CONNECTICUT VOICES FOR CHILDREN

The HUSKY Program for Children and Families: The Impact of the Governor's FY 2014 and FY 2015 Budget Proposals

February 21, 2013

Why Public Investment is Important

The HUSKY program is a central component of Connecticut's system of health care for children and families. The HUSKY program provides health insurance coverage for over 440,000 children, parents, and pregnant women, including 425,000 in HUSKY A (Medicaid) and 14,000 children in HUSKY B (Children's Health Insurance Program).[1] In the past year, enrollment in HUSKY A has increased about 4 percent; enrollment in HUSKY B is unchanged. HUSKY enables children to access timely preventive care, such as medical and dental check-ups, and helps women, for example, maintain good health before, during and after a pregnancy. While children and parents/caregivers make up 76% of persons covered by Medicaid in Connecticut, they account for just 27% of all Medicaid spending.[2] The federal government currently reimburses Connecticut for 50 percent of the costs of HUSKY A and 65 percent of the costs of HUSKY B.

HUSKY is a smart public investment that has kept down the uninsured rate as employment-based coverage has declined in the state. Families and low income individuals who have lost their jobs and health care coverage in recent years have turned to the HUSKY Program to ensure access to affordable and needed care. Although we have made gains in covering more families, Connecticut has an estimated 303,000 uninsured residents (8.6%), including about 43,000 children under 18 (5.3%).[3]

The Governor's FY14 Proposals for the HUSKY Program

	FY13 Authorized	FY14 Governor's Recommend ation	FY 15 Governor's Recommendation	Difference between FY13 Authorized and Governor's FY 14 Recommendation
HUSKY A	Part of overall Medicaid budget — not reported separately			Could not be determined
HUSKY B	$29,890,000	$30,460,000	$30,540,000	**slight increase**
HUSKY Infoline[a]	$335,564 (less 5% reduction)	$159,393	$-0-	**- $ 176,171(↓ 52%)**
HUSKY Program performance monitoring[b]	$219,000 (less 5% reduction)	$-0-	$ -0-	**-$219,000 (↓100%)**

[a] State-funded since 1995 and now in a line item in Department of Social Services budget line item labeled "HUSKY Outreach".
[b] State-funded since 1995 in the Department of Social Services budget.

Governor Malloy proposes to eliminate coverage for HUSKY parents with income between 133% and 185% of the federal poverty level ($25,399 to $35,317 for a family of three) as of January 1, 2014, with the expectation that instead they will purchase coverage through the state's new health insurance exchange. The exchange, created under the federal Affordable Care Act, is expected to be up and running in Connecticut for enrollment, beginning October 1, 2013.

Low-income parents who want to purchase coverage through the exchange will be eligible for subsidized coverage, but will have to pay a portion of the monthly premiums and all of the co-payments for this private health insurance coverage, with subsidies. Currently, parents on HUSKY do not pay premiums or co-pays. If trying to purchase coverage through the exchange, consumers will likely pay between 3.3% and 5.61% of their household income for health insurance premiums. In addition, they would have to pay up to $2,250 for deductibles, co-pays and other out-of-pocket costs for an individual and up to $4,500 for a family plan.

It is widely understood that given the high cost of living in Connecticut, families at this income level would be hard pressed to pay these costs. Indeed, research suggests that many individuals and families in this income range will not be able to afford coverage on the exchange, even with subsidies.[4] According to a report by Mercer for the Connecticut health insurance exchange board, an estimated 50 percent of currently uninsured adults in this income range will forego coverage in the exchange because they cannot afford it. [5] Low-income parents will have to weigh the costs of paying for their own coverage against paying other recurring bills, such as rent, utilities and food. The Governor's proposal may inadvertently lead to a currently insured population becoming uninsured when the Affordable Care Act's coverage options are fully implemented in 2014.

Overall, the Affordable Care Act will create opportunities for obtaining affordable coverage. In the case of HUSKY parents, however, Connecticut will be taking away coverage for as many as 30,000 people who have been able to insure their entire families. During the recent recession and the slow economic recovery, this coverage has been critically important to ensuring access to needed health care.

Complex eligibility rules and enrollment processes are frequent barriers to families obtaining health coverage. Research has demonstrated the positive effects of covering whole families together: enabling parents and children to be covered under the same plan simplifies enrollment and makes it more likely that children will have coverage.[6] The Governor's budget does not provide an estimate of the number of HUSKY parents who will lose Medicaid coverage next year if this proposal is adopted, but it may be as many as 30,000 individuals.[7] The budget document assumes that the change in parent eligibility will result in savings of approximately $6 million and $60 million in FY 14 and FY 15, respectively. The savings rise so significantly from one fiscal year to the next because working parents will be able to keep their coverage under "transitional medical assistance" for up to one year from the time the roll-back of eligibility occurs.[8]

The Governor does not propose changing the income eligibility limit for pregnant women, which remains at 250% of the federal poverty level. The budget maintains coverage for children in the HUSKY (Medicaid) and HUSKY B (CHIP) as required by federal law.

The Governor's budget expands coverage to individuals on HUSKY D (Medicaid for low-income adults without children) to 133% of the federal poverty level under a state option in the Affordable Care Act. Currently, the income eligibility level for this group is 56% of the federal poverty level ($6,255 for an individual). Connecticut currently pays 50% of the cost for the 85,000 people in HUSKY D. Beginning in January 2014, the federal government will reimburse the state for the full cost of coverage for *all* HUSKY D enrollees, including those under 56% of the federal poverty level. As a result, the state is expected to save hundreds of millions of dollars over the next decade in costs associated with this Medicaid expansion. This expansion is important to teens and young adults who age out of HUSKY A, and to low-income women who will have access to health care before they begin a pregnancy or between pregnancies.

In addition to these changes in eligibility, the Governor has proposed:

- Reducing funding for the **2-1-1/United Way HUSKY Infoline** by 52% in FY14 and eliminating all funding in FY15. As a result, families will lose essential, one-on-one assistance with information, accessing coverage, and obtaining needed care.
- Reducing by more than 60% the state funding for **community-based Healthy Start** programs that assist pregnant women to access health coverage and prenatal care (a reduction from $1,505,000 to $575,000).

- Eliminating funding for **independent performance monitoring** in the HUSKY Program ($219,000 per year, though 50% of this cost is reimbursed by the federal government). Independent performance monitoring has been state-funded since 1995 and is conducted by Connecticut Voices under a contract between DSS and the Hartford Foundation for Public Giving. This project provides information on enrollment patterns, long-term trends in the use of children's health services, including well-child, dental, emergency, and asthma care. This information t is not reported by the Department's administrative services organization ("ASO" contractor. The project also provides data on maternal health and birth outcomes in the HUSKY Program, including low birthweight, preterm births, prenatal care, births to teen mothers, and smoking among mothers. This research is based on linked birth-HUSKY enrollment data that is not available to the Department's ASO contractor.
- Reducing funding for expansion of **school-based health centers** (a 22% reduction of $2.7 million for each year of the biennium). This budget cut will seriously affect the ability of school-based health centers to serve more school-aged children. Schools are a critical part of the mental health care delivery system, providing more than 40,000 annual visits for individual, group and family counseling for mental health issues. Such mental health treatment can both reduce stigma and facilitate access.
- Eliminating millions of dollars **for hospitals, providers (including community health centers) and pharmacies**. It is unclear to what extent these cuts may reduce access to care for families on HUSKY.

The fact that the Medicaid budget— over $5.5 billion—is not itemized makes it impossible for policymakers and advocates to track expenditures for services for children and families in HUSKY A. Medical benefits, dental care, mental health care, transportation, and pharmacy benefits are administered by private entities under contract with the Department of Social Services, but they are not itemized in the agency's budget. Since the majority of Medicaid spending goes to cover other categories of people, individuals with disabilities and the elderly, legislators need detailed data on spending for children and parents when they are deciding to accept or reject the Governor's proposals to reduce state spending by cutting coverage for families.

Connecticut Voices for Children is a non-profit organization that conducts research and policy analysis aimed at improving the lives of Connecticut's children and families. This brief was prepared by Mary Alice Lee, Ph.D., Senior Policy Fellow, and Sharon Langer, M.Ed., J.D., Senior Policy Fellow, with support from the Connecticut Health Foundation.

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[1] HUSKY Program enrollment as of January 2013, available at www.ctvoices.org .

[2] Analysis of Medicaid data by the Urban Institute and the Kaiser Commission on Medicaid and the Uninsured. Connecticut: Distribution of Medicaid enrollees by enrollment group, FY2008; distribution of Medicaid payments by enrollment group FY2009. www.statehealthfacts.org. Accessed February 2012.

[3] US Census Bureau. 2012 Current Population Survey data for Connecticut. www.census.gov.

[4] Ku, Leighton and Wachino, V., The Effect of Increased Cost-sharing in Medicaid: A summary of Research Findings, 2005

[5] Mercer Government Human Services Consulting, Health Insurance Exchange Planning Report, at 30 (January 19, 2012), available at www.ct.gov/hix/lib/hix/mercer_final_report_ct_hix1.20.12.pdf

[6] Benjamin D. Sommers, "Insuring Children or Insuring Families: Do Parental and Sibling Coverage Lead to Improved Retention of Children in Medicaid and CHIP?", Journal of Health Economics, vol. 25 (2006):1154-1169.

[7] Office of Fiscal Analysis, Fiscal Impact, S.B. 425, An Act Concerning a Basic Health Program, available at http://www.cga.ct.gov/2012/FN/2012SB-00425-R000429-FN.htm

[8] Communication with Anne Foley, Undersecretary of the Office of Policy and Management (February 20, 2013).