

Testimony Supporting S.B. 425: An Act Concerning a Basic Health Program

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Public Health Committee
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Senator Gerratana, Representative Ritter 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 SB 425, An Act Concerning a Basic Health Program and am also providing some suggested changes to the language of the bill.

A State Basic Health Program (SBHP) would ensure that certain parents currently covered under the HUSKY program would maintain access to affordable and quality health care in 2014.

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 requirements in SB 425 that any available federal monies and savings in Medicaid be plowed back into the program to improve provider rates, thereby increasing access to care.

Connecticut would save about \$48 million in state Medicaid costs while continuing affordable coverage for 15,000 – 20,000 HUSKY parents with income between 133% and 200% FPL in 2014 by moving them out of Medicaid and into a SBHP funded with federal dollars.

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 continue to share the costs with the federal government, or they can be moved into the health insurance exchange, or at state option, into a SBHP.

Without the establishment of a State Basic Health Program many low-income parents are likely to lose coverage and become uninsured if forced into the Exchange.

If these low-income HUSKY A parents 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

We know from experience with our Children's Health Insurance Program (HUSKY B) in Connecticut and CHIP 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.

Covering parents means that more children will have access to health coverage. Keeping parents and children in the same health network reduces the state's administrative costs.

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 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.*⁹ 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).¹⁰

We believe strongly that parents 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. SB 425 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.¹¹

Federal law requires that pregnant women with income above 133% FPL in Connecticut retain Medicaid coverage.

Pursuant to the Affordable Care Act and implementing regulations at 42 CFR 435.116(c)(1), pregnant women remain eligible for Medicaid with income under 185% FPL on and after January 1, 2014.¹² Therefore, Connecticut will not be permitted to roll back the eligibility for pregnant women to 133% FPL in 2014. Under federal law, Connecticut is permitted to maintain coverage for pregnant women up to the current standard of 250% FPL and we would encourage lawmakers to do so.¹³

The legislature needs to make decisions *now* about whether to establish a State Basic Health Program, and not wait until after the Exchange is created. Those designing the Exchange need to know, for example, what populations will access coverage through the Exchange plans, the affect

those populations will have on pricing in the Exchange, and the level and type of services required by individuals accessing coverage in the Exchange.

Following are the suggested changes to SB 425, brackets indicate deletions and underlining indicates additions.

1. Clarifies that a revised plan must be submitted to the legislative committees of cognizance pursuant to Section 2 of the proposed bill, funding for the program is limited to available federal funds, and funding for the special advisor's duties is limited to within available appropriations:

“Sec. 1. (NEW) . . .

(b) . . . If the special advisor so determines, the special advisor, in consultation with the Commissioner, shall develop and submit a plan, in accordance with section 2 of this act, for the basic health program that maximizes benefits and minimizes cost-sharing, [utilizing] within funds available from federal subsidies to fund the program. The duties assigned to the special advisor under the provisions of this section shall be implemented within available appropriations. The special advisor is authorized to raise funds from private and public sources outside of the state budget to perform the duties assigned under this section.”

2. Clarifies that the rollback of the Medicaid eligibility limit for parents and other caretaker relatives from 185% FPL to 133% FPL in 2014 is contingent on the implementation of a Basic Health Program that mirrors the benefits, cost-sharing and other protections in the Medicaid program. Children under nineteen remain eligible for Medicaid with family income below 185% FPL.

“Sec. 3. (a) . . . [On and after January 1, 2014, and contingent upon implementation of a basic health program that includes the same benefits, limits on cost sharing and other consumer safeguards that apply to medical assistance provided in accordance with Title XIX of the Social Security Act, the medical assistance program shall continue to provide coverage to persons under nineteen years of age with family income up to one hundred eighty-five per cent of the federal poverty level without an asset limit.] On and after January 1, 2014, and contingent upon implementation of a[the] basic health program that includes the same benefits, limits on cost sharing and other consumer safeguards that apply to medical assistance provided in accordance with Title XIX of the Social Security Act, coverage shall be provided to parents and needy caretaker relatives of persons under nineteen years of age, who qualify for coverage under Section 1931 of the Social Security Act, with family income up to one hundred thirty-three per cent of the federal poverty level without an asset limit.”

Thank you for this opportunity to testify in support of SB 425, An Act Concerning 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 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 Government Human Services Consulting. Health Insurance Exchange Final Report (March 2012), 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 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. See also, Leighton Ku and Matthew Broaddus, “Coverage of Parents Helps Children Too,” Center on Budget and Policy Priorities, October 2006.

¹⁰ 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).

¹¹ Sec. 1331 (c)(4) of the Patient Protection and Affordable Care Act, P.L. 111-148.

¹² The recently released final and interim final Medicaid regulations are available on line at <http://www.medicaid.gov/AffordableCareAct/Provisions/Eligibility.html>; The regulations are scheduled to be published in the Federal Register on 03/23/2012 and available online at <http://federalregister.gov/a/2012-06560>, and on **FDsys.gov**.

¹³ 42 CFR 435.116(c)(2)