

Legal Assistance Resource Center

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Testimony before the Insurance and Real Estate Committee in opposition to Raised Bill 5485

by Jane McNichol, Executive Director
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I am Jane McNichol, Executive Director of the Legal Assistance Resource Center of Connecticut, the advocacy and support center for legal services programs in the state. We represent the interests of very-low income residents of the state.

I am here to express opposition to **RB 5485, An Act Concerning the Connecticut Health Insurance Exchange** and in particular to the provision that would prohibit the state from implementing a state Basic Health Program (Sec. 3(b)).

The State Basic Health Program would provide affordable and good quality health care coverage for 75,000 low-income adults not covered by Medicaid in 2014. The SBHP would be funded by the federal government.

If carefully designed, the SBHP could also cover HUSKY parents with incomes over 133% of the federal poverty level, an additional 15,000-20,000 people, and save the state about \$50 million.

The state Basic Health Program: An important option under the Affordable Care Act.

The state Basic Health Program (SBHP) is an option under the federal Affordable Care Act. It is designed to provide a mechanism for high-cost states such as Connecticut to provide affordable health care to adults with incomes between 133% and 200% of the federal poverty level. For a single person, this means someone with income between \$14,856 and \$22,340. For a family of four, this is a family with income between \$30,657 and \$46,100. This provision was included in federal law because of concern that the cost of participation in the Exchange, even with subsidies, would be prohibitive to low-income residents of high-cost states. The Mercer report to the Health Insurance Exchange Board confirms this concern by estimating that only 50% of eligible adults with incomes below 200% fpl would participate in the Exchange.

Federal funding will be available for the state Basic Health Program.

The state Basic Health Program would be run by the state and funded by the federal government. If the state establishes a Basic Health Program, people eligible for SBHP would not be eligible for subsidies in the Health Insurance Exchanges that will operate in 2014. Instead, the state would receive the federal funds that would otherwise be used for subsidies in the Exchange for adults with incomes between 133% and 200% fpl. This federal funding would be used to fund the state Basic Health Program.

In its research for the Health Insurance Exchange Board, Mercer ran models of three designs for the SBHP. In each scenario, including one in which the benefits and cost-sharing mirrored the state's Medicaid program, Mercer estimates that the federal subsidies likely to be available to the state would pay for the cost of the SBHP with some surplus funding. (Any surplus funding is required by federal law to be spent on the SBHP.)

The state Basic Health Program should mirror Medicaid.

Within certain limits set by the federal government, the state would design the SBHP, including establishing the benefits package and cost-sharing requirements. We support a SBHP with benefits, cost-sharing and administrative procedures that mirror Connecticut's Medicaid program. Such a program would offer a variety of advantages to the state and the individuals in the SBHP:

- Medicaid offers the comprehensive benefit package that people at this income level need and will not be able to afford in the Exchange. Importantly, Medicaid offers dental and coordinated behavioral health coverage and assistance in accessing transportation.
- There will be more continuity of care if provider networks and benefits are the same as Medicaid. Studies indicate that within one year, the incomes of about 50% of adults with incomes below 200% fpl will shift between eligibility for Medicaid and eligibility for the SBHP (or the Exchange in the absence of a SBHP). A SBHP which mirrors Medicaid will allow for seamless transfers from Medicaid to the SBHP and back when necessary.
- Adults with children 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 covered.
- If the program mirrors Medicaid, HUSKY parents with incomes between 133% and 185% fpl, who are currently covered by Medicaid, could be covered in this program with no loss of benefits or increase in cost-sharing. **The state would save about \$50 million in state Medicaid costs while continuing Medicaid-like coverage for 15,000 – 20,000 HUSKY adults.**

The state Basic Health Program was designed to provide a necessary tool to states like Connecticut as we work to provide health care coverage to all residents. We should not reject this tool.

Thank you for your consideration of this issue.

FACTS about State Basic Health Program

**A State Basic Health Program could enable Connecticut to offer
75,000 – 100,000 people
affordable, good quality health care at no cost to the state.**

What is the State Basic Health Program (SBHP)?

- Option in the federal Affordable Care Act allowing states to establish a health care program for adults with incomes between 133% and 200% of the federal poverty level (fpl).
- Funded by the federal government with the money that would otherwise be used to provide subsidies to these low-income participants in the Exchange.
If Connecticut established a SBHP, eligible individuals would not enter the Health Insurance Exchange in 2014. Instead, the State Basic Health Program would provide health care coverage for these individuals.

Who would be eligible?

- Residents under age 65 with family income between 133% and 200% fpl (\$14,856 - \$22,340 for one person) who:
 - are not eligible for Medicaid or Medicare
 - do not have access to affordable employer-sponsored coverage.

Connecticut's State Basic Health Program should mirror Connecticut's Medicaid program.

States have great flexibility in designing their State Basic Health Program. To maximize benefits to families and to the state, Connecticut's State Basic Health Program should mirror the benefits and cost-sharing in Connecticut's Medicaid programs and should share eligibility and enrollment systems with the Medicaid program.

- Medicaid offers the comprehensive benefit package that people at this income level need and will not be able to afford in the Exchange. Importantly, Medicaid offers dental and coordinated behavioral health coverage.
- There will be more continuity of care if provider networks and benefits are the same as Medicaid.
- Adults with children 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 covered.
- If the program mirrors Medicaid, HUSKY parents with incomes between 133% and 185% fpl, who are currently covered by Medicaid, could be covered in this program with no loss of benefits or increase in cost-sharing. **The state would save about \$48 million**

in state Medicaid costs while continuing Medicaid-like coverage for 15,000 – 20,000 HUSKY adults.

The State Basic Health Program can make coverage affordable for individuals and families.

Cost-sharing for participants can be lower in the State Basic Health Program than in the Exchange. Costs to participants in the Exchange will be unaffordable to people in high-cost states like Connecticut, even with the subsidies offered by the federal government. The 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 enter the Exchange and will be uninsured.

The State Basic Health Program can benefit the state.

- 75,000 – 100,000 people covered by affordable, good quality health insurance at no cost to the state.
- Potential savings in administrative costs if eligibility and enrollment systems are the same as Medicaid. There may 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 shift between eligibility for Medicaid at 133% fpl and eligibility for the State Basic Health Program (or the Exchange, in the absence of a SBHP).

The Legislature needs to adopt a State Basic Health Program *this session*.

- Planners of the Health Insurance Exchange need to know who will be eligible for the Exchange and who will be in a SBHP as they are planning the Exchange this year.
- Residents with incomes up to 200% fpl need affordable, good quality health care.

Advocacy for Patients with Chronic Illness
Bridgeport Child Advocacy Coalition
Caring Families Coalition
Christian Activities Council
Community Health Center Association of Connecticut
Connecticut AIDS Resource Coalition
Connecticut Alliance for Basic Human Needs
Connecticut Association for Human Services
Connecticut Association of Directors of Health
Connecticut Center for a New Economy
Connecticut Conference of the United Church of Christ
Connecticut Legal Rights Project

Connecticut Legal Services
Connecticut Parent Power
Connecticut Voices for Children
Greater Hartford Legal Aid
Legal Assistance Resource Center of CT
Mental Health Association of Connecticut
Meriden Children First
National Association of Social Workers/ Connecticut Chapter
New Haven Legal Assistance Association
Permanent Commission on the Status of Women
U.S. Pain Foundation
United Action CT
Universal Health Care Foundation of Connecticut

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