

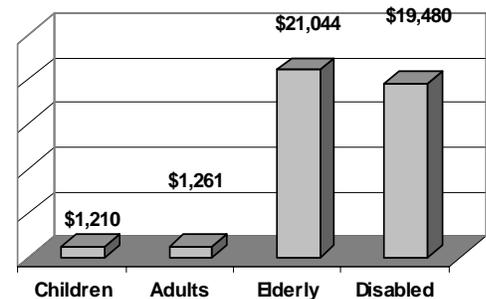
HUSKY is a Smart Investment

Revised January 2004

The HUSKY program, Connecticut's health insurance program for low-income children and families, has suffered millions of dollars in cuts in the last year, and more dramatic changes are planned. Cutting benefits and increasing cost sharing for families does not reduce growing health care costs; rather it forces people who are now getting care in a relatively low-cost system to seek care in more costly settings.

- Adults and children in HUSKY A account for only 14% of Medicaid costs even though they make up 74% of the enrollees in Medicaid.
- Because the program receives federal matching dollars, Connecticut has to cut \$2 in services to save a dollar in state funds.
- Connecticut ranks 49th lowest among the 50 states and the District of Columbia in average annual growth in Medicaid expenditures (from 1998-2001).¹

Figure 1: Connecticut Medicaid Spending per Person, FY 2001



Source: Centers for Medicare and Medicaid Services, 2001

HUSKY is less expensive than commercial insurance

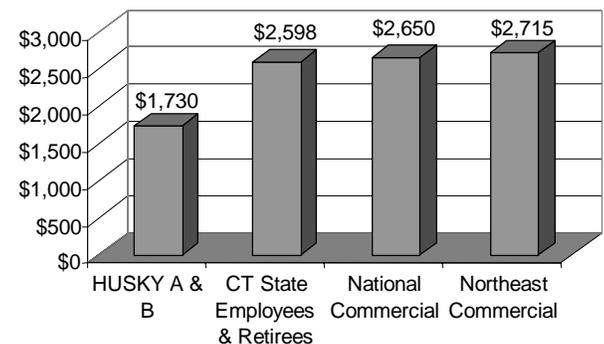
Medicaid insures about one in four Connecticut children, covers almost one quarter of all births and funds long-term care for the elderly and disabled. Despite this breadth of coverage, Medicaid's costs have not risen as fast as those of private insurance, even though most private plans do not cover chronic care.

According to the Governor's proposed budget for 2004, employer-sponsored health insurance costs were up 12.7% between 2001 and 2002, and were expected to be up 15% for 2003.² This is twice the national

average increase in Medicaid costs for children and non-elderly adults.³ Spending for children in HUSKY A and B is far less than national and regional average commercial health insurance costs (Figure 2).⁴

Connecticut is planning to seek a waiver to change HUSKY benefits to be more like those of commercial plans, which actually have *higher rates of inflation* and *higher costs* than HUSKY.

Figure 2: Annual Health Insurance Cost per Person, FY 2001



Source: CT OHCA, 2001 & Kaiser Family Foundation 2001

Many reasons for rising costs

Rising Medicaid costs are due to a number of factors, including increasing prescription drug costs, increased

¹ Joan Alker, Cindy Mann and Fouad Pervez "Federal Proposals to Restructure Medicaid: What Could They Mean for Connecticut?" Connecticut Health Foundation, July 2003.

² Introduction to Governor's Proposed Budget, SFY 03-05, February 2003, p. 79.

³ Leighton Ku and Matthew Broaddus, "Why Are States' Medicaid Expenditures Rising?" Center on Budget and Policy Priorities, January 13, 2003.

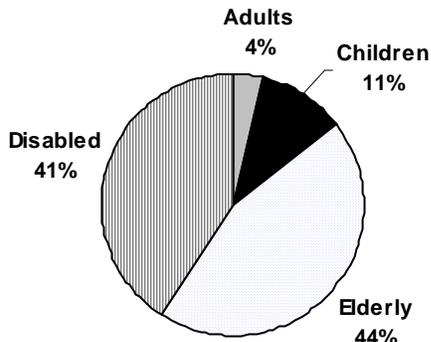
⁴ State of Connecticut, Office of Health Care Access, *Achieve: Purchaser Profile HUSKY A and B*, January 2001 and Kaiser Family Foundation/HRET *Survey of Employer-Sponsored Health Benefits 2001*.

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enrollment, medical inflation, new technologies and cost-shifting from Medicare to Medicaid. In fact, 82% of projected Medicaid growth reflects increases in costs for caring for the aged and disabled, most of whom are enrolled in both Medicare and Medicaid.⁵

Figure 3: Connecticut Medicaid Spending by Population, FY 2001



Source: Centers for Medicare and Medicaid Services, 2001

HUSKY is cost-effective

HUSKY A provides comprehensive benefits for children, including preventive check-ups, medically necessary testing and treatment, vision and hearing screening, dental services, medical equipment, and other services. Despite HUSKY’s comprehensive coverage, it is not expensive. *Children comprise 55% of Medicaid enrollees in Connecticut, but account for only 10% of the program costs.*⁶ (Figures 3 and 4)

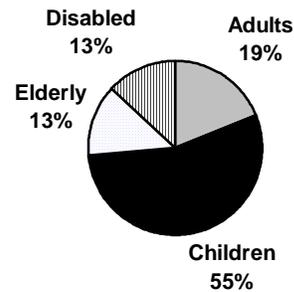
Connecticut receives 50 cents in federal matching funds for every dollar spent on HUSKY A, and 65 cents for every dollar spent on HUSKY B. *To save \$1 in state HUSKY funds, the state would have to cut between \$2 and \$3 in services from the overall program.*

The state has already failed to draw down millions of dollars of its federal allotment for HUSKY B. As a result, millions of dollars allotted to Connecticut have been returned to the federal treasury.

“Good medicine” for state economy at discount prices

Cuts to Medicaid have a ripple effect on the economy -- jeopardizing not only family health, but also the viability of suppliers, physicians, clinics, hospitals and countless others. Millions of dollars in cuts to HUSKY may have already resulted in job losses and decreased business activity. It is estimated that the existing cuts have resulted in a loss of 270 Connecticut jobs and \$11.4 million in wages, along with a loss of \$30.4 million in business activity, including jobs, earnings, purchases, supplies and consumer goods for our state.⁷

Figure 4: Connecticut Medicaid Enrollees, FY 2001



Source: Centers for Medicare and Medicaid Services, 2001

A smart investment

HUSKY is a smart use of state health care dollars. Thanks to HUSKY, thousands of Connecticut children and families receive the primary and preventive care they need *when they need it*, saving Connecticut money in the long run while protecting children’s health *now*.

⁵ Ku and Broaddus, note 3.

⁶ Centers for Medicare and Medicaid Services. Medicaid Statistical Information System Report, Fiscal Year 2001.

⁷ Families USA, *Medicaid: Good Medicine for State Economies*. Washington, DC: Families USA, Jan. 2003.

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