

The Honorable Kathleen Sebelius
Secretary, Department of Health and Human Services
330 Independence Avenue SW
Washington, DC 20201

Re: Proposed Healthy Pennsylvania 1115 Demonstration Project

Dear Secretary Sebelius:

As organizations dedicated to the health and well-being of America's children, we appreciate the opportunity to comment on the proposed Healthy Pennsylvania demonstration project.

We support Pennsylvania's decision to accept federal Medicaid funding to extend coverage to low-income parents and adults. Covering parents is of great benefit to their children – enhancing the economic security of the family, promoting improved parental health, and resulting in better health coverage rates for children. However, we have substantial concerns on aspects of the proposal, which can and should be addressed during the approval process.

CMS should reject Pennsylvania's proposal to tie work-related activities and premiums to Medicaid participation. The Pennsylvania proposal would charge different premiums to beneficiaries based on whether they are working or actively looking for work. This proposal should be rejected for the following reasons.

- *Work-related activities would place an enormous burden on Pennsylvania's most vulnerable youth putting former foster youth, in particular, at high risk of losing coverage.* In addition, we specifically urge the Secretary to deny Pennsylvania's request to waive section 1902(a)(10)(A)(i)(IX) of Title XIX of the Social Security Act "To permit the State to require work search activities and premium payment for non-exempt former foster care participants 21 years of age or older but under 26 years of age." Conditioning receipt of Medicaid coverage on compliance with job search and premium payments is not only counter to current law and regulations, but would place an enormous burden on Pennsylvania's most vulnerable youth and would lead directly to the loss of coverage for a large proportion of these high-need young adults.
- *Administrative capacity required to verify work-related activities will take away from staff time dedicated to enrolling children.* The staff time involved for caseworkers to determine whether an individual has complied with possible work requirements, is paying the correct premium, has completed their annual health assessment and their annual exam is excessive and will take time away from the accurate and timely processing of applications and

renewals of coverage for children. When county assistance office casework staff was required to process their current workload plus process overdue cases in a six-month period in 2011, nearly 90,000 children lost Medicaid coverage. At least a portion lost coverage for failure of caseworkers to process paperwork that was provided to them. While we strongly support covering more uninsured adults as a strategy to cover more uninsured children, adding the workload of work search and premium management for 500,000 new individuals, in addition to applying these same requirements to many currently Medicaid-insured adults, creates a serious concern regarding capacity of staff to manage this work without an infusion of a significant number of additional staff.

- *Adding the financial burden of higher premiums to those that do not meet work-related requirements unduly penalizes children. We have underlying concerns about the state's request to charge premiums to low-income Medicaid parents and other adults, as outlined below, so using lower premiums as an incentive to work is problematic. Reducing premiums for people who are able to work or comply with work search requirements and maintaining them at higher levels for people who cannot participate in work-related activities would be discriminatory, penalize children in those families, and is an inappropriate use of demonstration authority. The premise that a reduction in premiums would serve as a work incentive is also highly questionable.*

CMS should not allow Pennsylvania to charge premiums for adults and parents that undermine the integrity of the Medicaid program and could impact children's coverage and financial security. Charging premiums to Medicaid beneficiaries has been shown to result in steep losses of coverage, and charging premiums to parents risks loss of coverage for their children. The state has requested open-ended authority to charge premiums for parents and other adults under the poverty line, as well as the ability to allow premiums for adults over the poverty line that are higher than what families would pay in on the marketplace. These proposals set dangerous precedent that could be extended to kids down the line. More immediately, charging premiums to parents would hurt children financially and could cause parents and their children to lose coverage altogether.

- *Charging premiums to Medicaid beneficiaries with incomes below 150 percent of the poverty line is inconsistent with the Medicaid statute and creates financial burdens on families and barriers to coverage.¹ Allowing Pennsylvania open-ended authority through a waiver to impose premiums on new groups or raise premiums to unknown levels in future years would undermine the integrity of the waiver process. We urge CMS to clearly state that premiums should not be charged in any circumstance to beneficiaries with incomes below the poverty line.*

- *At a minimum, premiums in Medicaid for people above poverty should not be higher than what they would be paying on the marketplace.* Pennsylvania has proposed premiums for adults with incomes above 100 percent of the poverty line of \$25 per month (\$300 per year) for households with one adult and \$35 per month (\$420 per year) for households with more than one adult. Pennsylvania’s proposed premiums are much higher than premiums for adults at the same income level on the marketplace. The expected contribution for coverage on the marketplace for one adult with an income at 101% of the FPL is \$232 per year.ⁱⁱ
- *Failure to pay premiums should not lock parents and other adults out of coverage.* CMS should reject Pennsylvania’s proposed lockout periods for non-payment of premiums. Pennsylvania has requested a waiver to lock people out of Medicaid for up to nine months if they fail to pay premiums. The lockouts would initially apply to people with incomes above the poverty line, but could apply to additional populations, including children, if CMS grants Pennsylvania discretion to add premiums for other groups. Pennsylvania would not allow people to re-enroll until the end of the three-month period.

We recommend that Pennsylvania maintains CHIP separate from marketplace coverage. Nothing was specifically mentioned in Healthy Pennsylvania about moving coverage for children enrolled in CHIP to the marketplace in future years. We recognize that Gov. Corbett strongly supports CHIP as a separate stand-alone program. However, Arkansas – a state that Pennsylvania has claimed serves as a model for its proposal – is proposing to move their CHIP enrollees into the marketplace in year two of their waiver. We appreciate that the governor has not included this aspect of Arkansas’s design in this proposal.

We urge CMS to reject the state’s request to waive benefits and cost-sharing for newly eligible parents and other adults. Medicaid beneficiaries have unique needs because of their low incomes. If a service is not covered by Medicaid, they are unlikely to be able to access it. This creates a financial burden for the family or forces parents to go without needed treatment. We urge CMS to reject these requests in accordance with CMS guidance issued on March 2013 about the use of private insurance approaches that stated:

“Under all these arrangements, beneficiaries remain Medicaid beneficiaries and continue to be entitled to all benefits and cost-sharing protections. States must have mechanisms in place to “wrap-around” private coverage to the extent that benefits are less and cost sharing requirements are greater than those in Medicaid.”

We do commend the state for not requesting a waiver of EPSDT services for the newly eligible 19 and 20 year olds.

Finally, we hope that, as with this waiver proposal, any amendments to this waiver in the future require the same robust public input process as the original proposal, notifying stakeholders of proposed amendments and the process to provide input.

Thank you for your consideration.

Sincerely,

Advocates for Children and Youth (Maryland)
Alliance for Children and Families
American Lung Association
Asthma and Allergy Foundation of America
Center for Public Policy Priorities (Texas)
Child and Family Policy Center (Iowa)
Children First for Oregon
Children's Action Alliance (Arizona)
Children's Defense Fund
Children's Dental Health Project
Community Action Southwest (Pennsylvania)
Family and Community Service of Delaware County (Pennsylvania)
Family Service Association of Bucks County (Pennsylvania)
First Focus Campaign for Children
Foster Family-based Treatment Association
Georgetown University Center for Children and Families
Holy Family Institute (Pennsylvania)
Immunization Action Coalition
Kentucky Youth Advocates
Maine Chapter, American Academy of Pediatrics
March of Dimes
North American Council on Adoptable Children
National Alliance on Mental Illness- Huntington (New York)
National Association of Pediatric Nurse Practitioners
National Association of School Nurses
National Center for Lesbian Rights
Nebraska Appleseed
New Yorkers for Accessible Health Coverage
Pennsylvania Council of Children, Youth and Family Services
Pennsylvania Partnerships for Children
Public Justice Center (Maryland)
Rhode Island KIDS COUNT
Sargent Shriver National Center on Poverty Law
Texans Care for Children
The National Alliance to Advance Adolescent Health
The Schuyler Center for Analysis and Advocacy (New York)
United Neighborhood Centers of Northeast Pennsylvania

Voices for Children in Nebraska
Voices for Utah Children
Voices for Virginia's Children

ⁱ States can charge premiums on children eligible under the Family Opportunity Act and medically needy individuals below 150% FPL without a waiver, but Pennsylvania has proposed premiums to a broader group of low-income adults.

ⁱⁱ Based on Kaiser Family Foundation subsidy calculator for a household with 1 adult age 30, in Pennsylvania, zip code 19104 (West Philadelphia).