



AMERICA'S ESSENTIAL HOSPITALS

December 19, 2014

Anne Schwartz, PhD
Executive Director
Medicaid and CHIP Payment and Access Commission
1800 M Street, NW
Suite 650 South
Washington, DC 20036

Ref: Considerations for Ensuring Affordability and Adequacy of Children's Coverage

Dear Dr. Schwartz,

Thank you for the opportunity to submit comments on the future of the Children's Health Insurance Program (CHIP). America's Essential Hospitals appreciates the work of the Medicaid and CHIP Payment and Access Commission (MACPAC) to identify policy options that ensure the continued availability of affordable and comprehensive care for low-income children. With federal CHIP funding to states expected to run out by the end of fiscal year (FY) 2015, we ask MACPAC to consider the unique role CHIP plays in providing coverage to our nation's most vulnerable children and families. We are concerned that many of the eight million children currently covered by CHIP will face significant obstacles in accessing health care in the absence of CHIP.

America's Essential Hospitals is the leading association and champion for hospitals and health systems dedicated to high-quality care for all, including the most vulnerable. Our more than 250 member hospitals fill a vital role in their communities, devoting more than half of their inpatient and outpatient care to Medicaid or uninsured patients. In addition to serving a disproportionate share of Medicaid and uninsured patients, our hospitals provide care to many low-income children and families who rely on CHIP for health coverage. A majority of patients at essential hospitals are racial and ethnic minorities, who often turn to CHIP and Medicaid for coverage.

As essential community providers (ECPs), our members provide a continuum of primary through quaternary care, including trauma care, burn care, and public

health and wraparound services such as translation, transportation, health fairs, health screenings, and other types of community outreach. Essential hospitals provide indispensable services for children, including primary care and pediatric specialty care, and are often the only hospitals in their region offering neonatal intensive care services. They also deliver ambulatory care services to schools and housing developments through mobile units, many of which offer onsite behavioral health support services, interpreters, and patient advocates who can access support programs for patients with complex medical and social needs. Many of the patients served by essential hospitals have developed longstanding relationships with these providers and rely on the array of specialized services and culturally competent care they alone offer.

The Affordable Care Act requires states to transition children from separate CHIP plans into comparable plans offered through the health care marketplaces (exchanges). America's Essential Hospitals concurs with MACPAC that additional time is needed to evaluate the sufficiency of coverage for children through the marketplaces and strongly urges the commission to **support the extension of CHIP funding through FY 2019** instead of the two-year extension proposed by the commission. The four-year extension will give policymakers the time necessary to assess and evaluate the sufficiency of alternative sources of coverage instead of rushing children into new coverage sources that may compromise their access to vital health care.

To ensure low-income children have access to providers offering a range of vital services, MACPAC should consider the following comments in developing its recommendations to Congress.

1. MACPAC should recommend that health plans offered through the marketplaces have adequate provider networks that ensure children have access to a comprehensive range of vital services from essential providers.

MACPAC should recommend policies that ensure health plan issuers establish and maintain adequate provider networks. Specifically, the commission should assess network adequacy of qualified health plans (QHPs) in health insurance marketplaces to ensure plans offer the nation's most vulnerable children access to the complete spectrum of necessary services and providers. Children who rely on CHIP for coverage have developed close relationships with their providers of choice, who provide services ranging from primary care to complex pediatric specialty care. Additionally, because the majority of children who receive insurance through Medicaid or CHIP are racial minorities,¹ they turn to the culturally and linguistically appropriate care that ECPs such as essential hospitals are uniquely qualified to offer. Since CHIP's

¹Medicaid and CHIP Payment and Access Commission. Report to the Congress on Medicaid and CHIP. MACStats, Section 2. June 2014.

inception, states have tailored CHIP plans and developed networks that include a range of providers who can offer appropriate care targeted to the needs of vulnerable children.

Recently, there has been a troubling trend in the marketplaces to develop narrow networks of providers that exclude essential hospitals and other providers who are trained in providing care to diverse patients. Many QHPs in the marketplaces currently have insufficient provider networks that cannot guarantee access to necessary services for children that is comparable to that of the CHIP program. More than two-thirds of provider networks evaluated in the marketplaces have been found to exclude at least 30 percent of the largest local hospitals in their geographic area.²

What's more, the current requirements for including ECPs in QHP networks are lacking and may leave many vulnerable children unable to access the essential providers on which they rely. Some essential hospitals have already experienced problems with QHP networks, such as being excluded from plans or being placed in tiers with higher beneficiary cost-sharing. Many of the patients seeking care at essential hospitals are low-income and cannot afford the higher cost-sharing associated with lower-tier hospitals. As long as these trends continue, vulnerable children will lose access to the trusted providers and specialized services that only essential hospitals offer.

For these reasons, MACPAC should continue to evaluate the adequacy of QHP networks to ensure they provide access to ECPs, such as essential hospitals, that play a critical role in providing health care to children. The marketplaces are still in their early stages and sufficient concerns have already arisen about beneficiary access to affordable and comprehensive care. A two-year extension of CHIP through 2017 will not provide enough time to address the considerable shortcomings in marketplace plan networks compared to CHIP plans. **To allow enough time for policymakers to address network adequacy concerns in the marketplaces before children transition to these plans, the commission should support an extension of CHIP through FY 2019.** A lack of uncertainty about the future of CHIP and an abrupt end to funding risks leaving millions of vulnerable children uninsured. Until it is clear that the networks in QHPs offer children access to similar services and providers, low-income families should have the option of keeping their children in their existing CHIP plans.

²McKinsey & Company. Hospital Networks: Configurations on the Exchanges and Their Impact on Premiums. [http://www.mckinsey.com/~media/mckinsey/dotcom/client_service/Healthcare Systems and Services/PDFs/Hospital_Networks_Configurations_on_the_Exchanges_and_Their_Impact_on_Premium.sashx](http://www.mckinsey.com/~media/mckinsey/dotcom/client_service/Healthcare%20Systems%20and%20Services/PDFs/Hospital_Networks_Configurations_on_the_Exchanges_and_Their_Impact_on_Premium.sashx). Accessed December 4, 2014.

2. MACPAC should evaluate cost-sharing in the marketplaces to ensure vulnerable families have access to affordable sources of coverage.

Families must continue to have access to CHIP coverage until other sources of coverage, such as the health plans offered through the marketplaces, are proven to be similarly affordable. **MACPAC should monitor the cost of marketplace plans compared to CHIP plans, especially in these early years of the implementation of the marketplaces.**

According to MACPAC³ and other analyses, premiums and cost sharing in the marketplaces are significantly higher than in CHIP plans. Low-income families who are already struggling with out-of-pocket costs cannot afford the higher costs of transitioning to the marketplaces in the absence of CHIP. The majority of CHIP beneficiaries are families whose income places them below 250 percent of the federal poverty level (FPL). These families would face a substantially greater burden in the marketplaces. In its analysis, MACPAC notes that in four states, the actuarial value of marketplace plans (taking into account cost-sharing reductions) for families between 200 and 250 percent of FPL is 73 percent, compared to 97 to 100 percent in CHIP plans.⁴ Families who are even slightly above 250 percent of FPL will not qualify for cost-sharing reductions in the marketplaces and face out-of-pocket costs of 30 percent for a silver plan.

Putting this in perspective, families accessing health care through the marketplaces would be responsible for cost sharing up to 10 times greater than that of their cost sharing in CHIP plans.⁵ Unless the higher level of cost sharing and premiums in the marketplaces is addressed, many vulnerable patients will be at risk of losing access to needed health care services.

America's Essential Hospitals encourages MACPAC to closely scrutinize the affordability of marketplace plans during this transition period. Additionally, the commission should explore other policy options that would help minimize the premiums and cost sharing that families pay in the marketplaces.

³Medicaid and CHIP Payment and Access Commission. Report to the Congress on Medicaid and CHIP. Chapter 1. June 2014.

⁴Ibid.

⁵Wakely Consulting Group. Comparison of Benefits and Cost Sharing in Children's Health Insurance Programs to Qualified Health Plans. July 2014.

3. MACPAC should recommend that marketplace plans cover services critical to children that are currently available under CHIP plans.

Marketplace plans are required by law to cover a package of essential health benefits based on benchmark coverage. This requirement is important in that it helps to give children access to the right types of primary, pediatric specialty, pediatric subspecialty, and ancillary services they require. However, it remains to be seen how these benchmark requirements translate into actual coverage offered through the marketplaces. Public programs such as Medicaid and CHIP focus on services that are specific to children, such as the Early and Periodic Screening, Diagnosis, and Treatment benefit, which covers an array of vital services for children. CHIP plans also include dental coverage. Marketplace plans, however, are not required to integrate dental coverage, which can be offered as a standalone plan. Dental care is an essential part of children's coverage, and having to pay separately for plans that cover dental care is an additional burden for families. Other services critical to children during their upbringing, such as hearing and vision services and outpatient habilitation services, are commonly covered by CHIP plans. However, these services are not covered by benchmark plans in some states, according to an analysis by the Government Accountability Office.⁶ Not having access to these types of services in marketplace plans would be detrimental to the health of children who currently receive these services through their CHIP plans.

MACPAC should review marketplace plans to compare the benefits offered in these plans to the benefits in CHIP plans. **If marketplace plans do not cover key benefits, MACPAC should recommend that benefit requirements be enhanced to cover all necessary types of benefits, particularly those that are of importance to vulnerable patients such as children with special health care needs.**

4. MACPAC should recommend policies guaranteeing seamless transitions between coverage through Medicaid, CHIP, the marketplaces, and employer-sponsored insurance.

CHIP beneficiaries, particularly those from poorer families, are susceptible to changes in insurance status. When a family's income level fluctuates or employment status changes, the family's eligibility for insurance changes and it switches between different sources of coverage, such as CHIP and the marketplaces. This transition can result in financial hardship particularly if a family loses eligibility for CHIP and instead has to pay higher premiums and cost sharing through the marketplaces.

⁶Government Accountability Office. Children's Health Insurance: Information on Coverage of Services, Cost to Consumers, and Access to Care in CHIP and Other Sources of Insurance. November 2013.

Changes in insurance status also can disrupt the continuity of care children receive because provider networks are not consistent across different types of coverage. Pediatric providers who are in CHIP plan networks, and with whom families have developed a close relationship, may not be part of QHP networks in the marketplaces. If a family's insurance coverage changes, it may lose access to its trusted providers with whom its children have already established a relationship. This becomes even more important when these providers are uniquely suited to treat vulnerable patients, whether by offering language services or other culturally competent care. These low-income families will be required to pay more out-of-pocket or find different, potentially less qualified providers for their children, which can be particularly disruptive for children with special health care needs.

While the marketplaces have provided an additional coverage option for children, in their current form, they are not equipped to offer children access to the types of specialized providers they need. America's Essential Hospitals urges the commission to continue its work evaluating the accessibility and affordability of insurance coverage for children. The commission should recommend policies that will ensure children currently covered under CHIP have a viable alternative that provides affordable coverage of comparable services. **To this end, funding for CHIP should be extended through FY 2019 while the relevant agencies and stakeholders can address gaps in the coverage offered through the marketplaces and ensure the marketplaces are designed to provide adequate and affordable care for the nation's most vulnerable children.**

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America's Essential Hospitals appreciates the opportunity to submit these comments. If you have any questions, please contact Xiaoyi Huang, Director of Policy, at 202-585-0127.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Siegel', written in a cursive style.

Bruce Siegel, MD, MPH
President and CEO

Cc: Diane Rowland, ScD