

October 21, 2011

The Honorable Kathleen Sebelius,
Secretary, United States Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Re: California's 1115 Waiver and State Plan Amendment Request

Dear Secretary Sebelius:

The undersigned organizations write to express our concern about California's recent request for an amendment to the state's existing Section 1115 "Bridge to Reform" Medicaid Demonstration Waiver.

The state is seeking very broad authority to waive federal limitations on cost-sharing and impose mandatory copayments on Medi-Cal beneficiaries regardless of eligibility category (with only a few exceptions), age or delivery system. The list of services for which copayments would be imposed is also very broad and includes all outpatient services including preventive care visits, dental visits, preferred and non-preferred prescription drugs, inpatient hospital days and both emergency and non-emergency use of the ER. The copay levels are well above nominal levels, and there is no provision for an out-of-pocket cap as is required in Medicaid.

Research has shown that making health care more expensive places a heavy burden on low-income families, and as a result they often delay or reduce the care they or their children need, leading to poor health outcomes. California would provide no exemptions for children at any income level, including children in deep poverty. Given that over 40 percent of California's Medi-Cal enrollees are children, the impact of this proposal on children is deeply troubling.

Medicaid beneficiaries with chronic and/or disabling health conditions who use services frequently are at greatest risk. Limitations on cost-sharing are included in the Medicaid statute to ensure that a family or individual's lack of resources does not impose a barrier on access to care. These protections are especially important for those who are in poorer health and use services more frequently.

Approval of this proposal would be unprecedented. In our view, it does not comport with the intent of the Medicaid statute with respect to the purpose of Section 1115 Research and Demonstration waivers, nor is the request compatible with section 1916(f) of the statute which specifies the limited parameters under which a demonstration project related to cost-sharing may be considered. The state does not indicate what hypothesis would be tested and how these changes would be evaluated; the changes in cost-sharing are clearly proposed only as a cost-cutting measure. We urge you to reject this request.

American Diabetes Association
American Heart Association/American Stroke Association
Children's Defense Fund
Easter Seals
First Focus
Georgetown University Center for Children and Families
March of Dimes

National Association of Community Health Centers
National Association of Pediatric Nurse Practitioners
National Health Law Program
Planned Parenthood Federation of America

CC:

Cindy Mann, Deputy Administrator, CMS

Vikki Wachino, Director, Children and Adults Health Program Group

Richard Jensen, Director, Division of State Demonstrations and Waivers