

Testimony of the Children's Defense Fund – New York

New York State Joint Public Hearing
On the 2004-2005 Executive Budget
Re: Health, Medicaid & Aging

Owen H. Johnson, Chairman,
Senate Finance Committee and
Herman D. Farrell, Jr., Chairman,
Assembly Ways and Means Committee

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Introduction

First, I would like to thank the committee chairs, Owen H. Johnson and Herman D. Farrell for hosting this important hearing today and for affording the Children's Defense Fund the opportunity to submit testimony.

For over 30 years the Children's Defense Fund has provided a strong, effective voice for all the children of America who cannot vote, lobby or speak for themselves. CDF educates the nation about the needs of children and encourages preventative investment before they get sick, into trouble or drop out of school, or suffer family breakdown. The Children's Defense Fund has been honored to be a partner in what has been a broadly supported and thoughtful effort to address the crisis of New York's uninsured.

Providing Health Insurance to Those Who Need it Must Continue to be our Priority

New York's public health insurance programs keep families working and healthy, while contributing federal and state health care dollars to local economies. Poor health among adults leads to lower labor force participation, lower productivity, and lower earnings.ⁱ Children in poor health have poorer school attendance, reflected in both lower school achievement and cognitive development, which in turn leads to lower wages and lower labor force participation.ⁱⁱ Health benefits also play an important role in successful transitions from welfare to work. Families leaving welfare for jobs with health insurance are more likely to stay engaged in work for longer periods than those without.ⁱⁱⁱ

Health insurance coverage also translates into better care and better health outcomes for New York's working families. Uninsured children in New York are more than four times as likely as those with public health insurance to lack a regular source of health care or to have an unmet need for prescription medications.^{iv} The uninsured receive less preventive care, are diagnosed at more advanced disease stages, and once diagnosed, tend to get less treatment and are more likely to die of their illness than their insured counterparts.^v

New York's public health insurance programs provide the only opportunity for millions of New Yorkers to have health insurance. Ninety percent of uninsured workers do not have coverage offered to them at work.^{vi} Public health insurance programs help fill this gap. Almost 2 million children in New York, about two in five, receive health insurance through Child Health Plus, making it the single largest provider of health insurance for children in the state. An additional one million parents and other adults are covered through Medicaid and Family Health Plus.

New York's Has Made Great Progress in Meeting the Need of Uninsured Families

New York has made enormous progress in recent years in increasing the availability of health insurance for children and families. Enrollment among eligible families has increased, and the state has witnessed a steady decline in the number of uninsured children. Since 2000 the number of uninsured children in NY has dropped from an estimated 729,000 to 508,000 in 2003; during the same time period CHPlus enrollment grew by 320,000 children.^{vii}

This success is directly attributable to the policy changes and initiatives of recent years. Through program simplifications, program expansions and the creation of facilitated enrollment, New York has created a more rational and effective health insurance safety net for families.

The Proposals Offered in the Governor's Executive Budget Jeopardizes this Progress.

The Governor's Executive Budget threatens this hard won success by adding red tape, cutting coverage and limiting benefits.

- **Reducing Eligibility for Children ages 6-18 from 133% to 100% of the federal poverty level will not save money but will result in a loss of coverage for tens of thousands of children and deny access to important medical services for children with special health needs.**

In 1998, New York passed legislation that eliminated "age-based eligibility." Prior to this change, a child's eligibility was linked to his or her age, with younger children eligible at more generous income guidelines than older children. Under age based eligibility, two children in the same family could be eligible for two different programs: the younger child eligible for Medicaid and the older child eligible for CHPlus. This was confusing and burdensome for parents, and created more costly red tape for the Medicaid and CHPlus agencies. The Governor now proposes undoing this fix, claiming that cost savings will result.

The proposal is problematic for three reasons. First, an estimated 77,000 children currently receiving Medicaid would lose their health insurance coverage. While these children will become eligible for CHPlus B, most will suffer a disruption in their health care coverage and services. Studies have shown that approximately half of children required to renew their health insurance coverage fall out of the program instead. The vast majority of these children remain eligible, but their families are unable to maneuver the complex renewal process required to stay in the program. Many of these children re-enroll, but only after suffering disruptions in their coverage and care.^{viii} The 77,000 children effected by the Governor's proposal can expect an even worse result, as moving from one program to another is even more burdensome than completing the renewal process. Despite years of legislative and administrative effort, our CHPlus A (Medicaid) and CHPlus B program simply are not seamless. Until New York has implemented a truly seamless eligibility system for children, we cannot break down the modest simplifications that have been achieved.

Second, a small but medically vulnerable proportion of these children will lose access to crucial services. Medicaid offers comprehensive health care coverage to children. Thankfully, most children are healthy and never tap into the depth of services available through the program. But for children with special health needs, CHPlus is an inadequate substitute for the Medicaid program.

Third, shifting children out of Medicaid, which guarantees federal dollars for eligible children, to the block granted, and therefore capped, SCHIP program leaves New York at risk of being left without federal financial participation for eligible uninsured children.

Cost savings should not, as a matter of policy and principal, be won through churning eligible children out of coverage or through denying health care services to sick and vulnerable children. Yet without either reducing services or denying coverage, it is hard to fathom how cost-savings could result. New York already receives the enhanced SCHIP participation rate for these children, so moving children would not result in more federal funding. And historically, differences between the managed care rate of payment for children in the two programs has been insignificant.

- **Eliminating presumptive eligibility for children breaks a promise to put the health of eligible children ahead of bureaucratic red tape.**

In 1998 New York passed legislation mandating the implementation of “presumptive eligibility” for children. Already, presumptive eligibility (PE) allows eligible pregnant women applying for Medicaid to start receiving services right away while the local Medicaid agency processes their application and paper work. Today, despite the urging of advocates, agency officials are still formulating an implementation plan and PE is not available for New York’s children. Rather than eliminating this important initiative, the state should implement it.

- **Cutting Facilitated Enrollment (FE) for children and eliminating (FE) for adults will bring new enrollment to a screeching halt and increase the number of uninsured.**

By every measure facilitated enrollment has been enormously successful in ensuring that New York’s public health insurance programs reach the families and individuals for whom they were created. Community-based facilitated enrollers have enrolled approximately 266,000 children and 92,300 adults in health insurance since the program was launched. **Last year alone, community based facilitated enrollers helped nearly 150,000 eligible New Yorkers get health insurance, almost 95,000 of them children.** Tens of thousands more have received help with the often difficult renewal process, helping these eligible families keep their health insurance. When combined with the contributions of health plans, the importance of facilitated enrollment to New York’s uninsured is staggering: 70% of adults enrolled into Family Health Plus in New York City were enrolled through facilitated enrollment.

Because approximately three out of four uninsured New Yorkers are working, facilitated enrollment has been particularly important in ensuring that hard working families, who often cannot take time during the workday to travel a Medicaid office, have the opportunity to apply for health insurance during evening and weekend hours. Individualized assistance helps eligible self employed applicants such as family day care providers, food vendors, truckers, and family farmers, comply with the complex eligibility rules that previously prevented them from getting coverage. Facilitated enrollers’ willingness to travel helps bridge the distances that previously blocked rural recipients with little or no access to public transportation from getting needed coverage. And their diverse linguistic and cultural capacity – enrollers speak over 35 different languages – reach into immigrant communities and help local districts fulfill federal and state language access mandates address.

Community-based facilitated enrollment has been proven to help families. A recent study of families enrolled through facilitated enrollment found that more than nine out of ten families who enroll through facilitated enrollers rate them as “friendly,” “helpful” and “knowledgeable.” This study also found that eight out of ten families who apply for health insurance through community-based facilitated enrollment got coverage, and that the enroller played an important role in this success.^{ix}

- **Changes to Family Health Plus, including requiring an asset test, eliminating dental and vision services, adding co-payments, requiring a 12-month waiting period for those who have group coverage, and prohibiting coverage for those employed by government or a business with more than 50 employees will undermine the success of the program, and compromise the health of New York’s families.**

It is far too soon to declare victory or to retreat from New York’s commitment to provide working families access to affordable health insurance. Too many children and families remain left behind. Nearly three million New Yorkers are uninsured,^x more than half a million of them children.^{xi} Eighty-five percent of uninsured New Yorkers live in working families, seven out of ten in families with at least one full time worker.^{xii} Over half of uninsured children in New York live in two parent families.^{xiii} Uninsured New Yorkers are working hard and following the rules, but still cannot provide for the health of their families.

There are better choices. More than two-thirds of New York's uninsured children, and more than a third of uninsured adults, are eligible for, but not enrolled in, public health coverage.^{xiv} Recent research shows that complicated eligibility procedures make it difficult for families to get and keep their health care.^{xv} Simplifying the eligibility procedures would go a long way towards getting and keeping eligible families connected to care, while saving state dollars currently wasted on red tape. Recent research indicates that enrollment costs could be reduced by up to 40% if New York's application process were simplified. These resources would be better spent on the health of our state's families.^{xvi}

Every child deserves a healthy start in life. Every adult deserves to have access to the health care they need to keep working and to care for their families. Working together we can continue our progress. We can ensure that in this great state we *leave no child behind*.®

ⁱ Hadley, Jack. "Sicker and Poorer: The Consequences of Being Uninsured," *Medical Care Research and Review*, Vol. 60, No. 2 (Supplement), June 2003.

ⁱⁱ Id.

ⁱⁱⁱ Johnson, A., Meckstroth, A., "Ancillary Services to Support Welfare to Work" Mathematica Policy Research, Inc. June 22, 1998; Patel, N., Greenberg, M., Savner, S., Turetsky, V., "Making Ends Meet: Six Programs tht Help Working Families and Employers," Center for Law and Social Policy, June 2002.

^{iv} Tabulations from the 1999 National Survey of American Families, "Health Insurance, Access, and Use: New York," Urban Institute: Assessing the New Federalism, December 2001.

^v Supra note i.

^{vi} Holahan, D., Cordova, M., Haslanger, K., et al., "Health Insurance Coverage in New York, 2001," United Hospital Fund, , June, 2003.

^{vii} Calculations of the number of uninsured children under 19 are done by Children's Defense Fund and are based on three-year averages from the Current Population Survey.

^{viii} Lipson, K., Fishman, E., Boozang, P., Bachrach, D., "Rethinking Recertification: Keeping Eligible Individuals Enrolled in New York's Public Health Insurance Programs," Manatt, Phelps & Phillips LLP, August 2003; Birnbaum, M., Holahan, D., "Renewing Coverage in New York's Child Health Plus B Program: Retention Rates and Enrollee Experiences," United Hospital Fund (2003).

^{ix} Dutton, M., Fairbrother G., "Barriers to Enrollment in Child Health Insurance Programs," Children's Defense Fund and the New York Academy of Medicine, Spring 2003.

^x Supra note vi.

^{xi} Figures derived by the Children's Defense Fund from data collected in the March 2001 through 2003 Current Population Surveys.

^{xii} Supra note iv. These estimates exclude the elderly.

^{xiii} Supra note iv.

^{xiv} Supra note vi.

^{xv} Lawler, K., "Reality Check: A View from the Front Lines of Public Health Insurance Enrollment," The Children's Aid Society, March, 2003; Immigrant Child Health Project: "Experiences of Immigrant Children in Public Health Insurance Programs," Children's Defense Fund, August, 2002.

^{xvi} Faribrother, G., Dutton, M., Bachrach, D., et al, "Costs of Enrolling Children in Medicaid and SCHIP," Health Affairs Vol. 23, No. 1, Jan/Feb 2004.