



Rhode Island KIDS COUNT

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**Testimony Re: Global Medicaid Waiver
House and Senate Finance Committees
August 5, 2008
Elizabeth Burke Bryant, Executive Director**

Mr. Chairmen and members of the Committee, thank you holding this hearing today and for the opportunity to provide testimony. I am here to offer testimony on the proposed Global Waiver that the Rhode Island Executive Office of Health & Human Services (EOHHS) and the Rhode Island Department of Human Services (DHS) plans to submit to the Centers for Medicare & Medicaid Services (CMS). As we indicated during the public hearings that your committees held in May, Rhode Island KIDS COUNT strongly opposes the Global Medicaid Waiver as described in its proposed application for submission.

I am here today to register particular concerns about the inclusion of the Rlte Care program within the Global Waiver proposal.

- **Our Rlte Care program is a state and national policy success story.** Over the nearly decade and a half since Rlte Care was implemented, it has played an important role in Rhode Island's steady decline in the number of children without health insurance (from 10.9% in 1995 to a low of 4.3% in 2002). Because of your leadership, numerous other states have looked to Rhode Island to model their programs on our Rlte Care and Rlte Share programs. Why? Because Rlte Care has a documented history of cost-efficient, evidence-based health care for children, pregnant women and parents that has produced positive health outcomes for all of the populations involved.
- **Rhode Island must protect the gains that we have made in covering children up to age 19 in families earning 250% FPL or less.** As currently written, the Global Waiver commits only to covering "mandatory populations" and "mandatory services," using federal definitions of these terms. According to federal Medicaid definitions, many children and families currently enrolled in Rlte Care are considered "optional" populations – including children who are younger than age 6 whose family earns more than \$23,408 (133% FPL for a family of three) and children over age 6 whose family earns more than \$17,600 (100% FPL for a family of three). The waiver also includes a definition of the "safety net" that is decades behind where most health policy is today, both in other states and at the federal level (as evidenced by the federal State Children's Health Insurance Program (SCHIP), which allows states to extend health coverage to low-income working families that fall into "optional" populations for primary care, rather than relying on emergency safety net services). The reason that states across the country, under the auspices of the SCHIP program, have extended coverage to populations beyond the mandatory populations is because they know that strategically providing primary preventive health care to these additional groups of children and families saves much higher costs down the road and is a wise cost effective investment for the state, in partnership with the federal government.

If budget constraints force the state to reduce Medicaid eligibility for families enrolled in Rlte Care during the period of the waiver, there are thousands of children and adults who could lose access to health coverage—which would *set Rhode Island back decades* in our advances toward leading the country in the number of children with health insurance coverage.

- **Rlte Care’s benefit package for children must remain intact.** One of the proposed elements of the Global Waiver includes a restructuring of the Rlte Care benefit for parents, and the possibility of changes for the benefits provided to children. It is this comprehensive set of benefits that forms the strong basis for the positive health outcomes that Rlte Care has achieved for children, pregnant women and parents.

As part of my testimony, I am attaching a copy of a recent publication that Rhode Island KIDS COUNT published with the Rlte Care Works Coalition called *Rlte Care Results*. This publication shows that Rlte Care has produced positive results across the board – among children, among pregnant women and among parents. These results have meant healthier people *and* money saved from reductions in the inappropriate use of the emergency room, preventable costly hospitalizations, and the need for expensive infant care due to poor birth outcomes.

While the Global Waiver application states that the medical, dental, and behavioral health services provided for children under Rlte Care that are required under the federal Early and Periodic Screening, Diagnostic and Treatment (EPSDT) mandate will be maintained, it would be easy for access to those services to be compromised under the waiver, through increased costs to families for the monthly premiums and increased co-pays.

I would also like to note that while the Rlte Care benefit package for children is comprehensive (in that most of the services covered are required by federal EPSDT mandate), *children are by far the least expensive population to cover*. This fact, combined with the documented positive birth outcomes, high rates of immunizations and well-child checkups for children and adolescents, and fewer preventable hospitalizations, make Rlte Care a wise investment for children.

- **Rlte Care must remain affordable for Rhode Island’s working families.** Article 17 of the FY09 budget and the Global Waiver both allow for increases in the number of families paying monthly Rlte Care premiums and increases in the monthly amount that they pay.

Rhode Island currently has the highest premiums for children’s health coverage among Northeast states and our Rlte Care premiums are already among the highest in the U.S. For example, a family of 3 earning \$26,500 (151% FPL) that is enrolled in Rlte Care is now required to pay \$732 per year (\$61 per month) for its coverage. Starting in the fall, that same family will be required to pay \$1,020 per year (\$85 per month) for its Rlte Care coverage. Compare these annual premiums with our fellow New England states, in which families earning 151% FPL in Connecticut, New Hampshire, and Vermont would pay nothing for coverage, while families in Maine would pay \$192 per year (\$16 per month) and those in Massachusetts would pay \$288 (\$24 per month). Two other states in the Northeast with high costs of living also require much lower premiums, with New Jersey requiring families at 151% FPL to pay \$222 per year (\$18.50 per month) and New York requiring them to pay \$288 per year (\$24 per month).

The Global Waiver application allows the state agencies that oversee Medicaid (EOHHS and DHS) to raise premiums and co-pays even further during the waiver period, with no cap. This would put access to health insurance coverage even further at risk for Rhode Island families.

- **Rlte Care is the only option for health insurance for many children and their families.** Rlte Care covers children up to age 19 who live in families who earn less than 250% FPL (\$44,000 for a family of 3) and low-income working families making between \$26,400 and \$44,000 pay a monthly premium to obtain Rlte Care coverage. While the majority (approximately two-thirds) of all children in Rhode Island have access to health insurance through their parents' employer, there are many who do not. While the rate of employers who offer health insurance as a benefit in Rhode Island has remained fairly steady over time, many employers are limiting employee eligibility to full-time and non-seasonal employees and are increasing the share of the premium that families must pay themselves. The average annual cost for a family to obtain health coverage through an employer in Rhode Island is \$11,924. With an average yearly cost of rent for a family in Rhode Island being \$13,700, obtaining health coverage through the commercial market is clearly out of reach for many working families in Rhode Island.

Rhode Island KIDS COUNT continues to recommend that the population of children and families enrolled in Rlte Care be removed from the Global Waiver and allowed to continue in its current 1115 waiver.

- The state's current Rlte Care 1115 waiver has just recently been renewed by CMS and is slated to begin on October 1, 2008, regardless of the outcome of the Global Waiver application.
- We applaud the language in the Global Waiver that indicates that the lessons learned from Rlte Care will be used in developing new programs and services for other populations, as we know that adults with disabilities and elders in nursing homes will get better services where they want them and save money at the same time if this is done right. What we can not support is putting Rlte Care, the source of those lessons and successes, at risk while doing so, especially when that risk can be mediated by removing the Rlte Care program from the Global Waiver application.
- **Rhode Island needs to reform the parts of the Medicaid system that deals with adults with disabilities and long-term term care for the elderly, but the Global Waiver is not necessary to move forward with that reform. This is Plan B, and this is the plan that I urge you to embrace.** Rhode Island can reform Medicaid services for adults with disabilities and elders in nursing homes using existing waivers and state legislative language. Initiatives to achieve approximately half (\$29 million) of the \$67 million in estimated savings is linked to other actions already taken by the General Assembly, which already are proceeding and need to be given time to work. That leaves \$38 million that would need to be achieved as a result of the rebalancing of long term care. Based on the experience of other states, long term care reform can be accomplished without a Global Waiver – by using both existing waivers and a single waiver that is specifically tailored to long term care reform. If these reforms are undertaken immediately, it will be possible to achieve the \$38 million in savings without the Global Waiver.

Rhode Island KIDS COUNT recognizes that the state of Rhode Island is facing large current and projected budget deficits. However, it is against the financial best interest of Rhode Island for the RItE Care program to be included in a Global Medicaid Waiver. The populations served by the RItE Care program are the most cost-efficient of all Medicaid groups and the services provided by RItE Care to children, pregnant women and parents save the state from costly health services in the future. RItE Care works for Rhode Island and Rhode Island KIDS COUNT strongly encourages the General Assembly to protect the investments that it has made in this program to ensure that children and families in Rhode Island continue to have access to health care in the future.

Thank you for the opportunity to testify today.