



**The HUSKY Program Budget in Context:
An Analysis of the Governor's Proposed FY 09 Budget**

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Why Public Investment is Important

The HUSKY program is a central component of Connecticut's system of health care for children. **One in four children in the state is enrolled in the program.** National data show that children with health insurance are more likely to have a usual source for care, more likely to have had health care in the past year, and less likely to have gone without needed care. Children are more likely to be insured when their parents are also eligible for coverage. As of January 2008, the HUSKY program provides health insurance coverage for 214,000 children and 98,000 parents and pregnant women through HUSKY A (Medicaid) and an additional 16,500 children in HUSKY B (State Children's Health Insurance Program). HUSKY is a smart public investment. According to analysis by the Kaiser Commission on Medicaid and the Uninsured, while children and parents/caregivers constitute 75% of persons covered by Medicaid in Connecticut, they account for just 23% of all Medicaid spending. Also, 50% of the costs of HUSKY A and 65% of HUSKY B costs are reimbursed by the federal government.

Public Investment Over Time

Funding for HUSKY

	FY 02 (\$M)	FY 02 budget in inflation adjusted 2007 \$ (\$M)	FY 08 Final Budget (\$M)	FY 09 Final Budget (\$M)	FY 09 Governor's Recommended Revision (\$M)	Difference between Gov. 09 & 08 Final Budget: \$M and %*	Difference between Gov. 09 & inflation adjusted FY 02: \$M and %*
HUSKY outreach, Healthy Start, and performance monitoring/ Children's Health Council*	\$4.4M	\$5.1M	\$3.4M	\$3.4M	\$3.4	\$0.5M (1.5%)	\$-1.7M (-33.2%)
HUSKY A	HUSKY A is part of Medicaid; amount for children and parents not available						
HUSKY B	\$17.7M	\$20.4M	\$43.6M	\$52.3M	\$50.1M	\$6.6M (15.1%)	\$29.7M (146%)

* To allow valid year-to-year comparisons, these three programs are aggregated, since there was some variation in where each was funded in the DSS budget over this period. FY02 Children's Health Council (CHC) funding included significant funds for outreach, operation of the Children's Health Infoline, and community provider education, which were eliminated in FY03 and later years. For several years, The Robert Wood Johnson Foundation also provided CT organizations with substantial outreach funding, which ended in 2005. Healthy Start programs provide services to improve maternal and child health for low-income families, including outreach.

Budget and Policy Trends

By 2006, most cutbacks to eligibility and outreach enacted in FY02-03, as well as threatened increases in premiums and copayments in HUSKY, were reversed. In 2007, the Connecticut General Assembly and Governor Rell approved legislation that:

- increased income eligibility for parents from 150% to 185% of the Federal Poverty Level (effective July 2007) and for pregnant women from 185% to 250% of the Federal Poverty Level (effective January 1, 2008)
- increased Medicaid provider reimbursement rates, including dental rates, to encourage more providers to participate in HUSKY and to improve access to care for HUSKY members (effective Oct. 1, 2007 for hospitals; January 1, 2008 for providers)
- continued funding for community-based HUSKY outreach, which is critical to enrolling the uninsured
- provided funds for a primary care case management pilot that would pay providers an additional fee to coordinate the care of HUSKY patients (not implemented as yet)
- provided funds for foreign language interpreter services in the Medicaid program in order to reduce medical errors and improve understanding and compliance with medical recommendations. (not implemented as yet; Governor's budget proposes to *eliminate* this new initiative)

Families that rely on the HUSKY program continue to face barriers to coverage and care:

- The Governor and legislature failed to restore “continuous eligibility” for children, a proven strategy that keeps children enrolled in HUSKY for one year regardless of fluctuations in family income.
- Since July 2006, federal law requires HUSKY A applicants to submit original documents to prove their U.S. citizenship and identity. This has caused widespread delays in processing HUSKY A applications and thus created another barrier to obtaining timely coverage and health care. To help ameliorate this problem, the state could fund additional staff to process applications and offer state-funded benefits to U.S. citizen families who cannot obtain the required documentation.
- The program is in flux due to the exit of two of the four managed care plans from the HUSKY program during the remainder of the SFY 08. It is unclear to what extent such upheaval will impact access to care and provider participation. Stepped-up efforts to conduct outreach and education to families and providers in HUSKY could reduce the chances that enrollment will drop and providers will exit the program.

Governor's Proposed FY 09 Budget

Despite the proven success of the HUSKY program, the Governor's proposed FY09 budget does not provide sufficient funds to address the persistent challenge of enrolling eligible children and keeping them enrolled. Further, the remaining administrative barriers that have discouraged applicants and delayed eligibility determinations are not addressed. More stringent federal documentation requirements have led to delays in enrollment for thousands of families. The Governor's proposal to continue the \$1 million annual allocation for HUSKY outreach is commendable. However, these investments are not sufficient to significantly reduce the number of uninsured children and parents. Access to care is also jeopardized in the Governor's budget. Disappointingly, the Governor has proposed to eliminate the funding for foreign language interpreters in Medicaid, a well-recognized strategy for reducing medical errors and saving money. Her budget reduces spending in the HUSKY B program by \$2.2 million even though our state continues to leave millions of dollars of unspent federal funds for this program on the table that instead could be used for program improvements, such as the reduction in out-of-pocket costs to families, and access to a wider array of services. For at least the second year in a row, the Governor has proposed narrowing the definition of “medically necessary services,” raising concerns about limiting access to needed care for vulnerable children and adults on HUSKY A and fee-for-service Medicaid.

The Bottom Line

On balance, the Governor's proposed FY 09 budget does not invest enough in proven strategies to enroll new families in the HUSKY program and retain coverage for families already enrolled. It reduces access to services by narrowing the definition of “medical necessary” services and eliminating funds for foreign language interpretation services.