



VIRGINIA POVERTY LAW CENTER

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TO: Senator Hanger, Chairman and Members, Senate Finance Health & Human Resources Subcommittee

FROM: Jill Hanken, Attorney

RE: Healthy Virginia Plan and Medicaid

I am Jill Hanken from the Virginia Poverty Law Center, and I want to thank you for the invitation to speak today.

First I want to echo the comments of previous speakers. The Governor's *Healthy Virginia Plan* offers very significant help to several groups that need access to health coverage, or – in the case of pregnant women – better coverage.

I believe the *Governor's Access Plan (GAP)* program for those with serious mental illness is a critical part of mental health reform efforts in Virginia. While the legislature has taken many important steps to deal with mental health emergencies, not enough has been done to prevent crises. Please think about the individuals with mental illness who can't get the basic health or medications they need. This is a crisis waiting to happen. The GAP program is specifically designed to help these individuals.

I also want to strongly support the FAMIS coverage for children of low-income state employees. These children have been barred from FAMIS because their parent(s) work for the state. We now know that 5000 of these low income children (income below 205% FPL) are uninsured and can get more affordable coverage through FAMIS.

But, as you know the *Health Virginia Plan* is very limited and does not substitute for the coverage that up to 400,000 Virginians could get by accepting available federal funds to improve Medicaid coverage.

To repeat some basic information about this:

- This is the third legislative session where Medicaid expansion and Closing the Coverage Gap are on the table.
- In 2013 the legislature required Medicaid reforms which are now in place and saving the state millions of dollars.

- In 2014, the opponents rejected all of the many proposals that were made and failed to present any alternatives of their own for a serious, statewide solution.
- Meanwhile, hardworking people across the Commonwealth are still waiting for coverage. They continue to suffer – and some die prematurely – because they don't have the healthcare they need.
- Since January 1, 2014 – Virginia has forfeited over \$1.7 billion dollars in federal funding. This is \$1.7 billion Virginians have already paid in their taxes that could have come back to Virginia to support the uninsured, hospitals, and to help Virginia's economy.
- By not expanding, Virginia is also foregoing over \$160 million of direct savings that could be achieved by using federal dollars rather than state dollars for indigent care, mental health services, hospital care for prisoners and other state-funded health programs.
- Over the past year, a majority of states have taken advantage of the opportunity to expand their Medicaid programs:
 - 27 states plus the District of Columbia have closed their coverage gaps. This includes neighboring states like West Virginia and Kentucky. This also includes states led by Republican Governors like Pennsylvania, Arizona, Iowa, Michigan, Nevada, New Jersey, New Mexico, North Dakota, and Ohio.
 - At least 4 additional states led by Republican governors that have filed proposals or are negotiating with CMS to close their coverage gaps. These states are Tennessee, Wyoming, Utah, and Indiana.
 - Montana and Alaska are contemplating proposals, and there are even suggestions that the governors of NC and Alabama are considering expansion this year.

I want to thank those of you who have supported the new coverage. I especially thank Senator Howell for the budget amendment she has filed this session. Her proposal, to create a "Healthy Transitions Program" is very similar to Marketplace Virginia and the waivers pursued by other states to create a unique program, designed to meet the states' particular needs. The Healthy Transitions Program focuses on populations that need health care support in a transitional way – students, newly unemployed, low wage workers, and people waiting for Medicare. It includes elements used by other states such as higher cost sharing, personal responsibility, cost efficiencies, limits on services, and incentives for work. I urge this committee to support Senator Howell's innovative proposal.

I want to tell you two short stories of people in the Medicaid Gap. Both families reside in SW Virginia – they happen to be constituents of Senator Carrico, but their stories are like those all around Virginia.

- Family #1 is a couple in their 50s. The husband is a veteran and receives VA benefits for his 40% service related disability. He also receives Social Security disability benefits due to a long term back injury and other medical problems. While the husband has health insurance through Medicare, the wife is uninsured. She is her husband's primary caregiver and doesn't work outside the home. She can't get tax credits for private health insurance coverage from the federal marketplace because their income is under the federal poverty line - \$15,730 /year for a family of two. She doesn't qualify for Medicaid because there's no coverage at all for childless adults in our current Medicaid program. She's in the Medicaid Gap. She gets some health care from a local clinic, but can't afford all the health care she needs. For example she couldn't pay \$200 for medicine recently prescribed by a clinic doctor. She also has cancer in her family and is worried about the cancer screenings not offered by the clinic – screenings she can't afford on her own.
- Family #2 is a family of 5 – with 3 children under age 9. The husband is a self-employed builder, contractor and farmer. The family's annual net income from his business is under \$20,000 / year. The three children qualify for Medicaid. But the two parents are uninsured. They would need an annual income of at almost \$28,000 (\$27,910) to buy private health insurance with tax credits on the federal marketplace. That's 100% FPL for a family of 5. But they have too much money to qualify for Medicaid as parents. The maximum income eligibility level for parents with a family of 5 in SW Virginia is only \$9228 per year! (\$769 /month x 12 = \$9228 / year.) These very hard-working parents are in the Medicaid Gap. They worry about their own health and fear accidents and illnesses. In particular, the wife was told to see a rheumatologist to better diagnose and treat a medical condition. But she can't afford it.

These are real families with real concerns about access to health care. They are just two examples of the 400,000 people who could be covered.

My organization continues to work with the Healthcare for All Virginians coalition. This coalition of over 100 organizations urges you to use the available federal funding to start new coverage in 2015! We have a statewide problem – and there is an efficient and cost-effective way to solve it.

Thank you very much. I've attached the list of HAV Coalition members and also additional information about current Medicaid coverage for parents and other populations.