Gains in the States

Consumer Advocacy and Federal-State Alliances Help Expand Health Coverage

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Elizabeth Leahy
with Christine Barber, Alice Dembner,
Anna Gosline and Katherine Howitt

COMMUNITY CATALYST

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Community Catalyst
30 Winter Street, 10th Floor
Boston, MA 02108

Phone: 617.338.6035
Fax: 617.451.5838

www.communitycatalyst.org

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Gains in the States: Consumer Advocacy and Federal-State Alliances Help Expand Health Coverage is the second in a series of annual reports tracking state health care reform and assessing the factors needed to move it forward in future years.

The first paper, Progress Despite Barriers: Public Demand Spurs Expansion of Health Coverage (August 2009), is available on our website at http://www.communitycatalyst.org/doc_store/publications/progress_despite

About Community Catalyst

Community Catalyst is a national nonprofit advocacy organization dedicated to making quality, affordable health care accessible to everyone. Since 1997, Community Catalyst has worked to build consumer and community leadership to transform the American health system. With the belief that this transformation will happen when consumers are fully engaged and have an organized voice, Community Catalyst works in partnership with national, state and local consumer organizations, policymakers, and foundations, providing leadership and support to change the health care system so it serves everyone—especially vulnerable members of society.

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Executive Summary

Despite a deep economic recession and the promise of national health care reform, both of which could have stalled state progress, states advanced access to quality affordable health care in 2009. In large part, this progress resulted from strong consumer advocacy and enhanced federal funding of Medicaid and the Children's Health Insurance Program (CHIP).

In total, 41 states increased access to health insurance in 2009, significantly more than the number in 2008. Thirty states passed private insurance laws that improved access, and 26 states expanded eligibility for public programs.

While states targeted Medicaid and CHIP for budget savings, most states did not cut eligibility for these safety-net programs in 2009, just as they did not in 2008.

Together, these trends ensured health coverage for millions of people across the country. These advances demonstrate the strong public will for reform, which may bode well for continued movement toward the goal of quality, affordable health care for all.

Two forces significantly contributed to the progress in 2009. State-based consumer advocacy organizations effectively mobilized the public demand for improved access to care. In addition, the federal government increased funding for CHIP and Medicaid, and tied that money to state efforts to sustain and expand those programs.

In 2010, public programs will again be the focus for many consumer advocates, with those in 19 states focusing on expansions and those in 15 states prioritizing defense of existing coverage. Realizing that expansions will require additional funding, advocates in 18 states also plan to focus on helping their states raise revenues. In addition, advocates in 12 states are prioritizing private insurance reforms.

Progress in 2010 will require strong philanthropic support of state consumer advocates. It will also require a renewed federal-state partnership that links increased federal funding to incentives for reform.

This paper is the second in a series of annual reports tracking state health care reform and assessing the factors needed to move it forward in future years. The paper is based on two surveys developed by Community Catalyst: 1) a database of all state laws and regulations in 2009 that affected eligibility for health insurance; and 2) an online survey of consumer advocates in 47 states and the District of Columbia about their priorities and activities.

Introduction

After several years of significant progress, state health care reform could easily have stalled in 2009. The nation was in the midst of one of the worst financial crises in U.S. history, and national reform was under debate in Washington, D.C. Both situations gave states strong reasons to pull back or hold off. Instead, 41 states expanded access to health insurance, while only seven retrenched.

Two federal laws that passed early in the year helped spur state action. The American Recovery and Reinvestment Act (ARRA) provided billions of dollars to support state Medicaid programs, with the requirement that states not cut eligibility. The Children's Health Insurance Program Reauthorization Act (CHIPRA) endorsed and helped fund expansions of CHIP coverage and provided bonuses to states that made enrollment easier.

But in many states, the driving force was consumer health advocates who amplified the public's demand for quality, affordable health care. Many of these advocates spent half their time mobilizing support for national health care reform. But they also recognized that state reform was a vital avenue for achieving the change Americans need, regardless of events in Washington, D.C. Advocates helped advance coverage expansions while defending previous gains and protecting safety-net coverage. They helped states lead the way on comprehensive health care reforms that provide models for national action.

This paper is the second in a series of annual reports tracking state health care reform and assessing the factors needed to move it forward in future years. The paper details legislative trends and state consumer advocates' activities in 2009 based on two surveys developed and conducted by Community Catalyst.

Community Catalyst researched and created a database of all state laws and regulations passed in 2009 that affected eligibility for and access to health insurance. Community Catalyst also distributed a 10-question online survey in November 2009 to consumer advocates in each state and the District of Columbia. The survey sought information on the health policy environment and advocates' activities and priorities at both the state and national levels. Advocates in 47 states and the District of Columbia responded.[1]

Expanding Access

The national economic collapse led to massive job losses that drastically increased the number of Americans without health insurance. Many sought coverage through the Medicaid and CHIP programs, which are designed to protect the nation's most vulnerable populations. Medicaid enrollment grew 7.5 percent from June 2008 to June 2009, and it was projected to grow another 6.6 percent by mid 2010.[2] Other Americans fought to hold onto their private insurance, tapping into federally funded expansions of Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage, and running up medical debt as their policies cost more but covered fewer benefits.

State policymakers and health care advocates responded to this increased need by working together to expand public programs and improve access to private insurance at the state level. In total, 41 states expanded access to health insurance, a significant increase from 2008.

Oregon alone adopted comprehensive reforms in 2009, expanding coverage for about 200,000 adults and children, and authorizing planning for a health insurance exchange

and other measures to expand coverage further. Oregon's reforms are designed to provide coverage for all children by combining expansion of subsidized Medicaid and CHIP with a buy-in for families over 300 percent of the federal poverty level (FPL). The state's reforms also include money to extend subsidized coverage to more adults, some of whom have been on a waiting list for years.

Connecticut took a big step toward comprehensive reform, establishing a process designed to lead to universal coverage in a few years. Thirty-nine other states enhanced access to public or private coverage – or both.

STATES EXPANDING HEALTH COVERAGE					
	Public programs for children	Public programs for adults	Private insurance	Individual or employer mandates	TOTAL*
2008	11	10	11	2	24
2009	18	14	30	2	41**

** Some states expanded in more than one category*
***Methodology used in 2009 included two states that would not have been counted in 2008*

Public Expansion

What happened in 2009?

Twenty-six states[3] expanded access to Medicaid or CHIP programs for children and adults, significantly more than the 18 that enhanced eligibility in 2008. Of the states that moved forward in 2009, 18 expanded eligibility for children. These changes ranged from small moves, such as New Jersey's elimination of premiums for children in families at or below 200 percent FPL; to broad expansions, such as Iowa's increase in eligibility from 200 percent to 300 percent FPL, which the state coupled with a mandate that all children up to that level get coverage. The expansion makes about 12,000 children eligible for coverage.

PUBLIC PROGRAM EXPANSIONS FOR CHILDREN	
Category*	Number of States
Increase income limits	10
Reduce barriers to coverage	8
Cover non-citizen children	4
Create buy-in	5
TOTAL	18

**Some states expanded in more than one category*

Fourteen states expanded access to public health insurance programs for adults. These expansions included pregnant women, parents and disabled adults – all traditional Medicaid populations for which the federal government foots at least half the bill. But three states – Colorado, Oregon and Wisconsin – also extended coverage for low-income, able-bodied adults without children. The states funded these expansions by imposing new fees on insurers or hospitals, fees that allowed the states to get some federal aid. Colorado, for example, authorized coverage for childless adults earning up to 100 percent FPL, a group that was previously ineligible for public assistance.

PUBLIC PROGRAM EXPANSIONS FOR ADULTS	
Category*	**Number of States**
Pregnant women	4
Childless adults	4
Young adults	4
Parents	2
Disabled adults	2
TOTAL	14

**Some states expanded in more than one category*

What were the key catalysts for these expansions?

States acted in response to public demand for safety-net programs that provide access to needed care. Consumer health advocates helped propel policymakers to support expansions by amplifying families' requests for help using a range of strategies. In 2009, public program expansions were a priority for advocates in 28 states.

Advocates in Minnesota played a critical role in crafting and passing a "Cover All Kids" law. The law extended coverage to 22,000 children by eliminating enrollment barriers in public insurance programs. It also created a buy-in program for families that earn too much to qualify for public insurance. The buy-in program could cover up to 200,000 more children.

Minnesota advocates put enormous pressure on policymakers to expand coverage, despite the state's fiscal troubles. Advocates organized forums with legislators about the need for expanding coverage; trained individuals from faith, provider and business communities to share their stories; and sponsored a Children's Day at the state capitol to put children's faces on the health care crisis. The advocates also conducted and shared policy research and analysis with legislators to ensure the law covered as many children as possible. It was the advocates' analysis, for example, that led to the inclusion of the buy-in provision.

Expansions of public coverage were also aided by changes in federal policy and funding. Earlier in the year, President Barack Obama reversed a ruling by the administration of George Bush that had limited CHIP eligibility for families above 250 percent FPL. Obama also signed CHIPRA into law, which authorized increased federal funding for coverage of children. CHIPRA also provided incentive payments for states to streamline enrollment procedures, encouraging swifter and easier enrollment for children and pregnant women. CHIPRA authorized federal matching money for states that chose to cover legal immigrant children, who previously had to wait five years to become eligible.[4] In addition, Congress temporarily increased federal matching money for Medicaid, as part of the stimulus bill (ARRA), making coverage expansions significantly less expensive for states in the short term. The $87 billion federal boost in Medicaid money started in October 2008 and continues through December 2010.

Private Expansions

What happened in 2009?

Thirty states, nearly triple the number in 2008, passed private insurance laws that improved access to coverage. Most were small steps forward, with little or no cost to state taxpayers, which made them achievable amid state economic troubles.

For example, one widespread change was expansion of eligibility for dependent children, allowing them to stay on their parents' insurance plans for more years. A second common expansion was adoption of "mini-COBRA" laws, which extended COBRA coverage for workers laid-off from companies with fewer than 20 employees. Federal extension of COBRA benefits for employees at larger companies set the stage for the state COBRA changes. Meanwhile, some states, such as Ohio, combined a number of smaller measures to yield a bigger impact.

Iowa took a significant step, requiring coverage of all children in families earning up to 300 percent FPL, the limit for Iowa's CHIP program. Iowa becomes the second state to require coverage of children, after New Jersey. The law requires residents to report the health insurance status for each dependent on their tax returns, but like the New Jersey mandate it does not set any penalty for noncompliance.

PRIVATE INSURANCE EXPANSIONS

Category*	Number of States
Expand mini-COBRA	10
Extend age for dependent policies	9
Limit pre-existing condition exclusions	5
Restrict use of gender in setting premiums	4
Review or limit premium increases	3
Limit rescissions	2
TOTAL	30

**Some states expanded in more than one category*

What were the key catalysts for these expansions?

Consumer advocates played an essential role in garnering the political support necessary for these private market reforms. Advocates in 10 states prioritized these expansions, which laid a foundation for broader access to affordable health care while focusing attention on inequalities in the insurance market. These expansion helped build momentum for comprehensive reform at both the state and federal levels.

In Ohio, for example, advocates helped win expansions to private insurance through a vigorous campaign, called *Fix It Now!* This effort was coordinated by Ohio Consumers for Coverage, a coalition of faith leaders, grassroots groups, voluntary service organizations and consumer advocacy groups. The campaign included education of key legislators, meetings between legislators and their constituents, e-mail outreach to constituents on contacting legislators about health care reform, and regularly providing legislators with one-page analyses of the bill's provisions.

In July 2009, the Ohio General Assembly passed and the governor signed into law insurance reforms that will result in coverage for 109,000 Ohio adults by lowering premiums for people

with pre-existing conditions, extending the dependent age to 28 for coverage under family health insurance policies, and providing uninsured small business employees the opportunity to buy coverage with pre-tax earnings. In addition, these reforms require insurers to report the portion of premium dollars spent on health care compared to marketing, administration and profits – vital information for making health care more affordable.

Looking Forward to 2010 and Beyond

As the economy begins to rebound, it will be important to maintain the state reforms enacted in 2009 and encourage further expansions designed to move the nation toward affordable quality coverage for all. State consumer health advocates across the country have made plans to move forward. Vermont advocates are working to expand subsidized coverage for adults; West Virginia advocates are pursuing a CHIP expansion to 300 percent FPL; and Minnesota advocates are working to help approximately 30,000 adults who will lose coverage when the state eliminates the General Assistance Medical Care program this spring.

Two critical components are state advocacy and federal funding. State advocates must continue to work with policymakers on public and private reforms through effective lobbying, coalition-building and grassroots advocacy. Advocates in 12 states are already prioritizing private reform in 2010, while advocates in 19 states are prioritizing public coverage expansions.

Also, the federal government must continue to support state expansions. The results stemming from the influx of CHIP funds demonstrate the power of federal support in encouraging state reform. With the uncertainty of national reform, state programs remain a necessary means for expanding access to affordable health care. Work on the state level will also be essential if health reform becomes law, both to implement changes and to fill any gaps.

Defending Coverage

The floundering economy continued to hit state budgets hard in 2009. Although nearly every state took drastic measures in early 2009 to balance its FY 2010 budget, 35 states faced newly emerging mid-year budget gaps.[5] Growth in Medicaid enrollment contributed to the financial crunch as people who lost jobs or private insurance sought coverage for themselves or their children. With the Medicaid program accounting for at least 17 percent of state spending, policymakers targeted Medicaid for cuts.[6] State advocates and the federal government stepped in to help protect Medicaid and CHIP so these public programs could provide the safety net they were established to offer.

Advocates also needed to step up their defense of private market reforms, as some states attempted to chip away at consumer protections.

What happened in 2009?
Faced with unprecedented budget crises, policymakers in many states proposed deep cuts in Medicaid and CHIP, including restrictions on eligibility. But in the end, only six states restricted access for public coverage programs. They capped enrollment, increased premiums or cut categories of people, such as parents.

Community Catalyst did not track other cuts in public programs, such as changes in benefit packages, reductions in provider rates, or cuts in funds for outreach and enrollment that occurred in nearly every state.[7] Rather, Community Catalyst tracked only eligibility cuts, which pose the greatest threat to health care access.

On private insurance, only Montana made access to coverage more difficult. The state limited subsidy eligibility for small business owners to those making less than $75,000 a year. However, six states allowed sale of limited benefit plans, which make new coverage available at lower premiums, but often leave families at risk of not getting the care they need. Community Catalyst did not count limited benefit plans as access expansions.

What factors prevented more extensive cuts?

Consumer health advocates in 12 states prioritized defense of Medicaid and CHIP programs in 2009. These advocates report having successfully fended off some cuts in safety-net programs and eased the impact of other reductions.

In Massachusetts, for example, advocates loudly protested the elimination of coverage for legal immigrants in the Commonwealth Care subsidized insurance program. The state did cut 31,000 immigrants, but it provided them with reduced benefits through a newly created program called the Commonwealth Care Bridge.

In Mississippi, defense work focused on raising revenues. Faced with a FY 2010 budget deficit of $480 million, Governor Haley Barbour targeted the Medicaid program. Consumer advocates responded by bringing new energy to a multi-year campaign to increase the state's extremely low cigarette tax and use the money for Medicaid. Through listening sessions, press releases, news conferences, legislative meetings and letters to the editor, advocates built public support for the cigarette tax increase. Their message included the millions of dollars the tax would raise and how this money could protect Medicaid coverage. Ultimately, the governor signed a $0.50 cigarette tax increase into law that is expected to generate more than $113 million a year and to temporarily protect Medicaid from cuts.

The successful defense of vital public programs is also due to increased federal funding from the stimulus bill and the accompanying requirement that states maintain eligibility levels. Several states reversed planned cuts after Congress approved the stimulus money.

Looking Forward to 2010 and Beyond

Although the economy is beginning to recover, the pressures on Medicaid and CHIP will continue. Low- and middle-income families continue to struggle to find affordable coverage, and an estimated 40 states face budget shortfalls for FY 2011.[8]

Consumer health advocates predict that the weak economy and state budget deficits will be the number one challenge in advancing access to quality, affordable health care in 2010. The expiration of increased federal matching funds under ARRA in December 2010 will exacerbate the threat to vital public programs. In their budget proposals for FY 2011, governors are already proposing to cut eligibility to public programs.

Encouragingly, more state advocates anticipate focusing on defense of Medicaid and CHIP this year than in 2009. Advocates in 15 states said defense of public insurance programs would be a major priority in 2010, compared with 12 in 2009. In addition, advocates in 18 states anticipate focusing on campaigns to raise state revenues in 2010, far more than in 2009 or 2008. These campaigns are seeking to increase taxes on alcohol and tobacco, impose taxes on sugar-filled drinks, and require insurers and hospitals to pay new fees that can be directed to sustain and expand health care.

All of these strategies will require harnessing public support for sustaining and expanding access to quality, affordable care. Advocates will need financial support for these campaigns, just as states will require continued federal funding to avoid reversing the gains of 2009.

Conclusion

Access to quality, affordable health care improved in many states in 2009, despite strong forces massed against progress. This momentum toward expanded access to health care grew out of public demand for change, channeled by the activism of consumer health advocates. Philanthropic support for this advocacy coupled with federal financial incentives to protect and expand coverage for those most vulnerable is a winning combination that can power progress in coming years, regardless of the outcome of national reform efforts.

State experiences in 2009 reveal these lessons for advancing health care reform on the state and national levels:

Consumer advocacy organizations must continue giving voice to the public demand for quality, affordable health care. Rising uninsurance rates, medical debt and experiences with insurance industry abuses pushed more families to speak out in 2009 about the failings of the American health care system. Advocates directed those concerns at policymakers, using targeted grassroots and media campaigns, and backed by philanthropic support. Together, advocates, consumers and philanthropists moved health care reform forward, despite historic budget crises and strong political opposition. The campaigns have helped protect and expand Medicaid and CHIP, and they have increased access to private insurance. Yet, much more work remains to be done on the state and federal levels. Additional philanthropic support is essential to fuel consumer advocacy.

Stronger, more productive partnerships between states and the federal government must be fostered. Increased federal funding for Medicaid and CHIP in 2009 came with requirements and incentives that protected and helped expand coverage. The federal government should continue this support by extending the ARRA federal matching funds increase until 2011, protecting public coverage while giving weakened state economies the time necessary to bounce back. Additionally, the federal government should expand the use of financial incentives, like those included in CHIPRA, to advance state health care reform. For example, the federal government could tie increased funding for state programs to adoption of private insurance standards, such as guaranteed ability to purchase insurance and an end to exclusions based on pre-existing conditions.

Endnotes

[1] Advocates in Hawaii, South Dakota and Montana did not respond.

[2] Kaiser Commission on Medicaid and the Uninsured, Medicaid Facts, State Fiscal Conditions and Medicaid, February 2010 Update. Available at: http://kff.org/medicaid/upload/7580-06.pdf

[3] Because of improved methodology, this includes two states that would not have been counted in 2008.

[4] Kaiser Commission on Medicaid and the Uninsured. 2009. Key Facts: Children's Health Insurance Program Reauthorization Act of 2009. Available at: http://www.kff.org/medicaid/upload/7863.pdf Accessed on December 18, 2009.

[5] McNichol, Elizabeth and Johnson, Nicholas. 2009. Recession Continues to Batter State Budgets, State Responses Could Slow Recovery. Center on Budget and Policy Priorities. Available at: http://www.cbpp.org/cms/index.cfm?fa=view&id=711 Accessed December 16, 2009.

[6] Smith, Vernon; Gifford, Kathleen; Ellis, Eileen; Rudowitz, Robin; O'Malley, Molly; Marks, Caryn. 2008. Headed for a Crunch: An Update on Medicaid Spending, Coverage and Policy Heading into an Economic Downturn. Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2009 and 2009. Available at: http://www.kff.org/medicaid/upload/7815.pdf Accessed December 18, 2009.

[7] According to Kaiser, even with the influx of ARRA funds in 2009, nearly every state implemented at least one new Medicaid policy to control spending such as benefit or provider cuts. Smith, Vernon K; Gifford, Kathleen; Ellis, Eileen; Rudowitz, Robin; O'Malley Watts, Molly; Marks, Caryn. The Crunch Continues: Medicaid Spending, Coverage and Policy in the Midst of a Recession: Results from a 50-State Medicaid Budget Survey for Fiscal Years 2009 and 2010, September 2009.

[8] McNichol, Elizabeth and Johnson, Nicholas. 2009. Recession Continues to Batter State Budgets, State Responses Could Slow Recovery. Center on Budget and Policy Priorities. Available at: http://www.cbpp.org/cms/index.cfm?fa=view&id=711 Accessed December 16, 2009.