CONNECTICUT VOICES FOR CHILDREN

Avoiding Past Mistakes: Increasing HUSKY B Premiums Would Leave Thousands of Children Uninsured

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The proposed FY 06 and FY 07 budgets of the Governor and the state legislature's Appropriations Committee threaten to repeat mistakes of the past by imposing new premiums on lower-income children in HUSKY B and increasing the premiums already in effect for moderate-income children in the program. HUSKY B is Connecticut's State Children's Health Insurance Program (SCHIP) that provides coverage to children in low- and moderate-income working families.

When such premiums were implemented by the Governor and General Assembly in early 2004, approximately 2,900 children (almost one in four in HUSKY B) were scheduled to lose their HUSKY coverage because their parents could not afford the increased costs. Recognizing the dangerous impact of the premiums, the state legislature repealed them in May 2004. **If these premiums are imposed again, most of the "savings" in the FY06 and FY07 state budgets will come from children losing coverage, and not from revenue collected from premiums.**

HUSKY B is a support for working families

Many lower-wage working families have no access to health insurance through their jobs because their employer offers no coverage at all or no coverage for dependents. Most businesses in Connecticut have 20 or fewer employees and the smallest firms are least likely to offer health insurance coverage.[1] Families with children in HUSKY B have incomes somewhat higher than those in HUSKY A, but they still have trouble making ends meet. Because these HUSKY B parents often are not eligible for health insurance for themselves, they tend to have high out-of-pocket medical expenses. Uninsured families often forgo preventive services. This leads to far more costly emergency visits and hospitalizations that increase costs to the health care system. Higher costs are shifted to providers, other areas of the state budget, and low-income persons themselves.

Connecticut has tried increasing HUSKY B premiums

In 2003, the General Assembly approved legislation which was signed by the Governor to increase premiums for children enrolled in HUSKY B. In February 2004, the Department of Social Services imposed these new monthly premiums for families with children in HUSKY B at the lowest eligibility level (Band 1) and increased premiums for those at the mid level (Band 2). The legislature repealed the increased premiums several months later to prevent thousands of children from being cut off HUSKY B. The Governor and Appropriations Committee are recommending re-instituting the ***same increases***:

HUSKY B Income Band[2]	Current Monthly Premiums	Proposed Monthly Premiums
Band 1: 185% to 235% federal poverty level (FPL) ($28,990 to $36,825 for a family of 3)	$0	$30 per child/ $50 family maximum
Band 2: 236% to 300% FPL ($36,826 to $47,010 for a family of 3)	$30 per child/ $50 family maximum	$50 per child/ $75 family maximum

When a family fails to pay the premium by the required deadline, the child is "locked out" of HUSKY B for three months following the month that the premium payment was due. To re-enroll, a family must pay past due premiums ***and*** prepay the premium for the first month of re-enrollment.

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Thousands of children would lose HUSKY

The experience of HUSKY B families in 2004 confirmed research findings from other states that conclude that charging premiums to low-income families reduces participation in public health insurance programs. **According to the Department of Social Services, 2,900 children (almost a quarter of the children in Bands 1 and 2 combined) would have lost coverage at the beginning of April 2004 for non-payment of the new and increased premiums.**

These children would have become uninsured, except for a last-minute decision by the Legislature to delay the termination of the HUSKY benefits until the end of June to give the Department of Social Services time to report to the General Assembly on the impact of the increased premiums on families. As a result of its findings, the Department administratively repealed the increased premiums and the 2,900 children at risk of losing coverage were able to retain their eligibility for the HUSKY B program.

Concerns about both the administrative costs of imposing Medicaid or SCHIP premiums as well their impact on enrollees have led at least three other states (Virginia, Maryland & Washington) to reverse their decisions to impose premiums. Both Virginia and Maryland experienced significant enrollment declines after the imposition of premiums. Governor Warner of Virginia stated: "Our premiums were actually costing more to administer than the dollars we were receiving, so the team made the case to me that [eliminating the premiums] was both the morally right and the fiscally right thing to do."[3]

Connecticut would have to cut $3 worth of health care to "save" $1

The federal government reimburses Connecticut 65 cents for every dollar spent on HUSKY B. That means that a state investment of $1 in HUSKY B health care coverage results in $3 worth of care for a Connecticut child. Premiums and co-pays that result in fewer children being covered under HUSKY B is not only poor health policy, it is bad fiscal policy as well.

Learning from experience

The past experience of Connecticut and other states tells us what will happen if increased cost sharing is imposed on HUSKY B children: their families won't be able to pay and the children will become uninsured. The "savings" achieved by increasing the number of uninsured children will raise costs for hospitals, other providers, families, and in other areas of the state budget. We shouldn't repeat the mistakes of the past. The legislature should reject the proposed increased premiums on HUSKY B children.

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[1] Office of Health Care Access, 2004 Household and Small Employer Surveys of Health Insurance

[2] Families with children in HUSKY B, Band 3 pay the full cost of the premium (approx. $152 to $222 monthly per child). In addition, HUSKY B families in all income bands pay copayments for certain services.

[3] Presentation by Gov. Warner at a briefing on children's health insurance coverage, sponsored by the Kaiser Commission on Medicaid and the Uninsured, Washington, DC, July 29, 2003, cited in "The Effect of Increased Cost-Sharing in Medicaid: A Summary of Research Findings" by Leighton Ku, Center on Budget and Policy Priorities, May 31, 2005.