



## HUSKY Program Coverage for Parents: Most Families Will Feel the Full Impact of Income Eligibility Cut Later in 2016

April 2016

### KEY FINDINGS

In 2015, the State of Connecticut cut income eligibility for parents and relative caregivers of children in the HUSKY Program. This action, taken as part of a larger effort to cut state spending, affected 18,903 adults in HUSKY A (Medicaid). For 17,688 (93.6 percent) parents with earned income, loss of eligibility was deferred for one year until August 1, 2016.

However, among 645 parents who actually lost coverage on September 1, 2015, just one in four enrolled in a qualified health plan through Access Health CT, including some who experienced gaps in coverage. Most parents in this group (73.5%) did not enroll or have since dropped coverage and may be uninsured.

Throughout the budget process last year, the state emphasized that affordable health care coverage through Access Health CT is available for parents who lose Medicaid coverage. However, even with federal subsidies for premiums, coverage in a qualified health plan can be costly for low-income families (up to 28% of household income for two parents in family of four). In addition, dental health insurance for adults must be purchased separately, without premium subsidies and with significant out-of-pocket costs, relatively low annual benefit maximum, and significant waiting periods for restorative care. In contrast, preventive and basic restorative dental coverage is available to HUSKY members at no cost.

In addition to the effect of cuts on parents, their children are at risk as well. Experience in other states suggests that *eligible children* in affected families are at risk for losing coverage when their parents do. In addition, an untold number of low-income parents who have applied since the eligibility change went into effect last year were determined not eligible for HUSKY coverage.

Cutting income eligibility for parents is a big step backward in Connecticut's long-standing commitment to covering low-income families. Adoption of the following recommendations would go a long way toward offsetting the negative impact of this policy change:

- The Connecticut General Assembly should restore income eligibility for parents and relative caregivers to the level where *entire families* can get coverage without risk of being uninsured.
- The Department of Social Services should *work with its community-based partners* to design and conduct an intensive outreach plan aimed at preventing gaps or loss of coverage.
- The Connecticut General Assembly, working with the Department of Social Services, should develop mechanisms to *ensure affordability* of coverage, and elimination of separate premiums for children in HUSKY B.

In Connecticut, the HUSKY Program (Medicaid and CHIP) provides health insurance for children, parents and pregnant women in low-income families. Until just recently, entire families—children and their parents or relative caregivers—were eligible in households with income under 201 percent of the federal poverty level (% FPL).

As a way to reduce state spending in fiscal years 2016 and 2017, the Governor and the Connecticut General Assembly agreed to cut eligibility for parents and relative caregivers with income between 155% and 201% FPL.<sup>1,2</sup> Coverage for nearly 19,000 adults was affected as of August 1, 2015. The reduced income eligibility threshold applies to both current and future applicants. Parents in this income bracket can apply for subsidized health insurance coverage from Access Health CT, Connecticut’s health insurance marketplace.

## Impact of the Income Eligibility Change

Many families were spared the immediate loss of coverage (Table 1). The vast majority of parents were in households with earned income from employment (93.6 percent); they were determined eligible for “transitional medical coverage” (TMA) for one year, through July 31, 2016.<sup>3</sup> Parents without earned income (6.4 percent) were not eligible for TMA; however, many of them remained eligible for HUSKY coverage due to changes in income or conditions such as pregnancy or disability. More than half of the parents in households without earned income (53.3%) were no longer eligible for HUSKY Program coverage.

**Table 1. HUSKY Parents: How Many Remained Eligible and How Many Lost Coverage?**

Parents and Caretaker Relatives	Number	Percent
Number affected by income eligibility change (income 155% to 201% FPL)	<b>18,903</b>	--
Eligible for Transitional Medical Assistance (had earned income from employment)	<b>17,688</b>	<b>93.6%</b>
Not eligible for Transitional Medical Assistance (no earned income)	<b>1,215</b>	<b>6.4%</b>
After subsequent review of 1,215 parents without earned income:		
Determined eligible for ongoing Medicaid coverage <sup>a</sup>	<b>570</b>	<b>46.9%</b>
Not eligible for ongoing Medicaid coverage	<b>645</b>	<b>53.1%</b>
Among 645 parents who were not eligible for ongoing Medicaid coverage:		
Enrolled in Qualified Health Plans through Access Health CT <sup>b</sup>	<b>171</b>	<b>26.5%</b>
Not currently enrolled in Qualified Health Plans <sup>c</sup>	<b>474</b>	<b>73.5%</b>

<sup>a</sup> Eligible for HUSKY A (464 parents), Transitional Medical Assistance (16), pregnant woman coverage (12), Medicare Savings Program (4), HUSKY C or Medicaid Savings Program (5), and HUSKY D coverage for low income adults (69).

<sup>b</sup> As of February 2016; including 96 parents who transitioned to coverage in Qualified Health Plans without a gap in coverage (56.1%) and 75 (43.9%) who experienced gaps in coverage.

<sup>c</sup> As of February 2016; includes 52 parents who selected qualified Health Plans but subsequently cancelled coverage or were disenrolled for failure to pay premiums.

**Source:** Connecticut Department of Social Services’ report to the Connecticut General Assembly’s Council for Medical Assistance Program Oversight, February 19, 2016. This report was revised by the Department on April 5, 2016 to reflect the correction to the number of individuals who were found eligible for HUSKY C or Medicaid Savings Program coverage.

Those who were no longer eligible for HUSKY coverage were offered assistance with enrolling in qualified health plans (QHPs), with the option for subsidies, through Access Health CT. As of February 2016, just one in four were enrolled in QHPs. *Three of every four parents were not enrolled and may be uninsured.*

Continuous coverage for low-income parents is likely to result in uninterrupted coverage for their children and more effective use of that coverage for addressing health care needs.<sup>4</sup> Conversely, children in low-income families are three times more likely to be uninsured if their parents are uninsured.<sup>5</sup> As a result of the change in parent eligibility, an unknown number of *eligible* children may have lost coverage.

## Cost of Coverage through Access Health CT

Coverage for comprehensive health care available through Access Health CT, Connecticut’s health insurance marketplace, is designed to be affordable; however, the cost may be prohibitive for these very low-income families that had comprehensive coverage at no cost through Medicaid. The federal government subsidizes coverage in Silver Plans available from Access Health CT so that premium costs will be no more than 4.30 to 6.41 percent of annual household income. However, the cost of health care rises when taking into account out-of-pocket costs, such as annual deductibles, co-insurance, and co-payments (Table 2).

### Insurance for medical care and behavioral health services

Access Health CT reports that 61 percent of those who enrolled for QHP coverage in 2014 and 2015 selected mid-level Silver Plans.<sup>6</sup> The actuarial value for QHP coverage in a Silver Plan is 87 percent for those with income at 200% FPL or less, meaning that an individual or family is responsible for an estimated 13 percent of annual medical costs. With income equal to 201% FPL, the actuarial value drops to 73 percent, resulting in considerably more cost sharing for the family. For a non-smoking single parent, aged 30, living in New Haven (06511), with household income at 201% FPL, the cost of health care can amount to a maximum of 17 percent of annual income; for two non-smoking parents aged 30 living in New Haven at 201% FPL, the maximum estimated costs associated with being insured will run to nearly 28 percent of annual income (Table 2).<sup>7</sup>

**Table 2. Cost of Coverage for a Qualified Health Plan (Silver<sup>a</sup>) from Access Health CT**

	One Parent in a Family of Four		Two Parents in a Family of Four	
Annual household income (percent of federal poverty level)	\$37,665 (155% FPL)	\$48,843 (201% FPL)	\$37,665 (155% FPL)	\$48,843 (201% FPL)
Annual cost of premium per household after subsidy <sup>b</sup>	\$1,618	\$3,174	\$1,618	\$3,174
Estimated annual out-of-pocket costs for care per household <sup>c</sup>	\$1,800	\$5,200	\$3,600	\$10,400
<b>Total estimated maximum cost per year for premiums and out-of-pocket medical costs</b>	<b>\$3,418</b>	<b>\$8,374</b>	<b>\$5,218</b>	<b>\$13,574</b>
<b>Total estimated maximum cost per year as a percent of annual household income</b>	<b>9.1%</b>	<b>17.1%</b>	<b>13.9%</b>	<b>27.8%</b>

<sup>a</sup> Values presented in this table are for the second least costly silver health insurance plan on Access Health CT and are eligible for federal subsidy.

<sup>b</sup> Premium costs were calculated using The Henry J Kaiser Family Foundation: Health Insurance Marketplace Calculator (<http://kff.org/interactive/subsidy-calculator/>) for 30 year old, non-smoking, single- and two-parent families of four, living in New Haven (06511), with children who are eligible for HUSKY A or B coverage. Annual premiums are federally subsidized so that costs are less than 4.3 percent of annual household income at 155% FPL and 6.5 percent for households at 201% FPL.

<sup>c</sup> Out-of-pocket costs include the annual deductible, co-insurance, and co-payments for care. The actuarial value of the coverage is 87 percent for those with income at 200% FPL or less. At 201% FPL, the actuarial value drops to 73 percent.

**Additional source:** Access Health CT: Plan Designs - Plan Year 2016, Standard Silver Plan - Cost Sharing Reduction 87%. ([http://www.ct.gov/hix/lib/hix/Standard\\_Silver\\_Plan\\_-\\_Cost\\_Sharing\\_Reduction\\_--87.pdf](http://www.ct.gov/hix/lib/hix/Standard_Silver_Plan_-_Cost_Sharing_Reduction_--87.pdf))

## Dental Insurance Supplement

Unlike HUSKY coverage, health insurance coverage in a QHP does not include dental insurance for adults. Parents who want to continue with dental insurance have two options from Access Health CT: Anthem Dental Family Plan and Anthem Dental Family Plan Enhanced (Tables 3 and 4). Dental coverage must be purchased separately and does not qualify for premium subsidies or out-of-pocket limits. For adults without proof of continuous coverage in the previous 12 months, there are significant waiting periods for all restorative services. Under the Enhanced Plan, beneficiaries must pay a separate deductible for covered services provided by participating dentists and non-participating dentists.

**Table 3. Cost of Dental Insurance Options for Adult Policy Holders from Access Health CT**

	Dental Insurance Options	
	Anthem Dental Family Plan	Anthem Dental Family Plan Enhanced
Annual premiums	\$679.20	\$941.16
Maximum in-network out-of-pocket costs	-----Unlimited for adult policy holders-----	
Annual deductible <sup>a</sup>	In-Network: \$50 Out of -Network: \$50	In-Network: \$60 Out of -Network: \$60
Annual benefit maximum <sup>b</sup>	\$1,000	\$2,000

<sup>a</sup> Does not apply to preventive services and basic restorative services

<sup>b</sup> Combined amount for in-network and out-of-networks dental care.

Source: Access Health CT ([www.accesshealthct.com](http://www.accesshealthct.com))

**Table 4. Dental Insurance Benefit Options for Adult Policy Holders from Access Health CT**

	Waiting Period <sup>a</sup>	Dental Insurance Options			
		Anthem Dental Family Plan		Anthem Dental Family Plan Enhanced	
		In-Network	Out-Of-Network	In-Network	Out-Of-Network
Diagnostic & Preventive Services	None	100%	70%	100%	80%
Basic Restorative Services	6 Months	60%	50%	80%	60%
Endodontic Services	12 Months	50%	50%	60%	50%
Periodontal and Oral Surgery Services	12 Months	50%	50%	60%	50%
Major Restorative Services	12 Months	50%	50%	60%	50%
Prosthodontic Services	12 Months	50%	50%	60%	50%
Orthodontic Services	12 Months	-----Not covered for adults-----			

<sup>a</sup> Length of time a person must be enrolled under this policy before becoming eligible for covered benefits; waived for newly enrolled adults with proof of 12 months of continuous coverage from the previous dental insurance carrier and termination date no more than 30 days prior to the effective date of the new policy.

Source: Access Health CT ([www.accesshealthct.com](http://www.accesshealthct.com))

## Lessons Learned From States That Have Reduced Parent Coverage

In recent years, several states have cut back Medicaid coverage for parents and relative caregivers. In each case, the number of parents *and their children* who lost coverage was significant:

- **Maine:** In 2012, Maine reduced the Medicaid income eligibility level for parents and relative caregivers from 133% FPL to 105% FPL.<sup>8</sup> Over the following two years, 28,500 parents lost Medicaid coverage, as did 6,000 *eligible children*.<sup>9</sup> Maine did not adopt the Medicaid expansion option under the Affordable Care Act. The current income eligibility level for parents is 100% FPL.<sup>10</sup>
- **Rhode Island:** In 2013, Rhode Island restricted Medicaid eligibility for parents with household income between 138% FPL and 175% FPL.<sup>11</sup> By May 2014, over 3,000 parents had lost coverage.<sup>12</sup> The number of children whose coverage was affected is unknown. The current income eligibility level for parents is 133% FPL.<sup>13</sup> Rhode Island eliminated premiums for children's CHIP coverage to avoid premium stacking for parents. Rhode Island also counts co-payments and co-insurance against maximum out-of-pocket expenses for coverage in QHPs and offers a premium assistance plan to pay up to 50 percent of parents' premium costs for QHP coverage.<sup>14</sup>
- **Wisconsin:** In 2013, Wisconsin restricted Medicaid eligibility for parents with household income over 100% FPL. By February 2015, over 71,800 parents had lost Medicaid coverage in BadgerCare or TMA.<sup>15</sup> The number of *eligible* children living in households with income over 100% FPL dropped by more than 22,000 (12.5%).<sup>16</sup> Wisconsin did not adopt the Medicaid expansion option under the Affordable Care Act. The current income eligibility level for parents is 95% FPL.<sup>17</sup>

## CONCLUSIONS

Connecticut has always been a leader among states in its commitment to covering low-income children and families. Cutting income eligibility for parents and relative caregivers is a big step backward. It is ironic that this cut was taken at the very same time that Connecticut expanded Medicaid for other low-income adults. Based on the evidence to date and lessons learned in other states, we conclude that:

- **Parents who lose Medicaid coverage are at risk for being uninsured.** Their *eligible children* are also at risk for being uninsured.
- **Purchasing coverage through Connecticut's health insurance marketplace is a relatively expensive option for parents who lose Medicaid coverage, even with government premium subsidies and limits on cost-sharing.** Parents who lose Medicaid coverage will also lose coverage for dental care unless they purchase separate, unsubsidized, limited benefit plans with no limits on cost-sharing.
- **Nearly 18,000 parents—and their *eligible children*—will be at risk for being uninsured when their TMA coverage ends on July 31, 2016.** Experience in Connecticut and other states that have cut income eligibility for Medicaid coverage suggests that many of them will become uninsured or will struggle to pay for coverage. In addition, an unknown number of parents in this low-income bracket have been denied Medicaid coverage since August 2015, leaving them—and their *eligible children*—at risk for being uninsured or faced with relatively costly coverage options.

## RECOMMENDATIONS

- The Connecticut General Assembly should restore income eligibility for parents and relative caregivers to the level where *entire families* can get coverage rather than risking periods without insurance.
- The Department of Social Services should work with its community partners in planning for intensive outreach efforts aimed at ensuring that parents who are scheduled to lose coverage August 1, 2016 know their options and avoid gaps in coverage for themselves and their eligible children.
- The Department of Social Services should continue to report quarterly to the Council on Medical Assistance Program Oversight on the coverage status of all parents who are affected by the income eligibility change, including those who lost coverage in 2015 and those who are scheduled to lose coverage in 2016. The report should include data on:
  - Coverage status of children whose parents are affected by the income eligibility change;
  - Number of new applicants determined ineligible due to the income eligibility change and the percentage that subsequently enroll in qualified health plans;
  - Administrative costs associated with the outreach efforts; and
  - Survey data on insurance status, access to care, utilization, and satisfaction with health insurance options for parents who have lost Medicaid coverage.
- The Connecticut General Assembly should consult with the Department of Social Services on adoption of other methods for mitigating the cost of health insurance for low-income families.

## ACKNOWLEDGEMENTS

This report was prepared with support from the Connecticut Health Foundation by Sharon Langer, Advocacy Director, Connecticut Voices for Children; Mary Alice Lee, Senior Policy Fellow, Connecticut Voices for Children; and Dumingo Aparna Gomes, graduate student, Yale School of Public Health.

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<sup>1</sup> The Governor proposed to cut income eligibility to 138% FPL; the legislature adopted a compromise when it cut eligibility to 155% FPL, effective August 1, 2015, down from 201% FPL.

<sup>2</sup> For a family of four, 155% FPL = \$37,588 and 200% FPL = \$48,500.

<sup>3</sup> Transitional Medical Assistance enables working families to remain eligible for an additional year of Medicaid coverage when their income goes over the Medicaid income limit for family coverage. 42 U.S.C. §1396r-6(a)(1), (b)(1). These families remain eligible for TMA when state law reduces the Medicaid eligibility limit, which would otherwise cause the family to lose eligibility. See *Rabin v. Wilson-Coker*, 362 F.3d 190 (2<sup>nd</sup> Cir., 2004)

<sup>4</sup> Rosenbaum S, Whittington RPT. Parental health insurance coverage as child health policy: Evidence from the literature. Washington DC: George Washington University School of Public Health and Health Services, June 2007. Available at: [http://publichealth.gwu.edu/departments/healthpolicy/CHPR/downloads/Parental\\_Health\\_Insurance\\_Report.pdf](http://publichealth.gwu.edu/departments/healthpolicy/CHPR/downloads/Parental_Health_Insurance_Report.pdf).

<sup>5</sup> Schwartz K. Spotlight on uninsured parents: How a lack of coverage affects parents and their families. Washington DC: Kaiser Commission on Medicaid and the Uninsured, June 2007. See also: DeVoe JE, Krois L, Edlund C, Smith J, Carlson NE. Uninsured but eligible children: are their parents insured? Recent findings from Oregon. *Medical Care*, 2008 Jan; 46(1): 3-8.

<sup>6</sup> Access Health CT enrollment information, as reported by: Becker AL. 116,019 CT residents signed up for Obamacare plans. *CT Mirror*, 2016 February 8. Available at: <http://ctmirror.org/2016/02/08/116019-ct-residents-signed-up-for-obamacare-plans/#>

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<sup>7</sup> Calculations by the author, using The Henry J. Kaiser Family Foundation's Health Insurance Marketplace Calculator and holding constant the age of the enrollees (30), smoking status (non), and family size (4) for residents of Connecticut counties. Available at: <http://kff.org/wp-content/themes/vip/kff/static/subsidy-calculator-widget.html>

<sup>8</sup> Smith, V. Rudowitz, R., Snyder, L. Medicaid in an Era of Health & Delivery System Reform: Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2014 and 2015. Washington, D.C.: The Henry J. Kaiser Family Foundation and The National Association of Medical Directors, 2016. Available at: <https://www.statereform.org/sites/default/files/medicaid-in-an-era-of-health-delivery-system-reform-results-from-a-50-state-medicaid-budget-survey-for-state-fiscal-years-2014-and-2015-report.pdf>

<sup>9</sup> Maine Children's Alliance. Ensuring health coverage for Maine families with children in 2014: A health policy brief by the Maine Children's Alliance. Retrieved from [http://www.mekids.org/assets/files/issue\\_papers/healthcoverage\\_children\\_2014.pdf](http://www.mekids.org/assets/files/issue_papers/healthcoverage_children_2014.pdf)

<sup>10</sup> Centers for Medicare and Medicaid Services, Center for Medicaid and CHIP Services. State Medicaid and CHIP Income Eligibility Standards (for MAGI Groups, based on decisions as of October 1, 2014). Available at: <https://www.medicaid.gov/medicaid-chip-program-information/program-information/downloads/medicaid-and-chip-eligibility-levels-table.pdf>

<sup>11</sup> Community Catalyst. Parent Eligibility Roll-Back in Rhode Island: Causes, Effects and Lessons Learned. September 2015.

<sup>12</sup> L. Katz, executive director of the Economic Progress Institute, presented data from May 2014 that specified that 6,574 parents were expected to lose Medicaid when eligibility rolled back to 138% from 175% FPL, effective December 31, 2013. By May 2014, approximately 3,000 of these parents had lost their RiteCare/Medicaid coverage (personal communication, March 11, 2015).

<sup>13</sup> Centers for Medicare and Medicaid Services, Center for Medicaid and CHIP Services. State Medicaid and CHIP Income Eligibility Standards (for MAGI Groups, based on decisions as of October 1, 2014). Available at: <https://www.medicaid.gov/medicaid-chip-program-information/program-information/downloads/medicaid-and-chip-eligibility-levels-table.pdf>

<sup>14</sup> Community Catalyst. Parent Eligibility Roll-Back in Rhode Island: Causes, Effects and Lessons Learned. September 2015.

<sup>15</sup> Peacock, J. No welcome mat for kids in Wisconsin. Wisconsin: Wisconsin Council on Children & Families, August 2014. Available at <http://www.wccf.org/welcome-mat-kids-wisconsin-2/>

<sup>16</sup> Peacock, J. *Id.*

<sup>17</sup> Centers for Medicare and Medicaid Services, Center for Medicaid and CHIP Services. State Medicaid and CHIP Income Eligibility Standards (for MAGI Groups, based on decisions as of October 1, 2014). Available at: <https://www.medicaid.gov/medicaid-chip-program-information/program-information/downloads/medicaid-and-chip-eligibility-levels-table.pdf>