured.⁶ *This means that many low income HUSKY A parents and pregnant women are likely to lose coverage and become uninsured if forced into the Exchange.*

We know from experience with our HUSKY B program in Connecticut and Children's Health Insurance Programs in other states that imposition of premiums on lower income families act as a barrier to coverage. Even small increases in premiums of \$5 can reduce enrollment.⁷ Recently, when unsubsidized premiums for HUSKY B children (with family income *above* 300% FPL) were increased from \$195 to \$270 per child per month, the number of children dropped due to the failure to pay premiums increased *almost 400 percent* from an average of 212 per month to 840 in December 2011.. Enrollment dropped 23% from December 2011 to March 2012. ⁸ These data indicate that lower-income families will have trouble paying premiums.

We believe strongly that parents and pregnant women at this income level should continue to have access to the comprehensive benefit package in Medicaid and that they will not be able to afford such coverage in the Exchange. Importantly, Medicaid offers dental and coordinated behavioral health coverage. HB 5450 would insure that these individuals would not be moved out of Medicaid and into a SBHP unless they retain access to comprehensive benefits. States are given flexibility in designing their Basic Health Program and therefore Connecticut will be able to provide such a comprehensive benefit package in its SBHP. Federal law sensibly requires that the SBHP be coordinated with other state programs, including Medicaid and CHIP, to maximize the efficiency of such programs and to improve continuity of care.⁹

By establishing a SBHP, there will be more continuity of care if provider networks and benefits are the same as in the Medicaid program. Parents and pregnant women in HUSKY will be in the same network as their children. *Studies show that more children are covered by health insurance when their parents are also covered.*¹⁰ The State can realize potential savings in administrative costs if eligibility and enrollment systems are the same as Medicaid. There should also be less “churning” (individuals switching from one coverage plan to another) if there is one system covering everyone with income up to 200% FPL. Estimates are that within one year, 50% of adults with incomes below 200% FPL will move between eligibility for Medicaid at 133% FPL and eligibility for the State Basic Health Program (or the Exchange).¹¹

Thank you for this opportunity to testify in support of HB 5450, An Act Establishing a Basic Health Program. Please feel free to contact me if you questions or need additional information.

¹ Since 1995, the Connecticut General Assembly has appropriated funds for independent performance monitoring in the HUSKY Program. The State contracts with the Hartford Foundation for Public Giving and in turn the Foundation funds the project via a grant to Connecticut Voices for Children. Through this monitoring, Connecticut Voices for Children can track enrollment trends and the health care that children and families actually receive, including well-child care, dental care, emergency care, prenatal care, and other services.

² Sec. 1331 of the Patient Protection and Affordable Care Act ("Affordable Care Act"), P.L. 111-148.

Researchers have estimated that there are approximately 75,000 individuals who may be eligible for a SBHP. This is in addition to the 15,000-20,000 HUSKY A parents and pregnant women who could be moved out of Medicaid and into the SBHP. See, Legal Assistance Resource Center of Connecticut, "Research Brief: Evaluating the State Basic Health Program in Connecticut (1/31/12), available at <http://www.larcc.org/node/1075>

³ Sec. 1331(d)(3) of the Affordable Care Act, *supra*.

⁴ See, Mercer Health and Benefits LLC Final Report (March 2015), table 41-2, p. 226, available at <http://www.healthreform.ct.gov/ohri/cwp/view.asp?a=2742&q=333944>

⁵ *Id.*

⁶ *Id.*, p. 30.

⁷ See, Jill Boylston Herndon et al., "The Effect of Premium Changes on SCHIP Enrollment Duration," 43 *Health Services Research* 458, available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC244374/>; See also, Sharon D. Langer and Michael Sullivan, "Avoiding Past Mistakes: Increasing HUSKY B Premiums Would Leave Thousands of Children Uninsured", Connecticut Voices for Children, available at <http://www.ctkidslink.org/publications/h05bpremium05.pdf>.

⁸ Department of Social Services presentation at Covering Connecticut's Kids & Families meeting (February 29, 2012) available at http://www.ctkidslink.org/announcement_115.html.

⁹ Sec. 1331 (c)(4) of the Patient Protection and Affordable Care Act, P.L. 111-148.

¹⁰ Lisa Dubay and Genevieve Kenney, "Expanding Public Health Insurance to Parents: Effects on Children's Coverage under Medicaid," *Health Services Research* 38, no. 5 (October 2003): 1,283-1,302.

¹¹ Benjamin Sommers and Sara Rosenbaum, "Issues in Health Reform: How Changes in Eligibility May Move Millions Back and Forth Between Medicaid and the Insurance Exchanges," *Health Affairs*: 30:2(Feb. 2011) pp. 228-236).