



Potential Consequences of Proposal to Further Reduce Eligibility for HUSKY Insured Parents

BACKGROUND

- Connecticut currently offers Medicaid (HUSKY A) to parents whose income is at or below 155 percent of the Federal Poverty Level (FPL). The state legislature reduced the Medicaid income eligibility limit for parents from 201 to 155 percent FPL in 2015.
- As a result of the 2015 legislation, one group of parents lost Medicaid eligibility in August 2015. A second, larger group of parents will lose Medicaid eligibility in August 2016 when their transitional Medicaid benefits expire.
- In Governor Dannel P. Malloy's revised budget proposal for 2016-2017, a further rollback would reduce eligibility to 138 percent FPL – the national Affordable Care Act minimum level.

RESULTS OF 2015 ELIGIBILITY CUTS TO-DATE

Parents from 155 to 201 Percent FPL

- At the time of the 2015 legislation, analysts at UMass Medical School estimated that 70 to 80 percent of affected parents would obtain health insurance elsewhere. UMass also estimated that **those who enrolled in subsidized coverage through Access Health CT would face an increase in annual out-of-pocket costs (premiums plus cost-sharing) of \$2,100**. This estimate was based on an analysis of federal assistance offered through the Affordable Care Act and published studies documenting the results of similar coverage changes in other states.
- According to data from the Connecticut Department of Social Services (DSS), six months after the initial group of 1,215 parents lost Medicaid coverage, DSS had determined via ex parte review that nearly half (47 percent) were still eligible for and enrolled in Medicaid, either through HUSKY A or another category of coverage. Of the 645 parents who did not continue to be eligible for Medicaid, **only 27 percent were enrolled in a qualified health plan (QHP) through Access Health CT**. Even allowing for some of the other parents finding coverage elsewhere, this take-up level is below UMass's estimates. Nearly half (44 percent) of those enrolled in a QHP experienced a gap in coverage during the transition from HUSKY to a QHP.¹
- One reason for the discrepancy between Connecticut and the experiences of other states is the magnitude of increased out-of-pocket costs. Connecticut's 2015 action resulted in an estimated average increase of \$160 per month for parents who lost HUSKY eligibility and moved to Access Health CT; this represents about five percent of the income of the average household in the affected income range.² It is reasonable to predict that such an increase would deter some portion of the group from purchasing coverage. Some may also enroll and then later drop coverage if they are unable to manage the cost. A new review of available studies found that premium increases of \$15 to \$20 a month in Medicaid and Children's Health Insurance Programs coincided with enrollment decreases from 5 to 20 percent, suggesting that Connecticut's larger increases would result in an even greater drop-off.³

continued

RESULTS OF 2015 ELIGIBILITY CUTS TO-DATE (continued)

- An older study of states introducing sliding scale premiums in their publicly subsidized insurance programs estimated that a premium equal to about 5 percent of a family's income results in a 20 percent participation rate among eligible people.⁴
- Though it is possible that these parents could have enrolled in other coverage, for example through employer sponsored health insurance or military insurance, that effect is likely to be small.
- Factoring in those who remained Medicaid eligible as well as the outreach and administrative costs to transition those who lost eligibility, the cuts are not achieving the level of assumed savings for the state.

POTENTIAL EFFECTS OF 2016 PROPOSED CUTS ON FAMILIES

Parents from 138 to 155 Percent FPL

There are approximately 8,700 parents enrolled in HUSKY with incomes between 138 and 155 percent FPL (\$27,800 to \$31,200 per year for a family of three) who would be affected by further reducing eligibility.⁵ **UMass estimates that the average increase in out-of-pocket costs for this group (premiums plus cost sharing) with subsidies would be about \$1,200 annually, or about \$100 per month** if they purchase a QHP through Access Health CT. QHPs come with thinner mental health and substance abuse benefits than

HUSKY and those wanting to maintain dental coverage would also need to purchase a stand alone dental plan.

The experiences of other states still point to an estimate that 30 percent of HUSKY parents would become uninsured. In other words, about 70 percent of affected parents would enroll elsewhere or stay on Medicaid. However, only 61 percent of the 1,215 HUSKY parents affected by the 2015 eligibility reductions were known to be enrolled in health insurance following the change, including those who retained Medicaid eligibility.



Affected families in Connecticut have not been as successful as those in other states in maintaining health coverage. If the same outcome were to hold for the 8,700 parents between 138 and 155 percent of FPL, about 3,400 might end up uninsured.

Other State Policies

While other states do not typically include parents in the 138 to 155 percent FPL range in Medicaid, several states (MA, MN, NY, and VT) provide additional subsidies for these parents through a variety of mechanisms. In 2014, the uninsured rates

in these states for non-elderly adults with income below 200 percent FPL were 8 percent, 18 percent, 16 percent and 11 percent respectively. The corresponding rate in Connecticut was 24 percent.⁶

REFERENCES

1 So Many Americans Experience Breaks in Coverage and How the Affordable Care Act Will Help. The Commonwealth Fund, April 2012.

2 Rachel Gershon, Katharine London and Robert Seifert. How Proposed HUSKY Cuts Will Harm Low-Income Families. Connecticut Health Foundation, March 2015.

3 Bendan Saloner, Stephanie Hochhalter, and Lindsay Sabik. Medicaid and CHIP Premiums and Access to Care: A Systematic Review, Pediatrics 137 no. 3 (2016) (Looking at premium increases for children). The

studies that UMass reviewed last year did not always report the magnitude of out of pocket cost increases, but when they did the magnitude was lower than Connecticut's 2015 experience.

4 Leighton Ku and Teresa A. Coughlin, Sliding-Scale Premium Health Insurance Programs: Four States' Experiences. Inquiry 36:4 (Winter 1999/2000).

5 Connecticut Office of Policy and Management

6 Kaiser Family Foundation estimates based on the Census Bureau's March 2015 Current Population

Survey (CPS: Annual Social and Economic Supplements). State Health Facts, Kaiser Family Foundation. Accessed March 28, 2016.



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