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Health Care Coverage – Dec. 23 (2009 Issue # 10)
Wisconsin Budget Project – WCCF
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Please feel free to forward messages to any other interested parties, and encourage others to sign up for this and/or other WCCF mailing lists at <http://capwiz.com/wccf/mlm/signup/>.

NOTES: With the U.S. Senate poised to take a historic vote tomorrow on a comprehensive health care reform bill, this issue examines what that bill means for health care coverage for kids and how the House bill is generally better in that regard. (See items 1-3.)

And as you make your year-end charitable contributions, please consider making a tax deductible contribution to WCCF. To keep analyzing health care issues, WE NEED YOUR ASSISTANCE. See item # 9.

Thanks for using this e-newsletter, and best wishes for the holidays.

Jon

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1. IS THE HEALTH CARE REFORM BILL GOOD FOR KIDS?

Many child advocates have felt somewhat ambivalent about the health care reform bill, especially the Senate version. Clearly there are many very positive things about both the House and Senate versions, particularly in the area of consumer protection provisions. Both bills would significantly reduce the number of uninsured people in the U.S., and the Congressional Budget Office (CBO) says both bills would reduce the federal deficit. But would coverage of kids improve?

A [paper released Dec. 22 by the Center on Budget and Policy Priorities](#) concludes that the "vast majority of children would be as well off or better off under House health bill than under current law. It cautions, however, that the same cannot be said of the Senate bill. Despite changes in the Reid Amendment that made improvements for kids coverage, relative to earlier versions of the bill (see item #2), the House bill is still considerably better with respect to coverage of kids and parents (see item #3).

Here are the highlights of the CBPP arguments about how the House bill would be good for most kids:

- The CBO estimates that 36 million uninsured people would gain coverage. Although their analysis does not provide a breakdown by age, it appears that most of the 8 million children who are now uninsured would gain coverage.
- The House bill mandates that by 2018 all employer-based coverage must include an "essential benefits package" that includes dental, vision, hearing and mental health coverage for kids, as well as well-baby and well-child care, and that package may not include any cost sharing for preventive services. This would be a huge policy breakthrough, since more than half of children in the US have employer-based health insurance.
- The House bill would also improve coverage for the 3.2 million children insured through the individual market, because beginning in 2013 they would be covered through the exchanges and would receive the more comprehensive coverage noted above (for employer-sponsored insurance). In addition, they would receive premium subsidies if their family income is below 400% of poverty and cost-sharing subsidies for families below 350% of poverty.
- Kids in many other states (but not WI) would benefit from the House bill's expansion of Medicaid to 150% of poverty because that change would eliminate premiums and improve the benefit package.
- States that have Medicaid expansions for kids that are funded by CHIP would be required to maintain that coverage. (I'm still trying to nail down how that would affect WI, in light of our complex mix of MA and CHIP funding.)

The CBPP paper acknowledges that some kids, particularly those in states with separate CHIP programs, could be worse off under the House bill, if they are moved from CHIP coverage into a health insurance exchange. But CBPP notes that the family as a whole could be better off because uninsured parents would gain coverage. And in contrast to the Senate bill, the degree to which kids above 150% of poverty would be worse off by being moved into exchanges would be mitigated because the House bill mandates a strong benefits package for the exchanges and has stronger subsidies for low-income families than the Senate.

2. RECENT CHANGES STRENGTHEN THE SENATE'S PROVISIONS FOR KIDS

As we discuss in item # 3, below, there are many ways in which the House bill is better than the Senate version. Nevertheless, the revisions made in [the amendment developed by Senator Reid](#) (known as the "Manager's Amendment") make a number of improvements relating to health care for children, compared to the previous version of the Senate bill.

A [Dec. 19 blog by Dawn Horner](#) of the Center for Children and Families (at Georgetown U.) has a comprehensive list of those improvements for kids' coverage. Those improvements for children include the following:

- A 2-year extension of CHIP funding (through Sept. 2015).
 - A somewhat stronger requirement for states to maintain current eligibility and enrollment procedures for children, through 2019 (though I believe states could pare back coverage after 2015, if or when there was no longer sufficient CHIP funding).
 - Immediately prohibiting insurers from denying coverage to children for preexisting conditions.
 - A substantial increase in the federal share of CHIP spending, beginning in October 2015.
 - An additional \$40 million to extend CHIP enrollment and renewal activities.
 - A requirement that states screen children for Medicaid eligibility before they are enrolled in a health insurance exchange.
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3. ADVANTAGES OF THE HOUSE HEALTH CARE REFORM BILL

Although the Manager's amendment improves the Senate provisions relating to children, the House bill would still be substantially better with respect to coverage of low-income children and parents. Notwithstanding the hard work of Senators Feingold and Kohl, who helped improve the Senate bill in a number of ways, [the CBPP paper](#) referenced above notes that the House provisions are stronger for kids and parents in the following respects:

- The Senate bill has weaker standard for children's coverage in employer-based plans.
- The Senate bill doesn't merge the troubled individual insurance market into the exchanges.
- The Senate version has even lower subsidies for low-income families than the House plan (which was already considerably more expensive than BadgerCare Plus for many low-income families between 150 and 200% of FPL).
- The Senate bill provides much weaker oversight of the coverage provided by the health insurance exchanges.

Also, I believe the House bill is stronger for kids in states like WI because it requires states with CHIP funded Medicaid expansions to maintain that coverage, rather than rolling back eligibility and moving kids into an exchange. However, just what that would mean for WI and how it compares to the Senate bill is something I'm still trying to sort out. The Senate bill does contain a significant improvement for kids because the Manger's Amendment extends CHIP funding through Sept. 2015.

Of course, the Senate made other problematic changes that one could add to the list above, including the removal of a public option. I certainly agree that it's very disappointing that a public option wasn't included, but that's a lower priority for us than the subsidies for low-income families, and I'd also probably put it below the House provisions establishing strong standards for employer-based plans. (See discussion of the "essential benefits package in item # 1.)

For a broader perspective on the differences between the Senate and House bills, there's a very useful [comparison in the NY Times](#). (Note the tables on the right to compare with respect to various different topics.)

4. LFB ESTIMATES LARGE HOLE (of up to \$150 million) IN HEALTH CARE BUDGET

A [Dec. 17th paper by the Legislative Fiscal Bureau](#) estimates that higher-than-anticipated enrollment in BadgerCare Plus is expected to cost the state about \$120 to \$150 million GPR more in 2009-11 than the state expected when it passed the biennial budget bill (\$100 - \$120 million more for BC+ and \$20 - \$25 million more for the Core Plan for childless adults).

Many other states are experiencing the same trends and fiscal strains. Fortunately, states have gotten some relief from the American Recovery and Reinvestment Act (ARRA), which substantially increased the percentage of Medicaid costs borne by the federal government (FMAP). However, the recession has been deeper and is likely to be much longer than was anticipated early this year, -- especially with respect to the effect on unemployment. As a result, states may have to make very deep cuts in Medicaid spending in 2011, if not sooner, if Congress does not extend the increased percentage beyond its scheduled end a year from now.

The House version of the health care reform bill would extend the FMAP increase by 6 months. In addition, the House passed a \$150 billion "jobs" bill last week which included an extension of state fiscal relief -- partially paid for by using unspent Troubled Asset Relief Program (TARP) funds. However it appears unlikely that the Senate will take up either a jobs bill or the FMAP extension before the end of the year.

The LFB paper also describes how HHS is coming up with savings estimated at \$608 million (all funds) from the Forward Health Rate Reform Plan.

5. CORE PLAN ENROLLMENT FOR CHILDLESS ADULTS COULD REACH 68,000

As of the end of November, participation in the Core Plan for childless adults had grown to about 55,000 and the state was still trying to get through the large backlog of applications that were received before the initiation of a waiting list on Oct. 9. According to a recent [Fiscal Bureau paper](#) prepared for the Joint Finance Committee:

"Final enrollment figures will not be available until later this month, when DHS completes its review of the applications received prior to the October 9th deadline. Preliminarily, however, DHS estimates that Core Plan enrollment could reach 68,000 individuals when that review process is completed.

DHS has said that it can afford an average Core Plan enrollment level of about 54,000 on an ongoing basis. To get down to that level from a peak well in excess of 60,000 will require a long period of attrition. And if the state needs to average 54,000 or less for the biennium, the state will need to let enrollment dip far below the sustainable level, in order to offset the higher numbers of people now enrolled. In any event, it seems likely that it will be a long time before the department can begin taking people off the waiting list.

The department continues to work on the development of an unsubsidized alternative to the Core Plan. To read more on that, see the [Nov. 14 article in the Capital Times](#):

6. NEW OPTION FOR COVERING ADULT CHILDREN BEGINS JAN. 1

A provision of the budget bill that takes effect on January 1, 2010, requires insurance policies issued or renewed in WI to provide coverage for adult children until they reach age 27. Additional premiums for adult children must be the same as the premiums for children under age 18.

The new requirement does not apply to adult children with parents who work for private employers that self-fund their health care costs, or children with access to health care coverage through their own employer, provided the premium is not more expensive than the one that would be incurred by a parent adding the child to their family coverage. It does apply to other private plans and to self-insured health plans of the state or of a county, city, village, town, or school district.

An [article by the Commissioner of Insurance](#) in the latest issue of Wisconsin Insurance News describes the new statutory requirement and the new emergency rule that helps clarify what is required. The emergency rule and a list of frequently asked questions can be found at <http://oci.wi.gov/ocirules.htm#2009emer>.

See also this [Journal Sentinel article](#) from Oct. 29.

7. NATIONAL GROUP HIGHLIGHTS WI REMOVAL OF 5-YEAR BAR FOR IMMIGRANTS

The Georgetown University Health Policy Institute's [Center for Children and Families](#) (CCF) occasionally publishes on its website [Postcards from CCF](#), which highlight best practices in states across the country. A recent Postcard features an interview with me about Wisconsin's recent expansion of BadgerCare Plus to cover immigrant children and pregnant women living in the country legally, without a five-year waiting period. WI was able to accomplish this by taking advantage of new opportunities offered by the law that reauthorized the federal Children's Health

Insurance Program (CHIPRA), which provides much of the funding for BadgerCare Plus. CCF also highlighted Wisconsin's efforts in its excellent [Say Ahhh!](#) children's health policy blog.

A more comprehensive review of [opportunities for Wisconsin presented by CHIPRA](#) is available on our website, as is a couple of other publications related to extending coverage to legal immigrant kids and pregnant women.

8. OTHER HEALTH CARE ISSUES IN THE NEWS

-- "[Study: Health plans costly here](#)" - Dec. 23, Wisconsin Rapids Tribune

-- "[Feingold statement in support of Senate bill](#)" - Dec. 20

-- "[The root problem](#); Until the state's reimbursement rate for dentists is addressed, we need to fully support programs that provide oral health services to the poor" - Dec. 14, Journal Sentinel editorial

-- "[Health care changes can't please all](#)" - Dec. 13, Journal Sentinel

-- "[A Bold New Plan for the Uninsured](#)" - Nov. 14, Capital Times - "State officials scrambling to rescue thousands of uninsured residents stranded last month when the state's newest public insurance program froze enrollment have come up with a bold but risky proposal to create a health insurance pool for the poor."

-- "[Rep. Obey: Health care reform his hardest fight](#)" - Nov. 14, Chicago Tribune

-- "[State tightening BadgerCare rules \[for HMOs\]](#)" - Nov. 6, Business Journal of Milwaukee"

-- "[Parents' health insurance could cover children under 27](#)" - Oct. 29, Journal Sentinel

9. PLEASE MAKE A TAX DEDUCTIBLE CONTRIBUTION TO WCCF

It's that time of year to do a little tax planning, including making contributions that will be deducted when you file your taxes next year. As you do so, please consider a gift to WCCF.

If you value this newsletter and the work WCCF is doing to help find ways to fill the huge hole in the state budget, we could really use your help in filling the hole in the WCCF budget. You can contribute on the following portion of our website:

<https://payments.auctionpay.com/ver3/?id=w043832>
