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Mandated Benefits: Essential to Children and Youth with Special Health Care Needs (see page 2)

Reducing Under-Insurance for CYSHCN through Medicaid Buy-in Programs

**UPCOMING
PUBLICATIONS**

Financing Care Coordination for CYSHCN

State-at-a-Glance Chartbook on Coverage and Financing of Care for CYSHCN

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New Legislation to Impact Financing of Care for CYSHCN

Families enrolled in Medicaid might face higher costs under the newly passed federal Deficit Reduction Act. Meanwhile the 'Enzi Bill,' which potentially threatens mandated benefits and other consumer protections, gains momentum in the Senate.

Deficit Reduction Act

The Deficit Reduction Act (DRA) was signed into law in February.

Most of the measures outlined in the new law are optional; states will choose whether to implement them through state plan amendments. Because decisions will vary by state, it will take time for the true impact of the DRA to be revealed.

DRA changes that may affect families of CYSHCN include the following:

Premiums. Prior to the DRA's passage, states were not allowed to charge Medicaid recipients a premium or enrollment fee, with limited exceptions. Now, families whose income is more than 150% of the federal poverty level (FPL) can be charged a premium. And states can decide that failure to pay premiums within 60 days can result in a total loss of coverage.

Children who are enrolled under disabled eligibility criteria are exempt from premiums. However, because not every CYSHCN served by Medicaid is enrolled through disability criteria, not every CYSHCN is protected. Many are enrolled through poverty criteria; their families are at risk.

Cost-Sharing. The DRA also allows states to require Medicaid recipients to pay co-insurance.

Unlike a co-payment, which is a flat amount, co-insurance is a percentage of the total cost of a health care service. States can now charge co-insurance of between 10% and 20%, depending on income. States can also permit providers to deny care if the patient or family cannot pay their co-insurance at the time of service.

Changes to Benefit Packages. In the past, states were required to cover certain minimum, mandatory services such as doctor visits and hospitalizations, with optional services like prescription drug coverage allowed at a state's discretion. Under the DRA, states can choose to change their benefit package to match

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How Cost-Effective are Medical Homes? Researchers Call for Data from States, Health Plans

If your state or health plan has implemented strategies to support medical homes, and has access to cost and utilization data, the Catalyst Center wants to hear from you.

Along with the American Academy of Pediatrics and others, the Catalyst Center plans to develop a tool states can use to evaluate the cost-effectiveness of medical

homes. Ultimately, when multiple states are using a parallel approach to evaluation, the data they generate will be more meaningful.

Identifying current cost and utilization data for medical home activity is a first step toward that goal. Please contact Meg Comeau (617-426-4447, extension 33, mcomeau@bu.edu) to learn more.

NEW LEGISLATION, *continued*

one of the following so-called 'benchmark' programs:

- The Federal Employees Health Benefits Program package (Blue Cross/Blue Shield Preferred Provider Option Plan)
- The State Employees Health Benefits Package (or the equivalent)
- The benefit package of the HMO in the state with the largest non-Medicaid enrollment OR
- Any other plan that has been approved by the Secretary of the Department of Health and Human Services.

CYSHCN who are enrolled on the basis of disability are exempt from this provision; they remain covered under the earlier mandatory benefits established by the federal government. As in the case of premiums, however, those enrolled based on household income may be affected.

The DRA retains the important EPSDT (Early, Periodic Screening, Diagnosis and Treatment) program for children enrolled in Medicaid based on disability. Other children, however, can be enrolled in one of the benchmark programs, with EPSDT services provided as a 'wrap-around.' There is wide variation in states' implementation of the Treatment component of EPSDT. The DRA, some fear, may create even more unevenness.

Documentation. While states have the option of applying changes to premiums, benefits and cost-sharing, new documentation rules under the DRA are mandatory.

Under the DRA, everyone applying for Medicaid benefits must first prove US citizenship, via official documentation such as a birth certificate or passport. Current enrollees have to recertify – prove again that they are US citizens – every six to twelve months when they re-enroll. Those who are unable to prove citizenship will be denied or dropped from Medicaid coverage.

'Enzi Bill' – Health Insurance Marketplace Modernization Act: S1955 (HIMMA)

The Senate Health, Education, Labor and Pensions (HELP) Committee approved a bill in mid-March that, if it becomes law, will have the effect of deregulating the health insurance industry.

One outcome of the Health Insurance Marketplace Modernization Act (HIMMA), nicknamed the Enzi bill after HELP Committee chairman Sen. Michael Enzi (R-WY), would be the elimination of state-specific mandated benefits.

Mandated benefits are those which a state requires health insurers to offer. While they differ from state to state, mandated benefits may include early intervention services, durable medical equipment, therapies, special formulas and other benefits that are vital to the health and well-being of CYSHCN.

Under HIMMA, insurers would be able to offer 'bare-bones' policies, exempt from state laws regarding benefits, services or

providers. Families of CYSHCN could have to pay more for more comprehensive coverage. Those who are already struggling to afford health insurance may find themselves uninsured.

Supporters of the bill believe it will help small businesses afford coverage for their workers.

The Enzi bill is scheduled for debate in the Senate during the first week of May.

FURTHER READING

The Deficit Reduction Act: A Review of Key Medicaid Provisions Affecting Children and Families from the Georgetown University Center on Children and Families provides a more detailed discussion.
<http://jonesd.ihcrp.georgetown.edu/%7Ejonesd3/reconbrief013006.pdf>

Fact Sheet: President Bush Signs the Deficit Reduction Act offers the Administration's perspective on the DRA's key provisions including Medicaid.
<http://www.whitehouse.gov/news/releases/2006/02/20060208-9.html>

Mandated Benefits: Essential to Children and Youth with Special Health Care Needs, a Catalyst Center brief, describes mandated benefits and their importance to both individual CYSHCN and public health policy.
http://www.hdwg.org/cc/pdf/Mandated_Benefits.pdf

Press Release: Senator Enzi's office issued this release regarding S.1955 and its impact on small business.
<http://www.enzi.senate.gov/smallbusinesshealthplans.htm>

IN THE NEXT ISSUE:

Additional provisions of the DRA, including the Family Opportunity Act (FOA), which allows states to provide a Medicaid Buy-In option for families of children with severe disabilities whose income is up to 300% of the federal poverty level.

For more information about the FOA:

Changes in the Medicaid Program: The Deficit Reduction Act of 2005, is available on the Family Voices website. <http://www.familyvoices.org/Policy/DRA.pdf>

Reducing Under-Insurance for CYSHCN Through Medicaid Buy-In Programs, a Catalyst Center publication, is also available at: http://www.hdwg.org/cc/pdf/Medicaid_Buy_In.pdf