

January 4, 2011

The Hon. Heather Steans  
Illinois State Senate  
State House  
Springfield IL 62706

Dear Senator Steans:

Thank you for your intensive, unprecedented work over the last several weeks to reform the Medicaid program. We share your goals of reducing program costs while increasing efficiency, quality, and accountability, and appreciate your thoughtful leadership and artful balancing of political considerations. As reform discussions move forward, we wish to share some concerns and ideas for improvements based on bill drafts we have reviewed and informal discussions with leaders of the reform process.

**All Kids eligibility reduction to 300% of the Federal Poverty Level (FPL):** One of the proposed reforms is to reduce All Kids eligibility to 300% of FPL. Illinois has one of the nation's highest rates of insurance among children because of All Kids. Reducing the income threshold to 300% of poverty would undermine this success. While we would like to see this provision eliminated, we suggest below measures to reduce the impact.

- Grandfather all current recipients until January 1, 2014, when major health reform provisions, including exchanges, begin.
- Allow kids over 400% of poverty to stay on All Kids, but raise the premiums.
- Require children over 300% of FPL to enroll in the exchange in 2014.
- Special provisions for children with pre-existing conditions: As you will see in the attached example (see page 4), it is extremely complicated for children with pre-existing conditions to obtain coverage. We suggest two ways to help this population:
  - Allow new enrollments in All Kids for children with income over 300% of FPL if they have pre-existing conditions that would make them uninsurable in the individual market, or would face insurance that is not affordable for the family, or
  - Establish a premium subsidy and wrap-around benefit package for the Illinois Pre-Existing Condition Program (IPXP) or private insurance to give parents a more affordable coverage option.

**Presumptive Eligibility for All Kids:** Presumptive eligibility helps children receive medical care when urgently needed. It provides an important guarantee of payment to financially strapped providers. Eliminating presumptive eligibility altogether would cause parents to needlessly delay care for their children, with potentially serious and more costly health consequences. Reducing presumptive eligibility to 45 days from 60 would be a fair compromise to preserve this important eligibility tool.

**Care Coordination:** We believe Illinois has made great strides in providing medical homes to the Medicaid population. Unfortunately, moving toward managed care and away from the medical home model is disappointing. To continue improving patient care, we recommend continued support of the medical home model. Health systems built on a solid foundation of primary care deliver more effective, efficient, and equitable care than systems that fail to invest adequately in primary care.

Please include a "Medical home system of care" which consists of an integrated system of primary care providers, specialty care groups, and hospital providers. This medical home system of care is patient and family centered and is guided by a personal primary care provider who coordinates and facilitates preventative and primary care that improves patient outcomes in the most cost efficient manner possible. By providing a coordinated continuum of care, the cost of the current health care delivery system is reduced, health outcomes improve, and the disparities in access to health care among the state's populations are reduced.

This medical home system of care should, at a minimum: (1) Coordinate and provide access to evidence-based health care services, emphasizing convenient, comprehensive primary care. (2) Provide access to appropriate specialty care and inpatient services. (3) Provide quality driven and cost-effective health care. (4) Promote strong and effective medical management. (5) Emphasize patient and provider accountability.

**Moratorium on program expansions:** The program expansion moratorium would needlessly threaten the state's ability to maximize federal revenue. Our first choice would be to remove the moratorium from the bill altogether. Provisions that should be included if the moratorium is not removed are listed below.

- Require a simple majority vote of the legislature to expand a program. A three-fifths majority would simply raise the bar too high to implement program expansions.
- Sunset the moratorium provision on January 1, 2013, instead of the current, vague two-year moratorium, to allow orderly, phased-in implementation of the Medicaid provisions of health reform.
- Institute the moratorium, with exceptions for program expansions that would allow Illinois to take advantage of the demonstrations included in the Affordable Care Act.
- Institute the moratorium, but permit program expansions if they would allow Illinois to obtain federal matching funds for state programs that are or were 100% state-funded. For example, Illinois could expand Medicaid early to cover low-income single adults receiving state-funded mental health and substance abuse services. These individuals are not now eligible for Medicaid, but a targeted program expansion could provide coverage while obtaining federal matching funds.

**Denial of federal approval:** Many of the proposals included in the draft bill would require federal approval. Some proposals might violate the federal maintenance of effort requirement, jeopardizing federal matching funds. The bill should include a

provision invalidating any provision for which federal approval is denied or which would reduce state maintenance of effort. We suggest the following language:

“Notwithstanding any other provision this law, no provision shall be implemented if implementation would jeopardize federal matching funds or bonus payments under title XIX or Title XXI of the Social Security Act.”

**Pharmacy co-pay issue:** Some drafts have included a provision that would allow pharmacists to *not* dispense meds if the recipient does not pay a co-pay. We are concerned that people with HIV would go without medication, with disastrous consequences for their own health and serious financial consequences for Medicaid. Individuals could also forgo treatment for other infectious diseases, such as flu and sexually transmitted infections, where denial of medications could lead to serious public health consequences if denied. Pharmacists should be required to dispense medications for HIV, infectious diseases, and any other condition where medication is essential (as determined by HFS).

Thank you for reviewing our recommendations. We are eager to work with you to draft legislative language and assist in any way possible.

Sincerely,

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Health and Disability Advocates, Stephanie Altman, (312) 265-9070  
Illinois Academy of Family Physicians, Gordana Krkic, 630.427.8007  
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#### CASE EXAMPLE

Health & Disability Advocates is working with a family right now who is typical of our client population. The Henderson family lives in Frankfort Illinois. They have two children, a daughter who is 15, and has a seizure disorder called familial hemiplegic migraine syndrome which requires medication and has resulted in multiple hospitalizations, and a son, who is 18, was injured in accident when he was 3 years old, and has had 26 surgeries on his right leg which may require amputation at some point soon.

Mr. Henderson worked for a small company and lost his job last year. Mrs. Henderson is working part time and has no access to insurance. The family was previously covered by Blue Cross Blue Shield under the father's employer and elected COBRA when he was laid off. Their COBRA ended this month because the employer could no longer afford to provide insurance to any employees. The family was offered only a BC/BS high deductible conversion policy for \$1,800 per month. Their only income right now is the

father's unemployment compensation of \$3,000 per month and the mother's part time wages of \$2,000 per month. They cannot afford the insurance coverage in addition to the out of pocket medical expenses, their mortgage, food, utilities, and other necessities.

They have applied for All Kids and are waiting for a determination. If they are approved, they will most likely pay \$140 per month in premiums for each of their children and \$740 per year for each child for hospital costs. They will still have to purchase health insurance for themselves; the mother has the same seizure disorder as the daughter so she will only be able to buy coverage through the ICHIP program at a cost of approximately \$600 per month. If the All Kids 300% FPL cap is enacted, this family would be in a very severe financial situation which would jeopardize the health of everyone but especially their children.

Because of our concern for these low to moderate income families with children with pre-existing conditions and the inability to purchase affordable insurance, we would request that the 300% FPL cap be modified to allow children with pre-existing conditions to be able to purchase All Kids.