



VIRGINIA POVERTY LAW CENTER

700 EAST FRANKLIN STREET, SUITE 14T1 • RICHMOND, VA 23219
(804) 782-9430 • FAX (804) 649-0974
www.vplc.org

January 17, 2011

To: Health and Human Resources Subcommittee, Senate Finance Committee

From: Jill Hanken, Staff Attorney

Re: Medicaid Budget – Key Concerns Priorities

- Care Coordination:** Item 297 MMMM contains the Governor’s recommendations for expanding “care coordination” and managed care to additional Medicaid populations (dual eligibles, nursing home residents, elderly, disabled) and to Medicaid services, including mental health and long term care. I do support care coordination, but I am very concerned that the language used in MMMM.1 directs DMAS to only use capitated managed care for this purpose instead of allowing for other kinds of care coordination. I urge the subcommittee to delete the language, “The expansion of care coordination shall be applied based on the principle of shared financial risk (or shared savings) ...” This is far too narrow and is contrary to the report and recommendations of the Virginia Health Reform Initiative Report (recommendations 17 and 19) which envision a broad range of possibilities for care coordination in Medicaid, – such as primary care case management, accountable care organizations, and medical home models in addition to traditional managed care. Several states, such as North Carolina, Oklahoma and Illinois have had successful, cost saving experiences with PCCM. The current budget language unnecessarily and prematurely restricts fully exploring a variety of options.
- Maternity Care:** For the second year, the Joint Commission on Health Care has proposed Medicaid and FAMIS Moms coverage for pregnant legal immigrants during their first 5 years in the U.S. This is a federal option, with a relatively low price tag, that has the potential for saving much higher costs for complicated pregnancies and sick babies. This is especially true for Medicaid-eligible legal immigrants, for whom Virginia already covers labor and delivery costs. (See attachment for more information.)
- Coverage for Uninsured Children:** FAMIS Eligibility has not increased in over ten years, and Virginia’s eligibility levels are ranked 43rd lowest in the nation. With 144,000, uninsured children in Virginia, Sen Whipple’s SB 978, (which the Senate adopted but did not fund last year) remains a modest step forward and positions Virginia to utilize more of its allotment of 65% federal matching dollars. (See attachment for more information.)
- Provider Pay Cuts:** We all know that Virginia’s provider rates are already too low, and the cuts scheduled for July 2011 will make the problem worse. I am particularly concerned about cuts to physicians and dentists who are the front line providers of primary care. I am also especially concerned about the cuts to personal care assistants who are the backbone of all our community based care efforts. The 5% cut to PCAs will totally wipe out the long overdue, but very modest 3% increase in PCA reimbursement which was just approved in 2009. It makes no sense to increase waiver slots when the state is failing to pay a reasonable reimbursement. (See attachment for more information.)



VIRGINIA POVERTY LAW CENTER

700 EAST FRANKLIN STREET, SUITE 14T1 • RICHMOND, VA 23219
(804) 782-9430 • FAX (804) 649-0974
www.vplc.org

VIRGINIA SHOULD IMPROVE HEALTH INSURANCE FOR LOW-INCOME PREGNANT WOMEN AND CHILDREN WHO ARE LEGAL IMMIGRANTS

The Problem:

- Most legal immigrants are barred from Medicaid and FAMIS (Virginia's CHIP Program) for the first 5 years they are in the U.S. Currently, Virginia only covers Medicaid-eligible legal immigrant children during the 5-year bar.

The Solution:

- The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) gives states the option to provide Medicaid and/or FAMIS to children and pregnant women legally residing in the U.S. during their first 5 years in the U.S.

Three Specific Legislative Proposals:

1. Virginia should offer Medicaid coverage to pregnant women who are legally residing in the U.S. (Eligibility is 133% FPL, \$24,353/year for a family of 3 in 2011.)
 - Medicaid already covers the labor/delivery costs of Medicaid-eligible legal immigrants as an emergency service – it makes sense to also cover prenatal care.
 - Prenatal care is very cost effective:
 - Can reduce maternal deaths, miscarriages, birth defects, low birth weights, and other preventable problems.*
 - Can avoid the potential long term costs of low birth weight infants who may have serious, sometime lifelong, health complications.
 - This change was recommended by the Joint Commission on Health Care (JCHC) in 2010 and 2011.

Women who receive no prenatal care are 3 1/2 times more likely to have a low birth weight baby and nearly 3 times as likely to give birth prematurely as other pregnant women. Taylor, Alexander, and Hepworth, "Clustering of U.S. Women Receiving No Prenatal Care; Difference in Pregnancy Outcomes and Implications for Targeting Interventions," Maternal and Child Health Journal 9, no. 2 (June 2005): 125-133.

2. Virginia should offer FAMIS coverage to children who are legally residing in the U.S. (Eligibility is 200% federal poverty line, \$36,620/yr. for a family of 3 in 2011.)

- Uninsured legal immigrant children facing a five-year waiting period still need health care, just like all children do.
- If they are forced to delay care, simple problems can turn into more complex and costly emergencies.
- These children may rely on state-only funded safety-net programs, indigent and charity care; FAMIS would bring in a 65% federal match.
- 5 years is a lifetime for anyone waiting for healthcare – especially a child.

3. Virginia should provide FAMIS-Moms coverage to pregnant women who are legally residing in the U.S. (Eligibility is 200% FPL, \$36,620/yr. for a family of 3 in 2011.)

- As noted above, prenatal care is essential to promote healthier pregnancies and better birth outcomes, and it is cost-effective.
- Coverage for legally residing pregnant women would also reduce uncompensated care and charity care costs borne by Virginia hospitals.
- This change was recommended by the JCHC in 2010 and 2011.

COSTS OF PROPOSALS FOR LEGAL IMMIGRANTS*

	FY 12	FY 12
Pregnant Women Medicaid	\$782,842 GF	\$782,841 NGF
FAMIS Children	\$123,633 GF	\$229,606 NGF
Pregnant Women FAMIS-Moms	\$109,675 GF	\$203,681 NGF
Total	\$1,016,150 GF	\$1,216,128 NGF

* Figures are from DMAS do not consider any offsets from current costs – e.g. health department, indigent care, perinatal, special education etc.

Please also see editorial from *Virginia Pilot*, endorsing this coverage. (attached)

Prepared by: Jill Hanken, Staff Attorney, jill@vplc.org



SUPPORT SB 978!

SB 978 provides a small increase in income eligibility limits for Virginia's very successful FAMIS program for uninsured children.

FAMIS currently provides health insurance for over 100,000 children with family income under 200% of the federal poverty line.

At least 42 states have income eligibility limits above Virginia's. (see map)

The family gross income limit would change as follows:

	Monthly Gross Income 200% FPL	Monthly Gross Income 225% FPL
Family of 3	\$3,052	\$3,433
Family of 4	\$3,675	\$4,135

An estimated 49,000 uninsured children in Virginia have gross family income higher than 200% FPL. This change could eventually reach over 10,000 uninsured children.

The estimated cost is \$11.5 million in FY 2012 - \$7.5 million in federal funds (65%) and \$4.0 million in general funds (35%).

The Senate passed legislation - but did not fund – a FAMIS increase last year. The JCHC studied the issue in the interim and determined that Virginia's federal CHIP allocation is sufficient to cover the federal share of the cost of increasing eligibility to 225% FPL. The JCHC supported the increase.

Virginia's failure to utilize its federal allotment means that other states will use funds designated for Virginia's uninsured children.

HEALTHCARE FOR ALL VIRGINIANS (HAV) is a broad-based coalition of health care providers, consumers, insurers, and businesses dedicated to creating and advocating for accessible and affordable quality healthcare for **ALL Virginians**. Over 60 Virginia organizations (see p.2) support the HAV Coalition and its 3 priorities, including "**Cover all Kids**". For more information, contact havcare2010@gmail.com.



Protect Medicaid/FAMIS Provider Payments

Medicaid cuts scheduled in FY 12 of the biennial budget will challenge Virginia providers as they work to care for our most vulnerable citizens.

- **Physicians and Dentists:** Scheduled physician cuts of 4% will make it even harder for Medicaid beneficiaries to access care, especially critical primary and preventive care services. Children, expectant mothers and the elderly often have problems finding providers who accept Medicaid.
- **Personal Care Assistants (PCA):** A 5% cut to PCA reimbursement rates is scheduled. PCAs provide cost-effective home care services to older adults and people with disabilities, including thousands on individuals on CBC Waivers. Currently, Personal Care Assistants earn \$8.86/hour (\$11.47/hour in NOVA) with no healthcare benefits, no retirement benefits and no sick days/vacation days. This cut will wipe out the long-overdue 3% increase in rates implemented just recently (2009), and return rates to close to 2006 levels. It makes no sense to expand waiver slots without supporting the staff needed to provide services.
- **Nursing Homes:** Medicaid is the principal payer for Virginia's nursing homes, financing the care of 61% of the 26,000 nursing facility patients. If the scheduled cuts to nursing homes go through, the total reductions to nursing homes over the past four years totals \$149 million, undermining the ability of facilities to deliver safe, efficient, high-quality long term care.
- **Hospitals:** In FY 12, hospitals and health systems face not only lost inflation increases (about 4 percent) but significant Medicaid rate cuts. Hospital inpatient, outpatient, and capital rates are scheduled to be cut 4 percent. Medicaid payments for inpatient services will fall from 68 cents on the dollar of actual cost to 60 cents.
- **Provider Cuts Mean Fewer Jobs:** Hospitals, nursing homes, health systems and other health providers are often major employers and economic engines in their communities. Continued Medicaid cuts impede this crucial role, hindering these providers' abilities to create jobs and care for patients.
- **Provider Cuts Take Federal Dollars Out of Virginia's Budget:** Cutting Medicaid funding delivers a double blow for providers and Virginia's economy – at least two dollars in lost payments for every dollar of state fund "savings" achieved.

Please use any surplus General Fund dollars to reduce Medicaid provider cuts scheduled in FY 12 of the biennial budget.

HEALTHCARE FOR ALL VIRGINIANS (HAV) is a broad coalition of health care providers, consumers, insurers, and businesses dedicated to creating and advocating for accessible and affordable quality healthcare for **ALL Virginians**. Over 60 Virginia organizations (see p.2) support the HAV Coalition and its priorities. For more information, contact havcare2010@gmail.com.



Supporters

<p> AARP of Virginia American Academy of Pediatrics, Virginia Chapter American Cancer Society American Heart Association Arlington County Medical Society Arlington Free Clinic Boehringer Ingelheim Pharmaceuticals, Inc. Bon Secours Richmond Health System Central Virginia Health Planning Agency Children's Harbor – Places and Programs for Children, Inc. CHIP of Virginia The Commonwealth Institute Consortium for Infant and Child Health (CINCH) Fan Free Clinic Inova Health System Jewish Community Relations Council of Greater Washington League of Women Voters – Richmond League of Women Voters of Virginia Legal Aid Justice Center Legislative Coalition of Virginia Nurses Loudon Community Health Association March of Dimes Maryland - National Capital Area Chapter March of Dimes Virginia Chapter Mary Immaculate Hospital Medical Society of Virginia Medical Society of Virginia Foundation National Alliance on Mental Illness (NAMI) VA National Association of Social Workers- VA Northern VA Access to Healthcare Consortium Partnership for People with Disabilities Patient Services, Inc. PhRMA Potomac Hospital </p>	<p> Prevent Child Abuse Virginia Prince William Health Partnership Rx Partnership SIDS Mid-Atlantic Smart Beginnings – South Hampton Roads Social Action Linking Together (SALT) The Cross-Over Ministry, Inc. Virginia AFL-CIO Virginia Association for Hospices & Palliative Care Virginia Association of Community Services Boards Virginia Association of Free Clinics Virginia Association of Health Plans Virginia Association for Home Care and Hospice Virginia Association of Personal Care Assistants, SEIU Local 5 Virginia Association of Regional Health Planning Agencies Virginia Chapters of the National MS Society Virginia College of Emergency Physicians Virginia Community Healthcare Association Virginia Dental Association Virginia Health Care Association Virginia Health Care Foundation Virginia Hemophilia Foundation Virginia Hospital & Healthcare Association Virginia Interfaith Center for Public Policy Virginia LEND Program Virginia Network of Private Providers, Inc. Virginia Nurses Association Virginia Oral Health Coalition Virginia Organizing Project Virginia Physical Therapy Association Virginia Podiatric Medical Association Virginia Poverty Law Center Virginia Public Health Association Virginia Rural Health Association Virginia Rural Health Resource Center Voices For Virginia's Children </p>
--	---