Testimony Regarding

H.B. No. 5378: An Act Implementing the Recommendations of the Legislative Program and Investigations Committee Concerning Medicaid-Funded Emergency Department Visits

Program Review and Investigations Committee

Sharon D. Langer, M.Ed., J.D.

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Senator Kissel, Representative Mushinsky, and members of the Program and Investigations Committee:

I am a Senior Policy Fellow, 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. A major focus of my work is on health coverage and access to care in the HUSKY program for children and families.

Connecticut Voices supports Section 7 of H.B. 5378 which would *restore* "continuous eligibility" for children[1] and require the Department of Social Services to seek federal permission to implement continuous eligibility for adults to stabilize coverage in the HUSKY Program.

Although Connecticut has instituted many of the recommended simplification strategies to improve coverage in HUSKY (such as an annual renewal period, presumptive eligibility for children, elimination of an asset test, alignment of income counting rules for HUSKY A and B) one key missing strategy is 12 months of continuous eligibility. Between annual renewal periods, families and individuals are required to report changes in income, household size, and other factors that may affect eligibility. Despite efforts to simplify the renewal process, large numbers of people still experience "churning", or the situation in which individuals enroll and dis-enroll from HUSKY in Connecticut during the course of a year and at renewal.

"Continuous eligibility" is a state option under federal Medicaid and the Children's Health Insurance Program (CHIP) law that stabilizes enrollment by providing 12 months of coverage regardless of changes in family circumstances – typically income or family size.[2] Connecticut experienced the benefits of continuous eligibility for children, which was in effect in the HUSKY program between 1999 and 2003.[3] When continuous eligibility was eliminated 7,000 children lost coverage.[4]

The focus of the Program Review and Investigations (PRI) report on "Hospital Emergency Department Use and Its Impact on the State Medicaid Budget"[5] was the high volume of emergency department visits by Medicaid enrollees. The report noted that in order to divert individuals who do not require emergency care from hospital emergency departments, there needs to be a sufficient

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[1] H.B. 5137, An Act Concerning the Eligibility of Children Enrolled in the HUSKY Plan, introduced by the Human Services Committee would also restore continuous eligibility for children in HUSKY.

[2] See, Langer, S, Lee, MA, Chen, D. Continuous Eligibility: A Proven Strategy for Stabilizing Children's Coverage in the HUSKY Program. Connecticut Voices for Children. February 2014.

[3] Continuous eligibility was repealed by P.A. 03-02(Sec. 7). Available at http://www.cga.ct.gov/2003/act/Pa/2003PA-00002-R00HB-06495-PA.htm .

[4] See, Rabin v. Wilson-Coker, 266 F. Supp. 2d 332 – Dist. Court, D. Connecticut 2003.

[5] Conklin, C, Duffy, M. Hospital Department Use and Its Impact on the State Medicaid Budget, January 31, 2014.

number of community based health care providers willing to see Medicaid patients. The report explained:

> "**Providers might also be willing to accept Medicaid recipients if client eligibility in the program were more stable for a determined period to time**. It is a deterrent for a provider to accept Medicaid clients if at the time of the appointment, or later when a claim is submitted, the provider finds the client's eligibility has been discontinued. The Centers for Medicaid and Medicaid Services (CMS) are promoting continued eligibility for children and adults under the expansion of Medicaid under [the Affordable Care Act], and PRI staff recommends that Connecticut adopt that strategy." [6](emphasis added)

Connecticut should join the 32 states that have implemented continuous eligibility for children.

Currently, 23 states offer continuous eligibility for children in their Medicaid and CHIP programs, and an additional nine states have continuous eligibility for children in their CHIP programs. A total of 32 states, ***– more than 2/3 of the states in the nation – have instituted continuous eligibility for children.***[7] Research shows that continuous eligibility for children stabilizes enrollment with longer periods of coverage on average.[8]

Maintaining health insurance coverage is key to children accessing timely and appropriate health care.

Continuity of coverage is crucial for ensuring better quality of care, especially for those in need of preventive care and treatment for acute and chronic illnesses.[9]

Children who are continuously enrolled are more likely to have preventive care.

Preliminary analyses of HUSKY enrollment and claims data for 2011 show that 64 percent of continuously enrolled children had well-child care, compared with just 34 percent of children enrolled less than 12 months.[10] This difference was evident in every age group.

Connecticut Voices for Children has been monitoring enrollment and continuity of coverage for several years.[11] Our most recent analysis of enrollment data indicates that the percentage of children

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[6] *Id.*, at iii; The specific recommendation set forth at page 9 in the report states, "Statutorily adopt a 12-month continuous eligibility provision for children during the 2014 legislative session. Further, DSS shall immediately seek an amendment to its 1115 waiver from the Centers for Medicare and Medicaid Services to implement 12-month continuous eligibility for all adult Medicaid recipients."

[7] Georgetown University Health Policy Institute Center for Children and Families. Medicaid/CHIP renewal procedures for children. Washington, DC: Center for Children and Families, August 11, 2013. Available at: http://ccf.georgetown.edu/wp-content/uploads/2012/04/MedicaidCHIP-Enrollment-Procedures-for-Children2.pdf

[8] Ku L, Steinmetz E, Bruen BK. Continuous-eligibility policies stabilize Medicaid coverage for children and could be extended to adults with similar results. Health Affairs 2013, 9: 1576-1582.

[9] Seifert R, Kirk G, Oakes M. Enrollment and disenrollment in MassHealth and Commonwealth Care. Massachusetts Medicaid Policy Institute, April 2010. Available at: http://www.massmedicaid.org/sites/default/files/download/publication/2010_4_21_disenrollment_mh_cc_0.pdf

[10] Unpublished results of enrollment and claims data, available from Mary Alice Lee (malee@ctvoices.org).

[11] See, e.g., Lee MA. Children in the HUSKY Program Experience Coverage Gaps: An Update. Connecticut Voices for Children, May 2012.

with gaps or loss of HUSKY coverage in 2012 was 13.5%. [12] This means that about 38,000 of the 285,000 children enrolled in HUSKY in January that year lost coverage later in that year. It is likely that given the challenges facing the new eligibility systems under *ConneCT* and *Access Health CT* that this number will have increased in 2013 and now in 2014.

Adults are more likely to experience gaps in coverage than children.

The percentage of adults that experience gaps or loss of coverage is far greater than the gaps experienced by children in HUSKY. During 2011, 38% of adults experienced gaps or loss of coverage during the course of a one-year period.[13]

As the PRIC report noted, the federal Centers for Medicare and Medicaid Services recommended that states provide continuous eligibility for children and consider continuous eligibility for parents *and* other adults.[14] Section 7 of H.B. 5378 would restore continuous eligibility by state statute for children in HUSKY A (Medicaid) and HUSKY B (CHIP), and require that the state Department of Social Services apply for a waiver from the federal government to implement the strategy for adults in Medicaid.

New York and New Mexico have already received permission from the federal government to implement continuous eligibility for adults through the waiver process, although neither has implemented it as yet.[15] Research shows that when entire families are covered for the same period of time this stabilizes coverage for everyone, including children.[16]

Continuous eligibility can also ease the burden on DSS staff and reduce administrative costs.

Added costs to the state are incurred when individuals lose coverage and need to reapply during the year.[17] Data from other states show that administrative costs for re-enrolling an eligible individual are over $200. [18] In addition, research has shown that individuals who return to the program after a gap in coverage are more likely to incur *increased* medical costs.[19] **One analysis found that on average an adult has a monthly medical expenditure of $469 for a six-month enrollment period versus $333 per month when twelve months of eligibility was in effect**.[20] These data suggest that patients with uninterrupted health coverage for twelve months cost less on average per

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[12] Lee MA., *Id.*.

[13] Unpublished data available from Mary Alice Lee (malee@ctvoices.org)

[14] Centers for Medicare and Medicaid Services. Facilitating Medicaid and CHIP enrollment and renewal in 2014 (SHO #13-003; ACA #26). Letter to State Health Officials and State Medicaid Directors, May 17, 2013. Implementing continuous eligibility for adults would require the state to submit an application to the federal government for an "1115 Medicaid Waiver". Although two states have

[15] Communication from T. Brooks, Senior Fellow, Center for Children and Families, Georgetown University. January 22, 2014.

[16] Dubay, L, and Kenney, G. "Expanding public health insurance to parents: effects on children's coverage in Medicaid, Health Serv Res 38(5): 1283-1301 (2003).

[17] Seifert R, Kirk G, Oakes M. Enrollment and disenrollment in MassHealth and Commonwealth Care. Massachusetts Medical Policy Institute, April 2010, Available at: http://www.massmedicaid.org/sites/default/files/download/publication/2010_4_21_disenrollment_mh_cc_0.pdf

[18] Seifert R, Kirk G, Oakes M., *Id.*

[19] Seifert R, Kirk G, Oakes M., *Id.*

[20] Ku L, Steinmetz E. The Continuity of Medicaid Coverage: An Update. Association for Community Affiliated Plans, April 2013.

month than those with fewer months of continuous coverage. Having gone without insurance, individuals have unmet health needs when they return to the program after a gap in coverage.

The Department of Social Services should be required to provide an estimate of what it costs to re-enroll an individual in the HUSKY program.

We make this suggestion because in the past when the General Assembly has considered whether to reinstate continuous eligibility, the Office of Fiscal Analysis calculated a cost estimate based on utilization of health care services alone and provided no offset for additional administrative costs.[21] In addition, prior to 2012 the Department was paying private managed care plans a per member per month fee regardless as to whether the member received health services in a given month. Under the current HUSKY program, the Department pays the claims, and therefore the health costs estimates for those enrolled for 12 months would not be based on a per member per month payment to health plans.

Thank you for the opportunity to testify in support of H.B. 5378 which if adopted would restore 12 months of continuous eligibility for children in the HUSKY Program, and require the Department of Social Services to apply for a federal waiver to implement continuous eligibility for adults in HUSKY.

Please feel free to contact me if you have questions or need additional information.

Contact information:
Sharon D. Langer
Connecticut Voices for Children
(203) 498-4240 (ext. 121)
(860) 490-5441 (cell)
slanger@ctvoices.org

[21] See, OFA fiscal note for S.B. 1, An Act Concerning the HealthFirst Connecticut Initiative ("Sections 7 and 27 also reestablish the continuous eligibility policy for children in the HUSKY plan. Assuming the rate increases included in section 12, this change is estimated to cost $2,800,000 annually. These costs would be reimbursed 50% by the federal government under the Medicaid program. The bill also establishes a continuous eligibility policy for adults in the HUSKY programs. This change is estimated to cost approximately $925,000 annually. Based on current federal policy, it does not appear that these funds will be federally reimbursable.") Available at http://www.cga.ct.gov/2007/FN/2007SB-00001-R000472-FN.htm