



**Testimony before the Joint Fiscal Committees
on the SFY 2014–15 Executive Budget
Health/Medicaid Budget Hearing
February 3, 2014**

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The Schuyler Center would like to thank the chairs and members of the respective committees for the opportunity to submit our testimony on the 2014-2015 New York State Executive Budget. Schuyler Center is a 141-year-old statewide, nonprofit organization dedicated to providing policy analysis and advocacy in support of public systems that meet the needs of people in poverty. Schuyler Center often works in areas that fall between multiple systems of care including physical, health, and mental health; child welfare; human services; and early care and learning.

Schuyler Center is a steering committee member of both Medicaid Matters New York, a coalition dedicated to advocating on behalf of Medicaid members and Health Care for All New York, a coalition of 160 organizations dedicated to assuring all New Yorkers have affordable high-quality insurance. Kate Breslin, Schuyler Center President and CEO, participates in several of the State's Medicaid and health-oriented advisory bodies, including Medicaid Redesign Team workgroups, the Medicaid Evidence-Based Benefit Review Workgroup, the Basic Health Plan Advisory Committee and the Governor appointed Behavioral Health Services Advisory Council. For more information about Schuyler Center and our work please visit our website www.scaany.org

Health Insurance Coverage

Affordable Care Act Implementation

Schuyler Center applauds New York State for its strong start in the implementation of the Affordable Care Act. New York State's Marketplace, New York State of Health, has enrolled well over 300,000 New Yorkers into health insurance. Schuyler Center strongly supports many of the Governor's budget initiatives which will improve consumer protections and coverage including the proposal to authorize a Basic Health Program, consumer protections from "surprise bills" and assistance to help consumers navigate the health insurance market and use their insurance once they have it.

Basic Health Program

The Governor's Executive Budget authorizes New York State to implement a Basic Health Program (BHP), an option afforded to states under the Affordable Care Act. A BHP is for adults between 133% and 200% of the federal poverty level and for lawfully present immigrants up to 200% of the federal poverty level. Low- to moderate-income adults who do not qualify for Medicaid, may still find health insurance costs prohibitive, even under the Exchange, and assuring this population an affordable high-quality insurance option benefits both the individuals enrolled and the State.

Eligible enrollees would need to meet the income criteria, be a New York State resident, a citizen or lawfully present non-citizen, under age 65, and not have access to other affordable coverage. An estimated 617,000 individuals would be eligible to enroll. Under the Governor's proposal, individuals above 150% of the federal poverty level would have a \$20 monthly premium. This makes BHP an insurance option for families that will offer essential health coverage but will be much more affordable.

A BHP is important for families. We know when parents have coverage, children are more likely to get the care they need. New York's Child Health Plus program covers children up to 400% of the federal poverty level resulting in many parents going without insurance even when their children have insurance. A BHP would help close this family coverage gap assuring that low-income parents have an affordable insurance option.

In addition to covering low and moderate income New Yorkers, a BHP offers a way for New York to share the cost of covering many legal immigrants. As the result of a 1996 court case, New York currently pays the costs for over 200,000 legal immigrants but the State does not receive any federal matching funds to help offset the costs of covering this group. A BHP would cover legal immigrants up to 200% of the federal poverty level and provide a federal match which will offset the costs of their care, with significant savings to the State.

We urge the Legislature to adopt a Basic Health Program: it is in the best interests of low-income New Yorkers and the State's fiscal health.

Consumer Assistance

The Governor's budget recommends continued funding for consumer assistance programs that help New Yorkers get and use their health insurance. The health care and insurance industry is not easy to understand; often using terms that people are not familiar with (premiums, co-pays) and rules (out-of-network, denial of care) that seem daunting. Consumer assistance not only helps individuals and families enroll in insurance but also helps them understand and use the insurance they have.

Helping New Yorkers to understand their rights and how to use the health care delivery system will decrease reliance on emergency care services and increase use of preventive care so they can get the care they need at the right time and from the right place.

We urge the Legislature to approve the \$2.5 million appropriation and the \$6 million dry appropriation to support Community Health Advocates.

Out-of-Network and Surprise Billing Protections

The Executive Budget includes important proposals to protect consumers and improve provider network adequacy.

Even when a consumer makes all the right choices by choosing an in-network hospital and in-network providers, at the time of a procedure an out-of-network anesthesiologist may be assigned to the surgery. Another consumer may have a health emergency and need to seek care from an out-of-network provider or hospital. Both scenarios can result in "surprise bills" which the consumer needs to pay because they received care from an out-of-network provider when they had no other choice.

The Governor's proposal would benefit New Yorkers by:

- Ensuring adequate provider networks for consumers, so fewer New Yorkers end up seeing out-of-network providers, whether planned or unplanned.
- Allowing consumers to go out-of-network when their plan's provider network doesn't have a specialist that meets their medical needs.
- Setting a fair process for providers and insurers to negotiate over coverage disputes, so consumers aren't left in the middle with a bill.
- Improving transparency, to prevent surprises.
- Streamlining out-of-network claims.

Provider Network Adequacy. Not all insurance companies need to comply with network adequacy requirements; the Governor's proposal aims to remedy that. This provision would require all insurance companies (whether they are a Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), or Exclusive Provider Organization (EPO)) to comply with network adequacy requirements. This would mean fewer New Yorkers would need to go out-of-network for their care for either primary or specialty care services. This would not apply to dental care.

Allowing Consumers to go Out-of-Network in Special Circumstances. People with serious or chronic health conditions often need to see doctors with very specialized expertise and experience, and a consumer may need to seek out-of-network care to access the services they require. In this situation consumers will be forced to cover the cost of accessing high-quality care from an out-of-network provider. Current law only protects consumers enrolled in HMOs by requiring that these plans allow consumers to go out-of-network with preauthorization. The out-of-network provision would protect more New Yorkers in these situations, by having the same out-of-network preauthorization requirements for all other comprehensive insurance plans.

Fair Process to Protect Consumers from Surprise Bills. When consumers have no choice in negotiating the charges with a provider they should not receive a "surprise bill" or be in the middle of negotiating payments. The provision to require all health insurance plans to meet provider network adequacy standards will help mitigate the situations in which surprise bills happen. However, consumers should not be in the middle of these negotiations. Insurers and providers should negotiate fee arrangements themselves or through independent arbitration. This provision also offers consumer protections by holding consumers harmless from out-of-network bills in emergency situations.

Transparency and Streamlined Out-of-Network Claims. The out-of-network legislation strengthens disclosure and transparency requirements for consumers, so consumers can better understand: (1) which providers are in-network and which are out-of-network; (2) how much out-of-network providers expect to charge for a variety of services; and (3) how much the insurer expects to reimburse for out-of-network services. Additionally, the legislation would ease the claims process for consumers, by allowing individuals to submit e-claims for out-of-network services.

Child Health Plus

Schuyler Center strongly supports the Governor's budget proposal to eliminate the waiting period for Child Health Plus and make the program permanent. Both initiatives support continuity of care and seamless access for children. Child Health Plus is a successful health insurance program serving children up to 400% of the federal poverty level and a key reason why New York is a leader at

insuring children. Waiting periods are disruptive to care and present challenges to families. Child Health Plus should be able to accept children into coverage without a waiting period thereby fostering a continuation of coverage; minimal to no disruption in accessing needed services; or assuring that families remain engaged in accessing health care.

Financing and Administration

Support \$5 million to Transition Foster Care Children and Youth to Medicaid Managed Care

The Governor's proposed budget allocates \$5 million in Medicaid funds for voluntary foster care agencies to support a transition in the financing and delivery of health care for children and youth in foster care to managed care. Additional funding is proposed for 2015-16. In the coming year, the Department of Health will cease to provide Medicaid funding to foster care agencies via their foster care rates and will instead engage in contracts with managed care organizations. Voluntary foster care agencies are responsible for assuring children and youth in their care receive medical, dental and behavioral health services and the transition to Medicaid managed care requires substantial systemic changes.

There are over 20,000 children and youth in foster care in New York State and about 30,000 children and youth touch the foster care system each year. Foster care youth have diverse and complicated medical and behavioral health needs. The transition to managed care must assure that children and youth have access to medical, dental and behavioral health services and robust care coordination.

Foster care agencies' rates have been frozen for several years. While some foster care agencies provide health care services and have developed significant health expertise, foster care agencies have limited experience negotiating contracts with managed care plans or service providers, or using and maintaining health information technology (IT) systems. Resources are needed to purchase health infrastructure, including systems that support electronic health records, assess readiness infrastructure and staff training. Work will also need to be done to collect service utilization patterns and determine payment models that will support the comprehensive, medical, dental and behavioral health services children and youth need. It will be important for the State to assure that this funding is used by foster care agencies to develop the infrastructure needed so that children and youth in foster care experience minimal disruption of health services and that their systems and staff are prepared to truly manage the complex needs of this vulnerable and often ignored population.

Schuyler Center urges the Legislature to support this funding to ensure that the transition of foster care children and youth into Medicaid managed care enhances care and services.

Regional Health Improvement Collaboratives

The Governor proposes \$7 million in 2014-2015, growing to \$16 million in 2015-2016 to support the establishment of eleven Regional Health Improvement Collaboratives (RHICs), which would "function as neutral conveners, facilitators, and catalysts for improvement," bringing together key stakeholders to help transform the regional health care systems to address issues of prevention, access, cost, quality, and population health.

The Finger Lakes Health Systems Agency, offered as a model in the budget materials, can serve as a model for health planning in other regions. There could be local adjustments based on regional differences, but a number of basic concepts and principles should be incorporated, including significant consumer representation; a focus on elimination of health care disparities; and publicly available community health needs assessment and planning documents.

Schuyler Center urges the Legislature to support the Executive Budget request for this funding to improve the efficiency and effectiveness of the State's health care system and to better engage community members in community health planning.

Public Health, Outreach and Advocacy

Strengthen and Expand Evidence-Based Maternal, Infant and Early Childhood Home Visiting

Maternal, infant and early childhood home visiting has emerged across the nation as a promising way to engage new and expecting parents and their children with services that support the family and lead to positive health and other outcomes – and public cost savings – in the short-, medium- and long-term.

In fiscal year 2007-08, New York State's budget included \$25.2 million for the Healthy Families New York (HFNY) Home Visiting Program. In 2008-09, the financial crisis led to an 8% reduction for HFNY to \$23.3 million. Funding has been held at \$23.3 million for six years and the Executive Budget continues that funding level for a seventh year. A survey of programs completed in 2013 by Prevent Child Abuse New York found that this continued flat funding has led to an erosion of services and staff reductions at home visiting programs that have either not been able to keep up with cost increases or have suffered because of funding instability. Continued flat-funding will chip away at the number of families served and the intensity and quality of services.

Last year, the Legislature added \$2 million to help support the sustainability of Nurse-Family Partnership home visiting program; the Executive Budget did not continue this funding. Nurse-Family Partnership is an evidence-based home visiting program serving parts of New York City, Monroe and Onondaga counties, and more recently Chautauqua County. It is an evidence-based program that gets results: stronger, healthier moms, healthier kids and long-term savings to the locality and the State in health, social service and even criminal justice costs.

Schuyler Center urges the Legislature to support home visiting programs and infrastructure by:

- *Adding \$3.5 million to restore Healthy Families New York to the 2007-2008 funding level and provide for inflation.*
- *Restore \$2 million and add \$500,000 to NFP funding.*

Behavioral Health

Support Transition of Adult Home Residents with Psychiatric Disabilities into Community Settings

The Executive Budget includes funds for supportive housing services for Adult Home residents. For many years, Schuler Center has worked with other advocates for increased housing options for persons with psychiatric disabilities living in adult homes. Adult homes were originally intended for the old and the infirm but today nearly 40% of adult home residents have a psychiatric diagnosis.

People with mental illness may be referred to adult homes because other housing alternatives, especially those licensed and funded by the Office of Mental Health, are unavailable when they require housing or are not appropriate for their circumstances. Even when an adult home does not provide the right type of supportive environment, it is often difficult for an individual to find a more appropriate housing situation. Some residents have waited years for the opportunity to live in settings more appropriate to their needs.

The Executive Budget proposal provides \$30 million for the development of supported housing for adult home residents. This is part of a settlement between New York State and the federal government, which requires that New York reduce the census of persons with psychiatric disabilities in adult homes. This will provide an additional 500 beds so residents can begin the move to more independent living. This money is long overdue and a welcome step toward improving the lives of adult home residents.

Schuyler Center urges the Legislature to support the Executive Budget funding for supportive housing services for adult home residents.

Support Lay Advocacy for Adult Home Residents with Psychiatric Disabilities

SCAA has been a strong advocate for the needs of adult home residents with psychiatric disabilities. This population was ignored for years by public policy and the agencies charged with protecting them. Through the efforts of organizations like the New York State Coalition for Adult Home Reform (NYSCAHR) and the efforts of legal and lay advocates, the voices of adult home residents are starting to be heard here in Albany.

The leading advocate for adult home residents is the Coalition of Institutionalized Aged and Disabled (CIAD). This small organization works day to day with residents directly in adult homes. Every day, CIAD:

- Informs residents of their rights and empowers them to use those rights.
- Strengthens resident councils and brings residents together to learn from each other.
- Mediates between adult home residents and adult home management.
- Works with adult home residents on individual concerns/complaints.

The next few years will see great transitions and changes in the way services operate for this population and it will be necessary that adult home residents have strong advocates so their voices and needs are not overlooked or ignored.

Support \$75,000 in the Department of Health budget to fund advocacy services for adult home residents.

Support Reinvestment and Increased Behavioral Health Capacity

The Governor's proposed budget includes behavioral health investments that support the Medicaid Redesign Team's recommendations for behavioral health services and are tied to the State's ongoing efforts embracing managed care and redirecting resources from institutional to community-based care. New York suffers from limited community-based behavioral health care capacity across the state, so the success of these transitions hinges upon significant up-front investment in community-based behavioral health care and a rapid ramp-up. The present lack of access is particularly acute for children and adolescents.

Schuyler Center supports the Governor's Executive Budget proposal to reinvest some Medicaid savings that accrue from transitioning behavioral health programs to managed care into behavioral health services and urges the State to ensure that reinvestment is robust to shore up an under-resourced system. The transition of people with behavioral health needs into Medicaid managed care is an opportunity to strengthen and expand the access to all levels of mental health services.

As a part of the "Regional Centers of Excellence" plan, the Governor proposes using \$25 million in savings resulting from psychiatric bed and hospital closures to expand community-based services. In an effort to reduce New York's over reliance on extended inpatient hospitalization for mental illness, the Office of Mental Health (OMH) will begin the process of creating 15 Regional Centers of Excellence across the state for the diagnosis and treatment of complex behavioral health illnesses.

Any efforts to reduce high-cost institutional utilization must include real investments into high-quality community services and safe community housing. Because current behavioral health capacity is so limited, Schuyler Center urges a significantly larger up-front investment together with a well-organized plan to ensure necessary access before further reducing institutional capacity.

Thank you. We appreciate the opportunity to testify and look forward to continuing to work with you to build a strong and healthy New York that cares for its most vulnerable residents.

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