

The Honorable Max Baucus
U.S. Senate
511 Hart Building
Washington, DC 20510

The Honorable Charles Grassley
U.S. Senate
135 Hart Building
Washington, DC 20510

May 22, 2009

Dear Senators Baucus and Grassley:

We the undersigned organizations commend the Finance Committee for its leadership in charting a pathway to equitable health reform and thank the Committee for the opportunity to comment on its recently released paper *Expanding Health Care Coverage: Proposals to Provide Affordable Coverage to All Americans*. There are various promising initiatives outlined in the paper that would help reduce disparities and expand and strengthen coverage for the most vulnerable in our society – children, people with disabilities, and low- and moderate-income families and individuals. While we are encouraged by these proposals, there are also areas of concern and ways in which the proposals can be strengthened to better serve vulnerable and often underserved populations.

Expanding Medicaid for Low-Income People and Families: We strongly support an expansion of mandatory Medicaid eligibility to all low-income people and families, including children, pregnant women, parents, and childless adults. The coverage options paper suggests that coverage for children, pregnant women, and parents could be set as high as 150 percent of the federal poverty level - a figure that makes sense especially in light of the likely elimination of income disregards. We hope that similar treatment is provided for childless adults.

The Benefits Packages for Low- and Moderate-Income People and Families: The coverage options paper introduces the concept that four different benefits packages may be made available--a High Benefit Option, Medium Benefit Option, Low Benefit Option, and Lowest Benefit Option. Within this four-level scheme, we recommend:

- People and families below the new nationwide eligibility standard for Medicaid should receive benefits that are at least as good as the High Benefit Option *plus* the additional benefits (e.g., EPSDT, transportation services, etc.), out-of-pocket protections, and other consumer protections currently accorded to Medicaid beneficiaries. Groups traditionally covered in Medicaid (children, parents, pregnant women, seniors, and people with disabilities) should continue to be in Medicaid and not directed to the Exchange.
- For people and families above the Medicaid eligibility standard but below 200 percent FPL, subsidies should be provided to make the High Benefit Option affordable.

The Lowest Benefit Option within this scheme raises serious concerns. It could leave many individuals and families "underinsured" and without real access to needed services. It also could create an adverse risk selection problem for the other options.

Among the alternative approaches for Medicaid coverage presented in the coverage options paper, we prefer the first approach but - if the above-described framework were established - the third approach for childless adults could also make sense.

Caps on Out-of-Pocket Costs: There should be affordable caps on out-of-pocket costs (including premiums and cost-sharing) for people with incomes between the Medicaid eligibility standard and 400 percent FPL. Although the structure in the coverage options paper includes limits on premium costs as a percentage of income for individuals eligible for a tax credit, it does not include a limit on total out-of-pocket spending. The four-level benefit packages scheme in the Exchange that relies on standard actuarial values does not provide adequate out-of-pocket protections for all individuals, especially those with high health care needs. Meaningful caps, as a varying percentage of income (with lower percentages applicable to lower-income people and families), should be established.

Protecting Low-Income Medicare Beneficiaries: The needs of low-income seniors and people with disabilities in Medicare are entirely absent from the document. Many of these individuals struggle with Medicare's high out-of-pocket costs, including Part B and D premiums as well as deductibles, co-insurance, and the Part D doughnut hole. Key areas for improvement are:

- Eliminating or substantially increasing the asset limits for Medicare Savings Programs (MSPs) and the Part D Low-Income Subsidy (LIS) so as to avoid penalizing savings;
- Aligning and increasing the income eligibility standards for both the MSPs and the LIS up to at least 150 percent FPL, preferably 200 percent FPL, which will protect low-income beneficiaries from some or most out-of-pocket costs;
- Simplifying the programs by aligning eligibility requirements and ensuring that beneficiaries who enroll in one program are screened and enrolled in all programs for which they are eligible;
- Stabilizing the programs by making the Qualified Individual (QI) program permanent or merging it with the other permanent MSPs.

Improving coverage for low-income Medicare beneficiaries is particularly appropriate because the delivery system reform discussion anticipates substantial reductions in Medicare spending, especially to Medicare Advantage. Although the bulk of these savings should be available to reform the health care system overall and to expand health coverage for the uninsured, a portion should be devoted to helping lower-income people with their Medicare coverage.

Addressing Health Disparities: Comprehensive health reform is essential to improving the health of populations and communities that have traditionally suffered health disparities and barriers to health care services. The coverage options paper includes several proposed options for addressing disparities such as:

- Strengthening data collection, including requiring SSA to collect race, ethnicity, and language data for Medicare enrollees and for CMS to require collection of language data in CHIP and access and treatment data for people with disabilities;
- Improving language access,
- Extending recently-passed legislation (CHIPRA) permitting states to waive the five-year waiting period for Medicaid or CHIP coverage to non-pregnant legally-residing adults, and
- Reducing infant mortality.

While these are critical to eliminating disparities and we strongly support inclusion of these elements, key areas for improvement are:

- Initiating payments for language services in Medicare. For example, Medicare should provide payment adequate to cover the costs of language services for hospitals, community health centers and other Medicare health care providers. For clinicians receiving payment through the Physician Fee Schedule, Medicare should examine different alternatives and how payments would affect clinician payments, a clinician's practice, and beneficiary cost-sharing.
- Support for community health workers and other members of the community to provide culturally and linguistically appropriate information to medically underserved communities, and
- Providing full scope Medicaid and CHIP coverage to lawfully-residing immigrants with no five-year waiting period and no special barriers to access by immigrants with sponsors. Leaving it to the discretion of states will create unequal coverage for this population across states and enhance rather than decrease health disparities. We assume the Finance Committee meant to eliminate barriers for sponsored immigrant adults as was done in CHIPRA for children and pregnant women; this should be made explicit in statutory language when it is drafted.

Again, we wish to thank the Finance Committee for their excellent work on this paper.

Sincerely,

ACORN

AFSCME

Asian American Justice Center

Asian & Pacific Islander American Health Forum

Association for Childhood Education International

Black Women's Health Imperative

Campaign for America's Future

Catholics United

Child Welfare League of America

Coalition on Human Needs

Community Action Partnership

Families USA

Generations United

Jewish Council for Public Affairs

Leadership Conference of Women Religious

Lutheran Services in America

National Center for Law and Economic Justice

National Council of Jewish Women

National Council of La Raza

National Immigration Law Center

National Indian Project Center

National Resource Center for Women & Families

National WIC Association

NETWORK: A National Catholic Social Justice Lobby

RESULTS

Sargent Shriver National Center on Poverty Law

The Advocacy Center of the Sisters of the Good Shepherd

The Arc of the United States

The Every Child Matters Education Fund

United Cerebral Palsy

United Church of Christ, Justice and Witness Ministries

Union of Reform Judaism

United Jewish Communities