

**Testimony Opposing  
Senate Bill 843: An Act Implementing the Governor's Budget Recommendations  
Concerning Social Services**

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Before the Human Services Committee  
March 3, 2009

Senator Doyle, Representative Walker 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 here today to oppose Senate Bill 843 – An Act Implementing the Governor's Budget Recommendations Concerning Social Services.** Jamey Bell, Executive Director of CT Voices, is also submitting written testimony regarding the cuts to adult and children's dental services and medical interpretation, independent performance monitoring, and the Care4Kids child care assistance program. I will therefore highlight other areas of the Governor's bill that negatively impact the HUSKY program.

The Governor's budget reductions in HUSKY will result from *eligible* families failing to enroll in the program due to unaffordable premiums, *eligible* families failing to utilize preventive health care due to unaffordable co-pays, and health care providers being on the hook for co-pays that they cannot collect from many of the individuals whom they treat.

The Governor's proposals to cut \$273M<sup>1</sup> from health care programs for families and individuals should be carefully evaluated in light of the newly enacted Children's Health Insurance Program Reauthorization Act (CHIPRA, referred to below as CHIP) (P.L. 111-3) and the federal stimulus package (The American Recovery and Reinvestment Act). Together these two pieces of federal legislation will bring more than **\$1.32 billion** in new federal Medicaid and CHIP funding over the course of the next few years. CHIP is authorized from April 1, 2009 through September 30, 2013. The federal stimulus covers the period October 1, 2008 through December 31, 2010.

President Obama stated this week that the stimulus plan will "ensure that [states] **don't need to make cuts** to essential services Americans rely on now more than ever. . . and money will be waiting to **help 20 million vulnerable Americans. . . keep their health coverage.**"<sup>2</sup>

The federal stimulus increases the amount that Connecticut will be reimbursed by the federal government for its Medicaid program during 9 calendar quarters beginning October 2008. The Federal Matching Assistance Percentage (FMAP) will increase by about 12 percentage points over the state's current rate of 50%. That means the federal government will increase its reimbursement from 50 cents to almost 62 cents on each dollar spent in Connecticut's Medicaid program for most of the next two years. The 62 cents takes into account the additional

percentage point increase Connecticut receives because, like many states, it is experiencing high unemployment.<sup>3</sup>

In light of this large infusion of federal health care dollars, and the role of Medicaid and CHIP as programs that help families and the economy during a recession (counter-cyclical measures), the state should not be cutting back its Medicaid and HUSKY programs. The Governor's recommendations shift costs to low-income families and individuals – costs they simply cannot afford. We have enacted or attempted to enact many of these proposals before. The results: Thousands became uninsured, utilization of more expensive health care services increased, and investment in our health care infrastructure suffered.

There are new opportunities in the CHIP bill to help Connecticut maintain its commitment to children and families in HUSKY and also to make improvements to the program. CHIP reimburses Connecticut 65 cents on the dollar for the subsidized portion of our HUSKY B program that covers children between 185% and 300% of FPL. *This means we have to cut about \$3.00 in HUSKY B to save a state dollar and \$2.00 in Medicaid to save a state dollar. With the increased FMAP for Medicaid, we will have to cut closer to \$3.00 to realize the same savings.*

Unlike Medicaid – CHIP is a capped state entitlement. *Connecticut has never used its entire federal CHIP allotment.* If we do not use all the allotted money, the federal government redistributes the unspent portion to other states. From the beginning of the CHIP program in 1997 to 2007, *over \$100M* allocated to Connecticut was left on the table for redistribution to other states.<sup>4</sup> Under the new CHIP bill, we will have only two – rather than three – years to spend our allotments. In addition, the amount of the allotments will now be based on the state's projected spending on its program rather than the estimated number of uninsured children in the state. *Connecticut is slated to receive an increase from \$29M to approximately \$45.6M in federal funding in FFY 09,<sup>5</sup> far more than our combined state and federal spending on HUSKY B in FY 08 (\$32M).<sup>6</sup>* Additional CHIP funds will be available to increase the number of children in *Medicaid* whose coverage qualifies for the higher federal match rate.<sup>7</sup>

We **oppose** the following specific proposals in the Governor's budget:

- **(Sec. 8) Elimination of state-funded health care coverage for legal immigrants:** Immigrant families in Connecticut work and pay taxes to contribute to HUSKY, yet they and their children will be denied coverage for non-emergency care. This is wrong. In addition, under the new CHIP legislation, Connecticut will be able to claim federal Medicaid and CHIP matching funds for pregnant women and children on Medicaid (HUSKY A) and HUSKY B, who are recent legal immigrants. Under the 1997 federal "welfare reform" law, states were prohibited from using federal matching funds to cover legal immigrants in the US for fewer than five years. To the credit of state lawmakers, Connecticut has maintained coverage for this population with state-only dollars. Connecticut now has the opportunity to claim federal reimbursement of 62 cents and 65 cents on every dollar for eligible immigrants in Medicaid/HUSKY A and HUSKY B, respectively.<sup>8</sup>
- **(Secs. 19, 20, 49) Reduction in access to health care by increasing premiums and co-pays for HUSKY families:**

- Imposes premiums and co-pays on adults in HUSKY A with family income between 100% and 185% of FPL
- Imposes co-pays on children in HUSKY A
- Increases premiums on many of the children in HUSKY B <sup>9</sup>

Past attempts to increase premiums for HUSKY families have resulted in thousands of families dropping off the program when they could not afford the increased costs.<sup>10</sup> These increases were reversed by policymakers when the effect became clear. Research shows that the uninsured are increasingly less likely to obtain health insurance as premiums increase.<sup>11</sup> The federal stimulus package may prohibit DSS from imposing premiums on Medicaid enrollees if premiums are considered a change in eligibility rules that reduce coverage. The stimulus requires states to maintain their eligibility rules and procedures as a condition for receiving the higher FMAP.<sup>12</sup>

- **(Sec. 48) Imposes needless and duplicative paperwork requirements by eliminating rules that allow “self-declaration” of income.** The state already has the ability to verify income through electronic databases and other means. Adding more paperwork requirements will delay health care, increase administrative costs, and burden DSS staff. Lawmakers *reinstated* self-declaration rules when they and DSS officials recognized that cumbersome income verification rules acted as a barrier to enrollment of eligible children and families. The federal stimulus package requires states to maintain their eligibility rules and procedures in effect as of July 1, 2008 in order to qualify for the increased Medicaid funding.<sup>13</sup> *This means that DSS will not be able to eliminate self-declaration rules in order to obtain the savings noted in the Governor’s budget (\$2M in FY10 and \$2M in FY11).*
- **Reduces access to preventive and cost-effective health care for families in HUSKY by reducing benefits:**
  - (Sec. 18) eliminates access to coverage for over-the-counter medications for adults**  
Low-income residents often do not have the money to purchase less expensive over-the-counter drugs, forcing them to go without needed medications or to use more expensive prescription drugs. The federal government provides matching funds (currently about 62 cents on the dollar under the federal stimulus legislation) to help pay for these services.
  - (Sec. 18) eliminates the automatic 30-day filling of a new prescription when prior authorization has not been obtained**  
In cases where prior authorization was required but not obtained by the doctor, this policy ensures that an individual does not leave the pharmacy without the prescription written by the physician. There is then time for the pharmacist and/or patient to follow up with the physician to obtain the prior authorization request in the event that a re-fill is necessary. This bill would limit the temporary supply to five-days “pending receipt of such authorization”. Experience within the HUSKY program has demonstrated that it is difficult for patients to obtain the five-day supply in the first instance, and difficult to obtain the prior authorization from physicians within the short five-day period.
  - (Sec. 60) narrows the definition of medically necessary services.** Access to a full array of medically necessary services is vital to those with chronic and disabling conditions. This proposal has been rejected many times by the legislature and should be rejected again. The Governor gives no description of the services that would be cut in order to garner the

millions in dollars of savings (\$4.5M in FY10 and \$9.0M in FY11). Children are entitled to *all* medically necessary services as a result of the protections in the Early and Periodic Screening, Diagnostic and Treatment requirements codified in state and federal Medicaid law.<sup>14</sup>

**(Sec. 46) includes mental health-related drugs** in the Department's Preferred Drug List. The Governor's budget estimates a cost savings of \$1.9M in FY 10 and \$2.0M in FY11. Inclusion of these medications on the PDL will prevent children and adults from receiving timely access to necessary prescriptions to reduce the effects of serious mental illnesses. That is why many states, including Connecticut, exempt them from a state's PDL. Individuals have had difficulty obtaining prior authorization for non-mental health drugs not on the PDL in the HUSKY program. This problem will be compounded if the Governor's proposal to eliminate the availability of a 30-day temporary supply of medication is enacted. (See above discussion about the elimination of the temporary supply).

**We also oppose the Governor's HUSKY waiver proposal<sup>15</sup> that would severely restrict the new Primary Care Case Management (PCCM) program to the current pilot sites in Waterbury and Willimantic.** That proposal will come before this committee shortly and should be rejected as written. Last year, both the Human Services and Appropriations Committee approved the PCCM plan to cover "the geographical areas . . . based on the catchment area of providers who choose to enroll in the PCCM pilot."<sup>16</sup> Providers from all of the state have applied to participate in PCCM. The Department should be required to roll out PCCM as developed by the PCCM working group and the legislative committees that approved the plan. It is an opportunity to determine whether paying primary care providers an additional monthly fee to coordinate and manage patient care will improve access to care, health outcomes for patients and produce savings to the HUSKY program.

Thank you for the opportunity to submit testimony in opposition to the Governor's budget proposals related to the HUSKY program. Please free to contact me if you have questions or need additional information.

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<sup>1</sup>See attached list of cuts that include services to HUSKY children and parents, seniors and others who rely on Medicare Part D for prescription drugs, and recent legal immigrant families.

<sup>2</sup> Press Release from The White House Office of the Press Secretary, *President Obama Announces \$15 Billion in Medicaid Relief from ARRA Headed to States* (February 23, 2009).

<sup>3</sup> I. Lav, E. Park, J. Levitis, M. Broaddus, Center on Budget and Policy Priorities, *Recovery Act Provides Much-Needed Targeted Medicaid Assistance to States*, available at [www.cbpp.org/2-13-09sfp.htm](http://www.cbpp.org/2-13-09sfp.htm)

<sup>4</sup> See, R. McAuliffe and S. Langer, CT Voices for Children, *Connecticut Losing Out on Federal Funds for Children's Health Coverage*, (Feb. 2008), available at [www.ctkidslink.org/pub\\_detail\\_392.html](http://www.ctkidslink.org/pub_detail_392.html).

<sup>5</sup> See , D. Homer, J. Guyer, C. Mann, J. Alker, Center for Children and Families, Georgetown University Health Policy Institute, *The Children's Health Insurance Program Reauthorization Act of 2009: Overview and Summary* (Feb. 2009), for an overview of the new CHIPRA legislation, available at <http://ccf.georgetown.edu>. Much of the information above regarding CHIRPA comes from the Center's summary.

<sup>6</sup> Governor's Budget: FY 2010 and FY 2011 Biennium ("Governor's Budget"), *supra* at 538; available at [www.ct.gov/opm](http://www.ct.gov/opm).

<sup>7</sup> Connecticut will be able to draw down the higher CHIP match for children in Medicaid with family income above 133% FPL. (The law rewards states, like Connecticut, that expanded Medicaid income limits for

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children before the original CHIP legislation was passed in 1997). Up until now states were limited to using no more than 20 percent of their CHIP allotment for children in Medicaid with income above 150% FPL.

<sup>8</sup> The Governor proposes to eliminate coverage for *all* legal immigrants, Governor's Budget, *supra* at 519.

<sup>9</sup> The Governor proposes to impose premiums of between 10% and 20% of the cost of services on HUSKY A parents. It is not clear from the proposal how the amount of the premium will be calculated. Per federal law, the premium and co-pay proposals include exemptions for certain groups: "some children under 18, individuals with income below 100% FPL, SSI recipients, pregnant women, and people in institutions." It is unclear *which* "children under 18" are exempt. The proposal also includes increasing the monthly premiums on HUSKY B children with family income between 235% and 300% FPL from \$30 for one child/\$50 for two or more children to \$50 for one child/\$75 for two and \$100 for 3 or more children. It will become even more unlikely that an uninsured parent of HUSKY B children will be able to afford the individual Charter Oak premiums for adult coverage, as well as the increased premiums for their children. The costs are prohibitive.

<sup>10</sup> See, for example, *Avoiding Past Mistakes: Increasing HUSKY B Premiums Would Leave Thousands of Children Uninsured*, (May 2005) CT Voices for Children, available at [www.ctkidslink.org/pub\\_detail\\_241.html](http://www.ctkidslink.org/pub_detail_241.html); *Families at Risk: The Impact of Premiums on Children and Families in HUSKY A*, Connecticut Health Foundation (November 2003).

<sup>11</sup> Ku L., Coughlin T., *Sliding Scale Premium Health Insurance Programs: Four States Experiences*, Inquiry, 1999-2000; 36:471-480.

<sup>12</sup> I. Lav et al., *supra*, *Recovery Act Provides Much-Needed Targeted Medicaid Assistance to States*, available at [www.cbpp.org/2-13-09sfp.htm](http://www.cbpp.org/2-13-09sfp.htm)

<sup>13</sup> *Id.*

<sup>14</sup> See, Conn. Gen. Stat. Sec. 17b-261(i); 42 U.S.C. Secs. 1396a(a)(43), 1396d(r), 1396d(a)(4)(B) and implementing federal regulations.

<sup>15</sup> See, *HUSKY Waiver and Appendices*, available at [www.ct.gov/dss/cwp/view.asp?Q=433816&A=2345](http://www.ct.gov/dss/cwp/view.asp?Q=433816&A=2345)

<sup>16</sup> See, *Plan for the Primary Care Case Management Pilot*, with transmittal letter from Commissioner Starkowski to the General Assembly, available at [www.ct.gov/dss/cwp/view.asp?Q=423906&A=2345](http://www.ct.gov/dss/cwp/view.asp?Q=423906&A=2345)

	Cost '09-10 (millions)	Cost '10-11 (millions)
Emergency <b>dental coverage</b> only for adults	22.7	28.0
No <b>health care for recent legal immigrants</b> except for emergencies or through SAGA	23.6	24.5
<b>Co-pays</b> on Medicaid services	8.5	10.5
<b>Premiums</b> for adults in HUSKY A	8.8	9.3
No Medicaid coverage for <b>medical interpreters</b>	5.5	6.0
Limited definition of “ <b>medical necessity</b> ”	4.5	9.0
Increased <b>income verification</b> requirements in HUSKY A (no “self-declaration”)	2.0	2.0
Delayed implementation of <b>HIV/AIDS</b> community-based services waiver	1.6	4.0
Increased <b>HUSKY B premiums</b>	1.5	1.6
No <b>vision care or non-emergency transportation</b> in SAGA	1.1	1.1
Reduced <b>HUSKY outreach, program support, Healthy Start</b>	.7	2.5
No <b>HUSKY performance monitoring</b>	.2	.2
No clinic funding for <b>pregnant women</b> not eligible for Medicaid	2.0	2.0
<b>Part D wrap-around</b> which holds ConnPACE and Medicaid (dually eligible) participants harmless from limits in Medicare Part D program dismantled	31.0	34.5
Medicaid coverage for most <b>over-the-counter drugs</b> eliminated. Coverage for children in HUSKY A is retained.	7.0	7.6
<b>Mental health-related drugs</b> included in Preferred Drug List system	1.9	2.0
5-day temporary supply of prescription drug (instead of 30-day) dispensed where required <b>prior authorization</b> has not been obtained	1.2	1.3
<b>Prior authorization</b> of certain high cost drugs required	1.4	1.5