CONNECTICUT VOICES FOR CHILDREN

Testimony Regarding
S.B. 1013: An Act Concerning Implementing the Governor's Budget Recommendations Concerning Human Services
H.B. 6550: An Act Concerning Medicaid Coverage for Smoking Cessation Treatment
H.B. 6587 An Act Concerning the Department of Social Services' Establishment of a Basic Health Program

Sharon D. Langer
Human Services Committee
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Senator Musto, Representative Tercyak, and members of the Human Services Committee:

I am testifying today on behalf of 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. I am a Senior Policy Fellow, concentrating in policy analysis and advocacy related to Medicaid and HUSKY health insurance programs for low-income families and children.

We **oppose** the Governor's recommendations in **S.B. 1013, An Act Concerning the Governor's Budget Recommendations Concerning Human Services** to impose cost-sharing and reduce preventive health benefits to children and families in HUSKY and Medicaid[1]:

- **Imposes new co-payments on some children and most adults for some services in the Medicaid program (Sec.7):** Research demonstrates that cost-sharing required of low-income families is bad medicine. Increased cost-sharing does not save money in the program and is associated with *worse* health outcomes for low-income families, the elderly and individuals suffering from chronic illness – all populations currently on HUSKY A or Medicaid.[2] The proposal would permit co-sharing "to the extent permitted by federal law" and specifically exempts certain services[3] from copayments and limits drug co-pays to $20.00 per month. Under current federal law, children are exempt from co-pays for preventive services. Moreover, under state law, children in Connecticut's Medicaid program should be exempt from the co-payment requirement all together.[4] Under federal law, all pregnant women are exempt from the co-payment requirement. The Affordable Care Act outlawed co-pays for preventive services provided through commercial plans. It is not good policy to impose such costs on those among us with the worst health and least ability to pay.
- **Reduces dental services for parents and other adults in Medicaid (Sec. 6):** The bill would limit "adult dental services under the Medicaid program to such services that may be provided within available appropriations." Medicaid provides medically necessary benefits to all eligible enrollees. As a result, restricting benefits to "within available appropriations" would appear to violate federal law. Importantly, this language does not match up with the Governor's budget narrative in restricting access to basic dental care. The budget document proposes limiting regular dental check-ups, cleanings and x-rays to once per year for "healthy adults" and tightening up criteria for determining the medical necessity of procedures for children and adults.[5] Children in Medicaid are eligible for all medically necessary dental services under the state and federal protections known as "early and periodic screening, diagnostic and treatment"

(EPSDT) services. [6] Adults should have access to regular check-ups and necessary dental care to maintain overall health and prevent the need for more costly dental and medical care.

- **Reduces coverage for eyeglasses for adults in Medicaid (Sec. 24):** This provision would reduce coverage for eyeglasses from one pair per year to one pair every other year. While at first blush this may make sense, what happens if an individual breaks or loses his glasses? Do we really want people going without glasses and hindering their ability to drive, work and be productive citizens?

We support H.B. 6550, **An Act Concerning Medicaid Coverage for Smoking Cessation Treatment**. Under this proposal *all* adults in HUSKY and Medicaid would be eligible for smoking cessation services. As the proposed deleted language in Sec. 17b-278a demonstrates, the legislature took steps almost 10 years ago to fund smoking cessation. We applaud the Governor for putting money in his proposed budget to make this proposal a reality. Currently only children and pregnant women in HUSKY A (Medicaid) and children in HUSKY B have access to such services. [7] Helping parents quit smoking will improve their health and reduces children's exposure to secondhand smoke.

We support H.B. 6587 An Act Concerning the Department of Social Services' Establishment of a Basic Health Program

As of January 1, 2014, Connecticut will no longer be required to cover parents, caretaker relatives and pregnant women above 133% of federal poverty level in HUSKY A (Medicaid). We currently cover parents and caretaker relatives up to 185% FPL (at the same level as children under 19 in HUSKY A), and cover pregnant women up to 250% FPL under HUSKY A. Children under 19 in HUSKY are eligible regardless of income although their families contribute to the cost of care at higher income limits. The state is required to retain children in Medicaid and CHIP (HUSKY B) until 2019. As a result of HUSKY, we have nearly universal coverage for children.

The State will have several options to choose from in determining how low-income adults will access health coverage. The Basic Health Program (BH Program) provides the best protection for low-income HUSKY parents (and other near poor adults) with income between 133% FPL and 200% FPL. Since the federal government will pay 100% of the BH Program, this is also the most fiscally prudent option for the State.

While the state could keep these HUSKY parents covered in Medicaid after 2014, the state would continue to share the cost with the federal government, receiving 50 cents on the dollar for the state's Medicaid expenditures. We would certainly support such a decision but recognize that the State's fiscal situation makes such a decision unlikely.

These adults could also be moved into the Health Insurance Exchange where the federal government would provide subsidies for individuals with family income below 400% FPL. See, Center for Children and Families, *Health Insurance Exchanges: New Coverage Options for Children and Families* (August 2010), available at http://ccf.georgetown.edu However, we believe that the federal subsidies are not sufficient to make coverage affordable to individuals with income between 133% and 200% FPL – the group that will benefit from coverage through a BH Program.[8]

Individuals at these income levels will opt out of coverage, subjecting themselves to a double whammy of being uninsured and subject to a financial penalty for failure to meet the federal insurance mandate. Consumers will receive subsidized coverage in the Exchange through federal health insurance tax credits. As a result, many low-income consumers may not enroll in the Exchange for fear "of owing money to the Internal Revenue Service at the end of the year if their annual income turns out to exceed what consumers anticipated when health insurance credits were paid during the course of the year." [9]

Research also tells us that families at the lower end of the income range between 133% and 200% FPL are subject to greater fluctuations in their income. By establishing the BH Program, the legislature will help reduce the "churning" that families would inevitably experience by needing to move back and forth between Medicaid and the Exchange during the course of a year.[10] This increases the likelihood of gaps in coverage which in turn reduces access to regular care.

Our support for H.B. 6587 is also predicated on affording the 16,000 parents and other caretaker relatives currently eligible under HUSKY A, (and others eligible for the BH Program, approximately 41,000) with the same protections provided to individuals covered under Medicaid. BH enrollees would be afforded "all 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.[11] In addition, the bill rightly requires that any "excess. . . federal funds" shall be used to increase reimbursement rates for providers serving individuals in the BH Program.

We do suggest the following technical correction to the language in H.B. 6587 to make clear that relatives, other than parents, are also currently eligible for HUSKY A, (deletions in brackets, additions are underlined):

"Individuals enrolled in the basic health program shall include, [adults, including,] but not be limited to, parents and other caretaker relatives with incomes above one hundred thirty-three per cent of the federal poverty level, but not exceeding two hundred per cent of the federal poverty level as determined under the Affordable Care Act, who would otherwise qualify for HUSKY Plan, Part A and individuals described in section 17b-257b."

It is anticipated that the federal funding that the state receives for the BH Program will in fact exceed the amount of money that is currently available under Medicaid for these individuals. The amount of money that the state receives each year for the BH Program is 95% of the subsidies and other cost-sharing assistance at a particular premium level that individuals would otherwise receive in the Exchange. The state is required by federal law to set aside the funding for the BH Program in a trust fund that may only be used for the BH Program. Think of it as a fund not unlike Unemployment Insurance that cannot be siphoned off for other uses.

See attached chart for a comparison of the income eligibility, costs to individuals and the state, and benefits for adults currently covered under HUSKY A and the options available under health reform.

Thank you for this opportunity to testify regarding S.B. 1013, H.B. 6587 and H.B. 6550.

		Options for Connecticut under ACA		
	HUSKY Program (Current coverage)	**Option 1 Medicaid**	**Option 2 Basic Health Plan**	**Option 3 Health Insurance Exchange**
Income eligibility				
Parents	Up to 185% FPL	Up to 185% FPL	133-200% FPL	up to 400% FPL
Pregnant women	Up to 250% FPL	Up to 250% FPL	133-200% FPL	up to 400% FPL
Cost				
Individual	No cost	No cost	No cost if aligned With Medicaid*	Monthly premium & other out of pocket costs TBD
State	50%	50%	-0-	-0-
Federal	50%	50%	100%	100% for subsidies
Benefits	Comprehensive	Comprehensive	Aligned with Medicaid*	Must meet "essential benefits" **

* H.B. 6587 envisions that the BH Program would provide the same cost-sharing protections and benefit package as Connecticut's Medicaid program.
** Essential benefits must meet federally defined minimum standards.

[1] For a fuller analysis of the impact of the Governor's budget proposal on HUSKY, see, Lee, MA, Langer, S., *The HUSKY Program: The Impact of the Governor's FY 2012 Budget Proposal* (Feb. 18, 2011), Connecticut Voices for Children, available at www.ctkidslink.org.
[2] Goodell, S., Swartz K., *Cost-sharing: Effects on spending and outcomes*, The Synthesis Project, Robert Wood Johnson Foundation, Policy Brief No. 20 (December 2010), and report, available at www.policysynthesis.org .
[3] (1) inpatient hospitalization;(2) hospital emergency;(3) home health care;(4) those provided pursuant to a home and community-based services waiver;(5) laboratory;(6) emergency ambulance; and (7) nonemergency medical transportation.
[4] Conn. Gen. Stat. Sec. 17b-261(i): "The Commissioner of Social Services shall provide Early and Periodic Screening, Diagnostic and Treatment program services, as required and defined as of December 31, 2005, by 42 USC 1396a(a)(43), 42 USC 1396d(r) and 42 USC 1396d(a)(4)(B) and applicable federal regulations, to all persons who are under the age of twenty-one and otherwise eligible for medical

assistance under this section." This statute codified the protections in federal law that pre-dates the Deficit Reduction Act of 2005 which allows the imposition of cost-sharing for certain services on children.

[5] See, Governor's proposed budget, Human Services, "Reduce Non-Emergency Dental Services for Adults under Medicaid," at 356, available at www.ct.gov/opm/lib/opm/budget/2012_2013_biennial_budget/human_services.pdf

[6] Conn. Gen. Sat. Sec. 17b-261(i); 42 USC 1396a(a)(43), 42 USC 1396d(r) and 42 USC 1396d(a)(4)(B).

[7] As the Governor's budget notes, after Massachusetts began providing such services to Medicaid enrollees, the smoking rate fell 26% during the first 2.5 years after implementation and heart attacks and admissions to emergency departments for asthma symptoms decreased among those who used the smoking cessation services. See, Governor's proposed budget, Human Services, at 362, available at www.ct.gov/opm/lib/opm/budget/2012_2013_biennial_budget/human_services.pdf

[8] Dorn, S., *The Basic Health Program Option under Federal Health Reform: Issues for Consumers and States, State Coverage Initiatives* (March 2011), Robert Wood Johnson Foundation, available at www.statecoverage.org/files/TheBasicHealthProgramOptionUnderHealthReform.pdf

[9] *Id*., at 3.

[10] *Id*., at 14.

[11] *Report to the General Assembly from the SustiNet Health Partnership Board of Directors* (January 2011), at 19. www.ct.gov/sustinet/lib/sustinet/sn.final_report.appendix.cga.010711.pdf .