

HEALTH MATTERS...ON THE HILL



Health Matters E-Newsletter

February 6, 2009

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1. UHPP Bill Tracker

We are wrapping up the 2nd week of the legislative session! Check out the UHPP's latest edition of [our bill tracker](#). New legislation has been introduced, some with serious consequences! The Tracker is posted on our website [here](#).

2. Medicaid Budget Crisis: Fiscal Year 2009 Medicaid Base Budget Cuts

This week the Legislature finalized a \$365 million reduction in the FY2009 base budget, \$175 million of which was restored using one-time monies from bonding and other sources. Health and Human Services took a \$37.3 million reduction with \$21.8 million back-filled. Though many were back-filled for FY2009, certain Medicaid optional populations and providers are still at risk for significant ongoing cuts.

Nearly all ongoing funds to optional Medicaid populations took a reduction or were eliminated. Utah's Age/Blind/Disabled eligibility was rolled back from 100% to 75% of poverty and the "Medically Needy" program was cut from 100% of poverty to 44% of poverty. We eliminated the Foster Children Independent Living (Medicaid) program. The Legislature also dropped presumptive eligibility for pregnant women and dropped the asset limit for pregnant women from \$5000 to \$3000. Fortunately all these programs were restored for the rest of FY2009 with one-time money. However, unless new monies are appropriated for FY2010, these cuts will take effect in July of 2009.

Beyond eligibility reductions, provider reimbursements took an enormous cut. Hospital reimbursement was reduced between 8-10% (through an assessment) and already low provider reimbursements to doctors, dentists, home health providers, among others were reduced to pre-FY2007 levels. These cuts are at odds with the stated goals of health system reform. **If you know of Medicaid clients who are having trouble finding a provider who accepts Medicaid, please contact us.**

The good news is that Federal economic recovery money is coming soon to help Utah's Medicaid program. However, this will require that Utah maintain its current eligibility levels and eligibility criteria. There should be sufficient new funds to restore provider reimbursement rates along with important Medicaid services like vision care, dental, audiology, physical therapy and occupational therapy.

FY 2009 Eligibility Cuts and Programs at Risk for FY2010

Program	Summary	State General Fund cut and corresponding loss of Federal monies
Reducing 'Age/Blind/Disabled' eligibility from 100% of Poverty to SSI Levels	<p>The federal government requires Medicaid to provide coverage to elderly, people with disabilities, and blind adults with income and assets at or below the Social Security Income (SSI) benefit level or approximately 75% of the federal poverty level (FPL). Utah, like most states, has wisely chosen to increase eligibility for this population to the federal poverty level (\$10,400 for an individual), and this is because the population in question would not have any other option for coverage. Providing only the federally required benefit can cause adults with disabilities who have part-time jobs or limited assets to lose their Medicaid eligibility.</p> <p>5,800 Utahns would lose benefits and join the ranks of the uninsured.</p>	<p>General Funds: \$2.6 million</p> <p>Federal Funds: \$6.4million</p>
Reduce Spend-down Category from 100% FPL to 44%	<p>The Medically Needy or "spend-down program" provides a pathway to Medicaid coverage for low income people who find themselves in a catastrophic medical situation, yet who start out with too much income to receive cash assistance. The opportunity to spend down is particularly important for elderly individuals residing in nursing facilities and children and adults with disabilities who live in the community and incur high prescription drug, medical equipment, or other health care expenses.</p> <p>13,800 Utahns would lose Medicaid coverage.</p>	<p>General Funds: \$2.6 million</p> <p>Federal Funds: \$6.6 million</p>
Eliminate Presumptive Eligibility for Pregnant Women	<p>Presumptive eligibility in Medicaid is an important strategy for improving access to early prenatal care for low-income pregnant women. Presumptive eligibility allow providers to begin treating pregnant women when they first seek prenatal care rather than several weeks later after a final determination has been made by the state regarding their Medicaid eligibility. Access to early prenatal care leads to better birth outcomes, healthier babies, and reduced health care costs.</p> <p>6,250 Women took advantage of this program in FY2008.</p>	<p>General Funds: \$851,600</p> <p>Federal Funds: \$2.1 million</p>
Lower Asset Test for Pregnant women from \$5,000 to \$3000	<p>Currently low-income pregnant women with income less than 133% of poverty can have assets of up to \$5,000 and remain eligible for Medicaid. This proposal would reduce the allowable asset level to \$3,000.</p> <p>The Department of Health estimates that this change would disqualify 5,600 women per year from the program. This shift in policy also sends the wrong message to young families: that they should not be saving for their future.</p>	<p>General Funds: \$3.2 million</p> <p>Federal Funds: \$11.6 million</p>
Foster Care Independent Living Program	<p>Provides Medicaid coverage for adults 18 to 21 who have been in state foster care. Without affordable, quality coverage, this group is at high risk for incarceration and suicide.</p>	<p>General Funds: \$450,000</p> <p>Federal Funds: \$1.1 million</p>

Utah Medicaid Partnership

The Utah Medicaid Partnership (UMP) is meeting every Wednesday during the session to update folks on the ever

changing Medicaid funding situation and strategize on how to protect Medicaid during these difficult economic times.

When: Wednesdays, 1:15 to 2pm

Where: State Capitol, Olmstead Room (East Building, next to the cafeteria)

As the session proceeds there is going to be a great need for advocacy to legislators understand the purpose of Medicaid programs and the impact of proposed cuts.

3. State Health Reform Bills to be Numbered Soon!

The three Health System Reform Task Force bills (*Insurance Market Reform, Administrative Simplification and Health Insurance Coverage in State Contracts*) are finally scheduled to be numbered and made public today or early next week. The largest of the three bills is the *Insurance Market* bill that Speaker Clark plans to sponsor. After compiling feedback from various stakeholders on the draft bill (including UHPP), Speaker Clark released a second draft this week for additional comments. We were pleased to see that many of the amendments UHPP asked for were integrated into the second draft. Yet, we remain concerned with some areas of the bill. UHPP provided a second round of feedback that will ensure the bill is a step forward and meets the needs of Utahns.

Some of our main concerns continue to be with the mandate-lite and limited benefit plans. Last year Representative Dunnigan passed HB 60, Legislative Review of Health Insurance Mandates. The bill amended the process by which the Legislature reviews state health insurance mandates. A specific process was set up to review the cost and benefit of each state mandate so that a joint HHS and Business and Labor committee could make recommendations. Moving forward with mandate-lite before any reports have been completed circumvents the good process that was put into place last year.

One of the cornerstones of a defined contribution arrangement, developed in the Insurance Market bill, is the assurance that a person can access affordable "credible coverage." But, what is the definition of credible coverage? UHPP continues to push for a public/private entity of experts – preferably the Cost and Quality Council created in a bill to be introduced soon by Representative Litvack – that will align the minimum standard for benefits with evidence based medicine.

Two pieces that were taken out of the bill that we would like to see added back include changing the small group definition to include sole proprietors and the reinsurance pool. Both are pro-business pieces that will assist our businesses in either accessing the private market or continuing to participate in the private market. This is especially important in the recession.

In general, this legislation is not comprehensive reform, but UHPP looks forward to strengthening and passing this bill as an incremental step toward health system reform.

4. Dispatch from D.C.: National health reform is coming, but...

Last week Judi and Jessica of UHPP attended Families USA's annual Health Action conference. While there, we visited with 4 out of 5 members of Utah's Congressional Delegation and had productive conversations about Medicaid's status in the economic stimulus package, SCHIP re-authorization (since signed into law by President Obama!), and national health system reform.

The take-home message from the conference was very clear: this will—or actually, must—be the year to tackle comprehensive health system reforms, and the economic stimulus package will contain several important table-setting measures. While the conference left us hopeful about the prospects for bold reform on the national level, **we urge you not to take for granted that the new administration and new Congress will move swiftly and decisively on health care reform.** Though President Obama pledged on December 11th that "*The time has come this year, in this new administration, to modernize our health care system for the 21st century, to reduce costs for families and businesses, and to finally provide affordable, accessible health care for every single American,*" the severe economic downturn means there are those in the Administration and Congress who are concerned about the price tag for health reform. The same concerns were voiced by John Holahan of the Urban Institute, the keynote speaker at UHPP's conference on Tuesday. These concerns are very serious and could delay or diffuse

the momentum around health reform.

Based on feedback from our congressional delegation, UHPP has additional concerns: Will the solution seeking process be truly bi-partisan? Will the reforms work to contain costs or simply expand coverage (expensively)? With financing increasingly tight, Utah's values of cost containment and financial sustainability need to be reflected in the national reforms. The reforms must have substantive input from both ends of the political spectrum or they will fail.

Given the obstacles, political and monetary, we must keep the drum beat going for reform with guaranteed affordable health care for all. Please contact Senator Hatch, Senator Bennett, and your Congressman and urge to them make health system reform a top priority for 2009! Here are well-tested messages you can use in your conversations with them:

- When Wall Street collapsed we were told taxpayers had to support a \$700 Billion bailout. Now we, middle class working families, need our broken health care system fixed. We are struggling to pay health care costs and make ends meet. If we are going to fix the American economy, we need to fix health care.
- The cost of our premiums is skyrocketing, wages are stagnant, and more people are becoming uninsured. Families can't afford the costs and we can't deny people critical care. It would be more cost effective if everyone had affordable coverage and preventive care. The current path is not sustainable and we're all paying the price- we need to fix health care NOW."
- *If you are a small business owner or employee:* Small businesses are struggling with rising health care costs. That's a serious problem for all of us, because small businesses are the engine of job creation in Utah. The success or failure of a business should depend on innovation and hard work-not the cost of health insurance. *Please describe your issues with premium costs.*

How to contact Utah's Congressional Delegation during the February recess:

Senator Hatch: (801) 524-4380

Or email: <http://hatch.senate.gov/public/index.cfm?FuseAction=Offices.Contact>

Senator Bennett: (801) 524-5933

Or email: <http://bennett.senate.gov/contact/emailmain.html>

Congressman Bishop: 801-625-0107

Or email: <http://robbishop.house.gov/ZipAuth.aspx>

Congressman Matheson: (801) 486-1236 or (435) 627-0880

Or email: <https://forms.house.gov/matheson/contact.shtml>

Congressman Chaffetz: (801) 851-2500

5. Call for Stories: these stories are needed to help clarify hot issues and opportunities for policymakers:

Are you recently unemployed and lost your health insurance with your job? Are you trying to afford the expensive COBRA premiums or are you now uninsured? We want your story! While the recession is only increasing the number of uninsured (for details see Families USA's new report: [Unemployed and Uninsured in America](#) analyzes the health coverage status of unemployed workers with low and moderate incomes, including national and Utah-level data), relief may be on the way! Included in part of the Federal Economic Recovery Package are new benefits for people who are laid off and lose their health insurance. (For tips and resources for finding health insurance when you lose your job, [read this guide](#))

Help us demonstrate the need for these programs. Contact Jessica Kendrick at Jessica@healthpolicyproject.org or 801-433-2299.

We are also looking for legal immigrant uninsured children with household income <200% of the poverty level. The CHIP legislation signed into law by President Obama gives states the option to remove the 5-year waiting period for legal immigrant children to qualify for public health insurance. The Utah Legislature will consider 2 bills that would implement this policy, one sponsored by Rep. Kory Holdaway and one by Sen. Luz Robles. Help us demonstrate the need to cover these children! Contact Jessica at Jessica@healthpolicyproject.org or 801-433-2299.

6. **Victory for CHIP Reauthorization!**

"Victory is sweetest when you've known defeat." So describes the reauthorization this week of the Children's Health Insurance Program (CHIP).

President Bush twice vetoed reauthorizing the program. But, on Wednesday, with a stroke of a pen, President Obama opened the door for 4 million previously uninsured children to receive access to quality, affordable health insurance.

In Utah, about 107,000 kids are uninsured. Our state also ranks 10th in the nation for the highest number of uninsured children. 10 out of 11 of these kids have at least one working parent. Especially in the midst of a recession, our families need relief. Parents shouldn't have to worry about how they're going to pay the rent when their child gets a fever or an earache. And thanks to this victory, millions of families won't have to.

For more information about the CHIP reauthorization, visit: <http://familiesusa.org/issues/childrens-health>

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