

The Federal Stimulus Package and passage of the SCHIP bill: How much health care help can CT expect?

There is a great deal of federal relief coming through the recently passed federal economic stimulus package and the SCHIP reauthorization law, both for the state budget and for the growing number of CT residents who struggle to afford health care and coverage.

Stimulus Package

Most of the federal financial relief to Connecticut is coming through the \$789 billion economic stimulus package that passed Congress February 13th. The package will bring \$3 billion to Connecticut, much of it for health care. The package includes:

- An increase of 6.2% in Medicaid matching funds bringing CT an estimated \$1.3 billion more in federal reimbursements over the 27 months between 10/1/2008 and 12/31/2010. Before the law, CT received 50 cents for every dollar spent on Medicaid; that reimbursement will now increase to over 60 cents. To receive the money, states must maintain eligibility standards, methodologies and procedures. Governor Rell's recent budget proposal to eliminate self-declaration of income in HUSKY may violate that provision.
- States will receive a 2.5% increase in disproportionate share payments (DSH) each year for the next two years. DSH payments are capped allotments of payments states can make to hospitals that serve a disproportionate share of low income patients. All CT acute care hospitals receive some DSH payments.
- CT will receive \$3,725,000 in additional funding for community health centers, expanding access to an estimated 17,030 new patients and creating 125 new jobs.
- Reimburse 65% of COBRA premiums up to nine months for workers involuntarily terminated (laid off) and their families between 9/1/2008 and 12/31/2009. Unfortunately this misses many who lost their jobs earlier in this economic downturn. COBRA is a federal requirement that employers allow workers to continue their health benefits after they leave a job, however the employer is allowed to, and usually does, charge 102% of the total costs of premiums, not just the share the worker was paying. That payment is often very high and, after losing a job, many workers cannot afford COBRA premiums. High income workers do not qualify for COBRA subsidies. Those who make over \$145,000 (single) or \$290,000 (joint filers) will have to repay the subsidy; slightly lower income tax filers will have to repay some of the subsidy.
- Significant resources to encourage health care providers to adopt health information technology (HIT) under Medicare and Medicaid. The package provides 100% Medicaid reimbursement to the state for payments to providers for electronic health records (EHRs) and 90% reimbursement for administrative costs related to these payments. Non-hospital based physicians, nurse practitioners, midwives and physician assistants who work in community health centers whose patient volume is at least 30% Medicaid can be reimbursed up to 85% of the costs of acquiring an

EHR, support services and maintenance. That reimbursement is capped at \$63,750; pediatricians with 20% Medicaid patient case loads get a smaller subsidy. This provider subsidy should encourage participation in HUSKY's new Primary Care Case Management (PCCM) option by funding a requirement that PCCM providers acquire an EHR or advanced disease registry.

Acute care hospitals with at least 10% of patient volume Medicaid patients are also eligible for HIT subsidies; payments are proportional to Medicaid volume. All but four CT hospitals have at least 10% Medicaid patient volume. Community health centers with Medicaid patients making up at least 30% of patient volume can also receive HIT subsidies. Medicare incentives for providers who acquire and use EHRs are increased by 10% for those who practice in health professional shortage areas. It is expected that these incentives will result in 90% of physicians and 70% of hospitals adopting EHRs in the next decade providing significant savings through better care coordination, improved quality of care, fewer errors, and reduced duplication across the entire health care system including the state.

- Extends transitional Medicaid assistance (TMA) to 18 months through 12/31/2010. TMA allows Medicaid families whose income increases beyond eligibility limits to continue coverage. Currently in CT, families can keep coverage for one year under TMA.
- Extends the Qualified Individual program that pays Medicare premiums for some lower income beneficiaries through Medicaid.

SCHIP reauthorization

On February 4th the President signed the Children's Health Insurance Program Reauthorization Act of 2009, reauthorizing the SCHIP program which was scheduled to expire at the end of March. CT's HUSKY Part B program is funded through SCHIP. The bill increases states' allotments by 82% overall. Connecticut's allotment increased by 21% from \$37.7 million to \$45.6 million. However, Connecticut has never come close to using our allotment in the past.

An important provision in the new law grants federal matching funds to states that cover legal immigrants who have been in the US less than five years. Connecticut now covers all legal immigrants and uses state funding for recent immigrants. Governor Rell has recommended cutting eligibility for recent immigrants completely in her latest budget proposal, saving \$24 million. If policymakers decide to retain the program, the federal government will reimburse the state an extra \$12 million.

The bill allows states to cover children living in families with incomes over 300% of the federal poverty level (FPL) with the higher SCHIP matching rate. Both New York and New Jersey had expanded coverage beyond that level and will now be able to access the higher SCHIP federal matching rate for those children's coverage. Connecticut's HUSKY program is only subsidized up to 300% of FPL.

To fund the expanded coverage, the federal government is raising cigarette taxes by 62 cents per pack. Some states have expressed concern that this tax increase limits their ability to raise funds through a cigarette tax to fill state budget holes.

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