

Make Medicaid Better, Don't Cut It! What You Need to Know About Centennial Care 2.0

The Human Services Department (HSD) recently released its draft plan to renew the state's Medicaid waiver (aka Centennial Care 2.0). The plan would take effect for the five years between 2019-2024. It is available at: <http://www.hsd.state.nm.us/centennial-care-2-0.aspx>. HSD is seeking feedback from stakeholders and will be holding public hearings in June 2017, and then intends to release a revised plan for public comments in September 2017.

The plan includes several alarming changes to cut Medicaid that would be harmful and costly to our families and the State of New Mexico – by reducing health benefits and making it more likely that people will lose Medicaid coverage. Disrupting healthcare coverage will drive our families into further financial hardships and poverty, while also risking significant federal matching funds for Medicaid. The changes include:

- **Premium charges:** Charging new monthly premium fees for children, the working disabled, and other low-income adults whose income is above the poverty level, that will cause thousands of people to lose Medicaid coverage;
- **Ending retroactive coverage** that protects patients from debt by paying for the past medical bills that a person had in the three months before applying for Medicaid;
- **More frequent income checks** every quarter or six months, resulting in coverage loss for people with fluctuating incomes, such as seasonal and part-time workers;
- **Ending a “transitional Medicaid” program** that will result in coverage loss for our lowest income families that have new jobs, promotions, or other changes in earnings;
- **Reducing health benefits** for very low-income adults with dependent children and giving the HSD secretary broad authority to cut more benefits in the future.

The plan should instead focus on improving access to care. Some promising practices are included to coordinate care more effectively and promote health literacy and better outcomes, such as targeted home visitation for young children and providing transitional care for people re-entering the community from detention facilities. These proposals should be encouraged and implemented with strong evaluation systems and feedback from stakeholders.

Included in this packet are documents that provide more detail about the harmful policies. Should you have any questions, please contact either Sireesha Manne or Abuko D. Estrada at 505-255-2840 or by email at Sireesha@nmpovertylaw.org or Abuko@nmpovertylaw.org.

Medicaid Premiums: Higher Costs Will Leave Thousands Without Healthcare Coverage

The Centennial Care 2.0 plan would charge new premiums for Medicaid patients. Premiums are monthly fees that a patient must pay to stay enrolled in Medicaid or the Children's Health Insurance Program (CHIP).

The monthly fees would be charged for children, low-income adults and working disabled individuals with incomes just above the poverty line – for example, a household with a parent and a child that earns \$1354 a month. A person that failed to pay the premium would lose Medicaid coverage and could be refused from applying again for 60 or more days.



- **People will lose healthcare coverage.** Studies of other states that charged similar Medicaid premiums have found that patients struggled to keep up with the monthly fees and thousands of people lost their healthcare coverage.
- **The fees penalize New Mexicans who are doing their best with limited resources.** Families should not have to choose between food, rent gas, and healthcare.
- **Our healthcare system will be strained with higher costs, especially in rural areas.** When patients lose coverage but still need medical care, they turn to the emergency room, resulting in more costly services that we all must still absorb – by paying for government indigent care funds or higher private insurance premiums.
- **The state budget could see long-term negative effects on healthcare costs, without savings** due to higher administrative costs (as some states have found that it's more expensive to administer premiums than what they can collect), untreated and aggravated health conditions, increased use of the emergency room, and more uncompensated care that is paid through government safety net funds.
- **The proposal removes important protections for low-income families under federal law.** Under federal protections, a state cannot charge premiums for patients making less than 150% of the federal poverty level. This proposal asks the federal government for permission to ignore that protection and let the state impose premiums on low-income individuals living just above the poverty line.

Ending Retroactive Coverage: A Bad Deal That Will Throw Families into Financial Debt

The Medicaid Centennial Care 2.0 plan would end retroactive coverage – a protection for people who sign up for Medicaid. Retroactive coverage pays any hospital and medical bills that a person had over the past three months before applying for Medicaid.



Retroactive Coverage Protects Our Families and Healthcare System:

- Without retroactive coverage, **just one hospitalization could turn into crushing medical debt for a family**, even though they were eligible for Medicaid at the time. Hospital bills can range from \$10,000 to well over \$100,000, leaving patients on limited incomes stuck with huge bills that cannot be paid and will be sent to collections agencies.
- People **often don't know they qualify for Medicaid** until they get sick and must go to the hospital or see a doctor. Retroactive coverage ensures those bills are paid.
- This coverage also **protects people when there are delays in applying for Medicaid**, such as when the agency cannot process the case on time, or if a person is dealing with hardships that make it impossible to sign up for Medicaid right away.
- If Medicaid doesn't cover these bills, **hospitals and healthcare providers will not be paid**, leaving them with uncompensated care costs and unable to offer high quality care – especially safety net clinics and hospitals that treat a higher share of Medicaid patients.

HSD Should Not Ask to Go Around Federal Rules to End This Coverage:

- The Human Services Department (HSD) says retroactive coverage protections in federal law are not needed because the agency can make “real time” enrollment decisions for Medicaid on the same day a person applies for it. **But this is not possible for every patient** because many people do not have income that is verifiable through electronic sources. Patients also continue to face barriers in signing up for Medicaid. **Our children and families will pay the price, through no fault of their own.**
- HSD says its proposal will reduce administrative tasks for insurance companies, but **this is no excuse for denying people the healthcare coverage they qualify for.**

Frequent Income Checks & Ending Transitional Medicaid: Disrupting Coverage Is Costly and Worsens Health Outcomes

The Medicaid Centennial Care 2.0 plan seeks to “accelerate” dis-enrollment from Medicaid by:

1. More Frequent Income Checks: The Medicaid agency is considering checking people’s eligibility for Medicaid every quarter or six months, rather than every year.
2. Ending Transitional Medicaid: This program currently extends Medicaid enrollment for an extra four months to the lowest income parents and caretakers who have changes to their incomes that make them no longer qualified for Medicaid.

These policies are counter-productive, driving up costs for the State and disrupting healthcare coverage for the lowest income families. The plan would:

- **Create hardships for low income families – resulting in immediate coverage loss and “churning” on and off Medicaid.** People with fluctuating incomes will struggle to maintain continuous health coverage, including part-time, contract, seasonal, and tip or commission based workers -- because of the gap that occurs each time a person must switch or obtain new coverage. Ending Transitional Medicaid for families living in deep poverty will make it more difficult for them to become financially secure and have continuous access to healthcare when they take new jobs or promotions.
- **Disrupt coverage and worsen health outcomes.** Studies have shown that Medicaid enrollees who experience gaps in coverage because of churning often experience poor health outcomes. They tend to delay seeking routine care or skip needed treatments. When they move between coverage types, they must switch plans, resulting in changes in their doctor, disruptions in medical care, and complications with access to medications.
- **Increase administrative costs.** More frequent income checks and higher churning in Medicaid will increase administrative costs. Recent research on the SNAP program found that each time a case churns, it costs the State an additional \$74.00. With 900,000 people enrolled in Medicaid, this could cost millions of extra dollars annually.
- **Lose significant federal matching funds for New Mexico.** This proposal would have grave consequences for New Mexico if Congress passes the American Health Care Act. Starting in 2020, states would only receive enhanced federal matching funds for people enrolled in the Medicaid Expansion category who maintain continuous coverage, and get a much lower match rate for any new or returning enrollees. Higher churning in Medicaid will shift more costs to State, likely resulting even more cuts to Medicaid.

Reducing Health Benefits: More Hardships for Families with Children Living in Deep Poverty

The Medicaid Centennial Care 2.0 plan cuts health benefits for the lowest income families in the parent/caretaker category. **These parents have dependent children and make roughly only 45% of the poverty level – less than \$923 per month for a family of four.**

These patients currently receive the full Medicaid package of benefits. The Human Services Department (HSD) is proposing to limit their health benefits to what is known as the “Alternative Benefit Package” (ABP). While the ABP provides a minimum set of “essential health benefits” required under the law, switching to this package for families living in deep poverty would mean reduced services in key areas:

- Hearing aids and hearing testing would not be covered.
- Vision coverage would be restricted and necessary items like eyeglasses would only be covered for individuals who have cataracts removed.
- Certain behavioral health support services would not be covered, including family support, recovery services, respite services.
- Coverage for disposable medical supplies would be limited to diabetic and contraceptive supplies. Foot orthotics, such as shoes and arch supports, would only be covered when part of a leg brace or diabetic shoes.
- Short-term physical, speech or occupation therapy would be limited to two consecutive months per condition. Long-term therapies would not be covered at all.
- Community benefits and Mi Via would not be covered. Nursing facility care would generally not be covered except after being discharged after a hospitalization to your home when skilled nursing services are medically necessary on a short-term basis.



HSD also plans to reduce coverage for **patients who are aged 19-20 years old**. HSD is also considering limiting health benefits for the **Children’s Health Insurance Program (CHIP)**. Coverage for these two groups of patients could be limited in the same ways described above.

Cutting healthcare services harms our families and entire healthcare system, resulting in:

- **Financial Hardship, Especially for Families Living in Deep Poverty.** Parents will be forced to pay more out of pocket for needed healthcare services for themselves and in some cases, for their children, making it even more difficult to overcome poverty.
- **Untreated Health Conditions Resulting in Lost Work Opportunities.** The services being cut are necessary to live and work productively, including hearing aids, eyeglasses, orthotics and physical, speech and occupational therapy.
- **Healthcare Providers Will Face Higher Uncompensated Care Costs,** further straining our healthcare system that already faces numerous workforce shortages.