CONNECTICUT VOICES FOR CHILDREN

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Testimony Regarding: S.B. 34 AA Implementing the Governor's Budget Recommendations with Respect to Social Services Programs
H.B. 5618 AAC Revisions to the HUSKY Plan

Sharon D. Langer, M.Ed., J.D.
Human Services Committee Public Hearing
February 26, 2008

Dear Senator Harris, Representative Villano, and Members of the Human Services Committee:

I am a Senior Policy Fellow with 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. One of my roles at CT Voices is to coordinate the *Covering Connecticut's Kids & Families* coalition, which brings together state and community-based organizations to promote coverage and access to care in the HUSKY Program. It has been a successful vehicle for distribution of up-to-date information about the program to the many stakeholders who care so much about improving the health of vulnerable children and families, and has been invaluable to my understanding of how the program works "on the ground". I am also the co-convenor of the Medicaid and SAGA Strategy Group, a diverse coalition of health advocates and organizations that have come together for many years to promote programmatic stability and growth in the health safety net programs that serve over 400,000 children, families, persons with disabilities, and seniors. The Medicaid and SAGA Strategy Group has made restoration of "continuous eligibility for children" one of its two major priorities for this session.

I am here to urge you to reverse the Governor's recommended cuts to the HUSKY/Medicaid budget and to restore funding for essential improvements to HUSKY- particularly at this time of instability in the management of care in the program. Specifically, I urge you to:

- **Reject** elimination of funding for the language interpretation services to HUSKY and Medicaid enrollees. (S.B. 34, Sec. 1)
- **Reject** narrowing the definition of medically necessary services to HUSKY and Medicaid enrollees (S.B. 34, Sec. 2)
- **Support** continuous eligibility for children in HUSKY A and B (H.B. 5618, Sec. 1(d)
- **Support** elimination of cost-sharing on HUSKY B children (H.B. 5618, Sec. 3)
- **Support** delaying implementation of the HUSKY managed care contracts (H.B. 5618, Sec. 2) See recommended modifications to the study proposed in this section (attached)
- **Support** elimination of a premium assistance program in HUSKY (H.B. 5618, Sec. 3)

Reject elimination of medical interpretation services and limiting access to medically necessary services in Medicaid/HUSKY (S.B. 34, Secs. 1 and 2)

The HUSKY Program is a smart investment for the State of Connecticut. The Governor and the General Assembly are to be commended for the new dollars added to the program last legislative session for increasing eligibility limits for parents and pregnant women and for taking steps to increasing provider reimbursement, among other initiatives.

Unfortunately, Bill No. 34 which implements the Governor's budget recommendations for FY 09 takes steps backwards. Disappointingly, the Governor has proposed eliminating funding for foreign language interpretation services in the Medicaid and HUSKY program – a well-recognized strategy for reducing medical errors and saving money.

For at least the second year in a row, the Governor recommends reducing access to services by narrowing the definition of "medically necessary" services. The current definition is designed to ensure that low-income at-risk children and families get the healthcare they need, and should not be altered.

Restore "Continuous Eligibility" For Children in HUSKY - H.B. 5618, Sec. 1 (d)

It is well past time for lawmakers to reinstate "continuous eligibility" (CE) for children in HUSKY. CE allows children a year of continuous health insurance coverage after enrollment or renewal in HUSKY, regardless of fluctuations in income. CE (which has been instituted in 29 other states) can address the "churning" that is common in HUSKY, as thousands of children cycle on and off the program due to temporary changes in family income. Although the Office of Fiscal Analysis estimated that it would cost $2.8 million to restore CE, the OFA estimate does not take into account savings that would be realized by implementing this policy. Research shows that the monthly cost of providing health care actually drops as individuals are enrolled for longer periods. See CT Voices for Children, *Avoiding Gaps in Children's Health Coverage: Restore "Continuous Eligibility" in HUSKY*, Feb. 2008, available at www.ctkidslink.org)

Delay Implementation of the July 1, 2008 HUSKY RFP – H.B. 5618, Sec. 2

We have serious concerns about the churning that thousands of families may experience with the ongoing changes to the HUSKY program due to the exit of two health plans from the managed care program as of March 31, 2008. In addition, DSS has an ambitious timetable to implement fully capitated managed care on July 1, 2008 – just three months later. We believe that lawmakers and HUSKY stakeholders should be given time to evaluate the changes that have just now gone into effect - the carve out of pharmacy services from managed care, the implementation of non-risk, administrative services organization contracts with the remaining managed care entities, the availability of fee-for-service Medicaid as an alternative to managed care, the increase in provider rates, the anticipated carve-out of dental services - before we can decide how to re-structure the program. Most importantly, families should not be subject to yet another major change in HUSKY within such a short period of time.

We have provided the Committee with proposed revisions to Sec. 2. of H.B. 5618 in order to clarify the nature and extent of the study of the HUSKY changes. (See attached revisions) Under our

amended language, the study would compare utilization and cost data for the models in place from January 1, 2008 through at least January 1, 2009 with the prior capitated managed care model.

Support repeal of cost-sharing on HUSKY B children – H.B. 5618, Sec. 3 (repeals Gen. Stat. 17b-295)

HUSKY B currently covers 16,400 uninsured children whose families have too much income to qualify for HUSKY A (Medicaid). Almost all of these children are in families with income between 185% and 300% of the federal poverty level (between $40,349 and $51,510 for a family of three). This bill would eliminate the premiums paid by one-third of these children (5,472) and the co-payments required of all families for some services. It makes sense to eliminate cost sharing on these families since it often acts as barrier to coverage and care. Moreover, HUSKY B requires that children be "locked out" of the program for three months if they miss even one premium payment. They may not reenroll until their family has paid for the missing premium(s) and prepaid the future month's premium. In light of the fact that our state continues to leave millions of dollars of unspent federal SCHIP funds for this program on the revenue table, eliminating the cost-sharing on these children is a wise public investment. See CT Voices for Children, *Connecticut Losing Out on Federal Funds for Children's Health Coverage*, Feb. 2008, available at www.ctkidslink.org. We could use the money to decrease this cost-sharing and increase the benefits, such as access to smoking cessation.

The legislature could make other improvements to HUSKY B by aligning the benefit package with HUSKY A, eliminating the need for children with special physical health care needs to apply for a separate program (HUSKY Plus) to obtain specialized services and care. In addition, the state could smooth out the premium cliff for the highest income children. Above 300% of the federal poverty level, families pay an unsubsidized monthly premium - between $158 to $230 per child. As of January 2008, there were only 977 children enrolled in HUSKY B at this income level. The state could, for example, with state-only dollars (since federal matching funds are not available) subsidize the premiums for children between 300% and 400% of the federal poverty level, thus creating a more graduated premium structure or eliminating entirely the steep premiums and other cost sharing on these children. Such an initiative would likely reduce the number of uninsured children at this income level. In addition, the HUSKY Plus physical benefit package, currently off limits to these children, could be made available to them as well.

Support repeal of premium assistance program in HUSKY – H.B. 5618, Sec. 3 (repeals Gen. Stat. 17b-261h)

Premium assistance programs use federal and state Medicaid and SCHIP dollars to help pay for private commercial insurance, usually employer –based coverage. The purpose of such plans is to reduce the cost of publicly financed programs (in this case HUSKY A) and at the same time help employers maintain coverage for their employees. Last year the General Assembly passed legislation which would require all HUSKY families who have available employer-based coverage that is "cost-effective", i.e., saves the state money, to sign up for the coverage. Families would be entitled to "wrap around" HUSKY coverage for transportation, and other services not covered by the employer's health plan.

Although the premium assistance concept makes sense in theory, research from other states has demonstrated that it is very costly to implement well; does nothing to reduce the number of uninsured (since such families, by definition, already receive insurance coverage through HUSKY),

does not reduce the cost of commercial coverage, and does not often provide easily accessible "wraparound" coverage.[1] We already have 10 years of experience with one type of wrap-around program – HUSKY Plus Physical for HUSKY B children. In the past two years, just 250-300 children per month are enrolled in HUSKY Plus. The low number of children utilizing these services is in part because of the barrier created by having to apply separately for needed care. Finally, given the long list of legislative projects that DSS has yet to implement, it makes sense to admit that the premium assistance program is not high on anyone's priority list and to repeal it outright.

Thank you for your consideration of this testimony. Please feel free to contact me if you have questions or need additional information.

[1] See, Alker J. *Premium assistance programs: how are financed and do states save money?* Washington, DC: Kaiser Commission on Medicaid and the Uninsured, October 2005. Available at www.kkf.org

**Appendix to Testimony of Sharon D. Langer, Senior Policy Fellow
CT Voices for Children
before the Human Services Committee , February 26, 2008**

Proposed Revisions to Section 2 of Raised Bill No. 5618 – An Act Concerning Revisions to the HUSKY Plan.

Sec. 2. (*Effective from passage*) (a) The Department of Social Services shall not contract with any managed care plan provider for the delivery of health care services under the HUSKY Plan, Part A and Part B prior to July 1, 2009.

(b)The department shall conduct a study [to determine the feasibility and costs of utilizing Medicaid fee-for-service, a nonrisk based contractor or a primary care case management system to deliver health care services under the HUSKY Plan, Part A and Part B. The department shall monitor the implementation of the primary care case management pilot program established pursuant to section 17b-307 of the 2008 supplement to the general statutes to determine whether such system provides a more cost-effective system of delivering such health care services.] on enrollment and the delivery of health services to enrollees under the HUSKY Plan, Part A and Part B. Such report shall compare enrollment and health care utilization prior to January 1, 2008 under the risk-based, capitated managed care system, with the enrollment and health care utilization between January 1, 2008 and January 1, 2009, when one or more of the following delivery systems are in effect: non-risk administrative services contracts, primary care case management pilot program established pursuant to section 17b-307 of the 2008 supplement to the general statutes and Medicaid fee-for-service. The report shall include the administrative costs, the number and rate of ambulatory care visits, the number and rate of emergency department visits, the number and rate of EPSDT screenings and immunizations, the number and rate of denial of requests for prior approval of health services and durable medical equipment, the number and rate of denial of prescription drugs, the number of participating primary care providers and specialty care providers by specialty, and other quality of care measures as recommended by the Medicaid Managed Care Council. Data shall also be reported on the social-demographic characteristics of the enrollees, including but not limited to, age, gender, race and ethnicity, and HUSKY coverage category.

(c) Not later than [January 1, 2009], March 1, 2009 the Commissioner of Social Services shall report to the joint standing committees of the General Assembly having cognizance of matters relating to human services, public health and appropriations, and to the advisory council on Medicaid managed care, established pursuant to section 17b-28 of the general statutes, on the findings of such study.

Statement of Purpose: (1) clarifies the type of information and the time period in which such information is to be collected, analyzed and reported by the Department of Social Services concerning changes to the delivery of health care in the HUSKY program; (2) extends the date by which such study shall be reported to the General Assembly from January 1, 2009 to March 1, 2009; and (3) requires the Department of Social Services to report such findings to the General Assembly's standing committee on public health, in addition to the committees and council already listed.