

Committees:

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Emilia Sykes

State Representative
34th House District

April 21, 2016

Director John McCarthy
Healthy Ohio Program 1115 Demonstration Waiver
Bureau of Health Plan Policy
Ohio Department of Medicaid
50 W. Town St., 5th Floor
Columbus, Ohio 43218

Director McCarthy,

We write to express deep concern that the most vulnerable Ohioans will be punished by healthcare restrictions being pursued by the state. By forcing the working poor to pay additional fees, and penalizing them if they cannot (or if they get too sick), the Healthy Ohio program erects severe barriers to access to affordable healthcare.

As members of the General Assembly, we have heard firsthand from countless individuals and organizations representing the working people that would be most affected by this new program. Their message was clear: requiring working people in poverty to pay premiums for essential healthcare services will deny access to healthcare coverage for those who need it most.

Tara Britton, from the Center for Community Solutions, testified that Ohio's Medicaid churn rate will likely increase under Healthy Ohio. Others put it more bluntly, providing evidence that requiring premiums or other payments in Medicaid will push people out of the system and only worsen the lives of vulnerable Ohioans and our state as a whole.

Requiring additional fees to receive healthcare, whether they be premiums, health savings accounts, or the strange amalgamation of the two that is the Healthy Ohio Plan, has been shown repeatedly to worsen health outcomes, push people away from care, and become a bureaucratic and administrative burden on taxpayers.

A 2014 study in Health Affairs found that a \$10 increase in premiums for those above 101 percent of poverty saw a 6.7 percent reduction in Medicaid and CHIP coverage. When Oregon raised fees, the drop off was starker. Nearly 50 percent of people lost coverage in

just nine months. Given that you estimate over 130,000 Ohioans will lose Medicaid coverage each year, how many are a result of churn, and how many of those do you expect to be uninsured? How were those numbers calculated and what are they based on?

Exhaustive research shows that not only do low-income people pay more as a percentage of their income towards healthcare than the wealthy, but that premiums and fees in Medicaid and other programs actually prevent them away from receiving proper care, which in turn leads to poor health outcomes. A study reviewing the 2002 National Survey of America's families found that among the insured, low-income families pay a larger share of their income towards out-of-pocket healthcare expenses, and a separate study found roughly one quarter of families below poverty pay upwards of 10 percent of their family income for out-of-pocket healthcare spending. One of the most well-known studies, conducted by the RAND Corporation, found that additional healthcare costs reduced effective care for low-income adults by 41 percent, compared to just a 29 percent reduction for non-low income adults. Locking people out of care for not being able to afford it is unnecessarily cruel and will only lead to further hardship. Putting up financial barriers to access only limits what we can do to ensure those that need affordable care most can receive it.

Beyond the premiums and lock-out provisions of this waiver, the bill also includes annual and lifetime limits that seem to conflict with federal law and would potentially force those who have care into expensive fee-for-service Medicaid. Since 2014, health insurance companies have not been allowed to set annual or lifetime limits for essential health benefits. Yet HB 64, which establishes the Healthy Ohio Plan, requires participants to be enrolled in a health plan offered by a managed care organization that shall have payout limits that are capped annually at \$300,000 and lifetime limits at one million dollars.

Individuals suffering from chronic conditions or those that require a large number of prescriptions, like AIDS patients, will quickly exhaust these limits and be forced out of a program that is ostensibly meant to assist them. Why should someone who is especially sick or faced with an unexpected and costly surgery not be able to receive the same level of care or be locked out of the workforce development programs under this waiver request? ~~How do you reconcile these limits with what federal law says? Participants will be more likely to delay expensive treatments, or not get that extra and costly preventative prescription because of fear of meeting their limit. Annual and lifetime caps are from another era and should have no place in our Medicaid system.~~

Finally, the administrative burdens of this system are likely to be a drain on state resources, as evidenced by other states' experiences with similar systems. After suspending premium collections for the state's "private option" Medicaid waiver, Arkansas' Medicaid agency projected that administrative costs would be cut in half. This result is consistent among other states, many of whom have found that the administrative cost in collecting premiums was more expensive than the amount of premiums actually collected, in some cases in the order of more than \$12 million dollars. The complexity of changing dollars to "points", keeping the core and non-core portions separate for certain services while combined for others, and tallying incentive points alongside monthly payments, will take

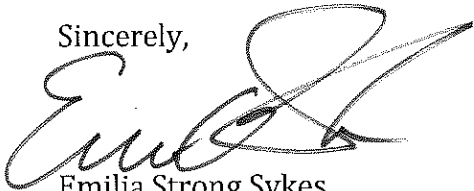
time to be learned by both administrators and participants alike. Given the recent track record of the state upgrading systems, we anticipate serious problems will be forthcoming should this plan be approved.

From the initial executive budget unveiling, to this public comment period required by federal law today thanks to the Affordable Care Act, we have repeatedly voiced concerns about the undue burden additional required payments will place on Ohio's most vulnerable citizens. The Healthy Ohio plan is logistically impractical and administratively burdensome at best. Most importantly, the plan will leave more Ohioans without access to quality healthcare.

It is disappointing that the legislature has required, by law, the department to pursue this waiver at such a cost to taxpayers and the health and strength of our citizens. We urge you to work with us, stand by the true intent of the Medicaid program and help tear down barriers to healthcare access so Ohio's most vulnerable citizens will have the chance to lead healthy, happy lives.

We look forward to your prompt response. Please do not hesitate to contact us so we can focus together on the future for Ohio's working people.

Sincerely,

A handwritten signature in black ink, appearing to read "Emilia Strong Sykes", written in a cursive style.

Emilia Strong Sykes
State Representative
House District 34