**Medicaid and SCHIP Reform Waiver**
**Des Moines Town Hall meeting**
**June 20, 2002**

Approximately 50 people attended the 10th and final Medicaid and SCHIP Reform Waiver Town Hall meeting on the campus of Highline Community College. The participants ranged from a legislator and a former Supreme Court justice to health care providers, hospital and clinic representatives, clients and stakeholder/advocacy groups. Larry Laux, the Director of the Division of Business and Finance in the Medical Assistance Administration (MAA), explained the state's current fiscal forecasts and projected revenue shortfall. Roger Gantz, Director of the MAA Division of Policy and Analysis, outlined the five key changes MAA has proposed to the original waiver proposal submitted to the federal government last fall. Tamishia Garrett, MAA Quality Coordinator, moderated the discussion and helped Gantz and Laux respond to questions.

Highlights of the discussion included:

**What's next?** "Is this our last chance for public input?" asked one participant. "You're going to fix up your final proposal now and send it away in July….That's just a week away. Will we get to see it before it's sent off?" The timetable established by MAA calls for the amended waiver proposal to be drafted and then posted on the Internet and distributed to interested parties during early July. Comment will again be collected and analyzed before a final draft is prepared and sent to the federal Centers for Medicare and Medicaid Services (CMS), which supervises the Medicaid program, in late July or early August. If CMS approval occurs by December, MAA will present the waiver to legislators when they reconvene in January of 2003 for a final review, necessary legislation, and any legislative direction. That timing would allow the waiver provisions to be implemented during the 2003-05 biennium, which begins on July 1, 2003.

**SCHIP dollars:** Several of the participants said they would prefer that the state spend any windfall it receives from the SCHIP program on children's health programs and not use the money to fund adult slots in the Basic Health program. Gantz explained that the state's options are limited by law, and additional children's spending is not possible, even under the waiver. Medicaid was established in Title 19 of the Social Secruity Act. The SCHIP program is in Title 21, and Congress specifically outlawed using funds from one program on the other. In addition, the act also barred Washington and three other states that had already expanded children's coverage to 200 percent of the Federal Poverty Level (FPL) from using SCHIP dollars on any current Medicaid eligibles. This effectively means the state can only use SCHIP dollars for children between 200 and 250 percent of FPL – and there are not enough children in that category for the state to ever fully spend its allotment. Under the waiver, the state could skirt that ban by creating the adult slots in Basic Health. Gantz also noted that Washington's congressional delegation has fought unsuccessfully for years to have the state's SCHIP options broadened. But because other states profit by getting to use Washington's unused SCHIP dollars, there is little support in Congress to correct the inequity.

**Enrollment cuts?** Several people expressed the suspicion that the amended waiver's proposed premiums would actually be a way for the state to cut its Medicaid enrollment, banking on low-income families dropping off the program rather than pay monthly premiums. "Does DSHS expect to make money from low-income families dropping off Medicaid and, if so, how much?" "That is not the intent of what we're trying to do," Gantz said. He said he hoped one outcome of the Town Hall meetings would be to help MAA and the Legislature select a premium level that would be realistic and not drive clients away. He noted that the premiums would apply to optional clients

above the Federal Poverty Level (FPL) and that the Basic Health program, which charges premiums even below FPL has only seen a 1 percent termination rate based on non-payment of premiums.

**Drug-abuse programs:** Because Medicaid funds are used to pay for alcohol- and substance-abuse treatment and prevention programs, one participant asked how the waiver would affect that kind of treatment. Gantz said there would be no effect on those programs, which are handled by a different administration within the Department of Social and Health Services.

**Enrollment freeze predictions:** MAA was asked why it has not modeled the possible effects of an enrollment freeze on different areas of the state. Gantz responded by saying that MAA will be modeling the effect of the enrollment freeze prior to the legislative session, but warned that the enrollment freeze would occur as a result of unbudgeted cost and enrollment increases – so the effect would hinge on how drastically those factors exceed what the Legislature budgeted. He noted that MAA would be seeking only maintenance-level funding, not program expansion, as it pulls its 2003-05 budget plan together this summer.

**Written testimony:** Lung Association details its opposition to most of waiver provisions

**Other comments:**

▶ "This money that's being returned to the federal government -- I'm not getting an understanding of why it's not being used…Why, if there's such a demand for health services, isn't this money getting used?"

▶ "Since you're proposing to limit the enrollment of children, why can't the SCHIP money be used for health care for children, which the waiver proposes to limit? You said putting it for adults into the health services account would not cost any additional money. Is that why you would not go back and try to cover more children?"

▶ "You're saying that the federal government won't let you do that….So you can't weave into the waiver this concept of decreasing coverage…You can't put this money to use for uncovered children between 100 and 200 percent of poverty level…because the federal government won't allow it?"

▶ "You asked about comments for premiums and co-pays…There's a lot of evidence that cost-sharing is really a misnomer…it in fact discourages people from using health care…Our position in the Children's Alliance is that cost-sharing won't work…."

▶ "Throughout your presentation, one thing is missing and that is the clients…Medicaid recipients do not know about what you are planning, and Medicaid recipients need to know…Have you made any attempt to notify them? One place they are at every month is at the CSO…But there has been nothing there about the waiver… How do they find out if you're not really making it available… From all the people that I know, there isn't any information in the CSO about the waiver…"

▶ "Obviously you have a list of Medicaid recipients…and you have a regular mailing. It would be a matter of putting more information in there…"

▶ "There are other ways of approaching the funding problem at DSHS…You should be going after the drug companies and getting them to lower the price on drugs instead of raising the price on

drugs….and another thing: We need more information at these DSHS offices…I am the father of three children….There are people who are disabled, who need more information to understand what's going on…About the co-payment, this is really hard…I'm only getting $600 a month and my rent is $795 right now. I'm not just on my knees trying to get help. I'm going to these offices …to see if I can get that help…Yes, I have worked. Yes, I was making $25,000 a year. Yes, I pay taxes…But now…I've got myself in a situation in which I hurt my back…I'm not even going to make my payments on my house…I'm trying not to be homeless…Now if you guys want to do this stuff, I won't even be able to get medicine…Do you know how that feels, to turn around when you can't get that medicine for your daughter or your son?…It's really hard to do that, and until you can walk the steps, you're really going to feel…"

▶ "There's a lot of poor judgment in the system…I can stand here and speak because I am in the system, I am going through the system…I had a hard time getting here, because I don't have the money for gas…but like I tell my friends, I'm not just here speaking for myself but for everybody who couldn't come here.… This is not fair to people like us…Every day I sit at home trying to figure out what I'm going to do next month…But I can walk. What about the people who are in worse shape than I am?"

▶ "All I'm saying, for me to be just like one of you guys, making money again, that will be because of a DSHS program that is there to help us…This is where it's gotten me to this point…I'm glad that there's meetings like that so we can speak up, so let's have more of them…."

▶ "I have a letter of intent…that was written about the premiums of transitional medical coverage….and it states here that the anticipated program savings … would include …families dropping off family medical coverage.… Seventy-seven percent of the jobs out there fail to pay a living wage…Our employment rate is only going up to 8 percent, but if all we're getting is low-paying jobs, then we're not going to make much more than 22 grand a year, and we'll still be unable to afford a premium or co-pay…This is what we need, and you're talking about bringing the waiver in and it looks like you guys are even expecting the economy to get worse….What's it going to be like when a million or so people are sitting there needing health care and unable to get it…..Our doctors are going to be bankrupt because all of these people are going to be sitting on a waiting list….I don't see the point of the waiver at all…In the long run, it's going to cause more of a deficit, and it's very vague…like how much money you're going to make from all of these changes."

▶ "There is no cap on the drug co-pay…You're talking about people who have 20 to 40 medications who would have to pay $5 for each of those prescriptions…Right now you are already charging people across the board...They have to have generic medications…as he said in this waiver…We have one member who every single month, her doctor has to sign a piece of paper saying that she has to have this medication…So what's going to happen to people who can't take this generic medication?"

▶ "What is your timeline as it affects that portion of the waiver? …You anticipate if all goes well this time around, you would get approval from CMS on or about December…so I specifically want to look at January of 2003, because last winter you couldn't articulate a timeline…for the savings that the department did not believe that they needed legislative approval or authority…because you could implement its provisions whenever you got that waiver approval….As you've articulated here tonight, you're planning to have discussions with the legislature…My question is, when you get the waiver, are you going to implement it with the legislative process, or are you going to effectuate it

with legislative approval? … Are you still convinced that you are immune from the budget process as laid out in the state constitution?"

▶ "…I helped write the state Health Services Act and helped make the decision to extend coverage to uninsured children up to 200 percent of FPL, so I have some interest in this issue. I have a question about the co-pays and premiums – for the net benefit of the state, would they be deposited in the General Fund or the Health Services Account? It seems to me that the real effect of this is that the reimbursement rate for hospitals and doctors would be lowered and they would be required to collect the co-pay to make up the difference? So, there's no real guarantee that the money would be used for health-related costs… Second question, you had kind of a scenario about the freeze. I presume you've done some other scenarios? …If the Legislature doesn't provide any additional money, how would those scenarios look…in terms of the numbers who would be on the waiting list? You haven't modeled it at all?"

▶ "The problem for anybody …is how can you talk about this with those people frozen. What is the impact on doctors and hospitals and anybody else?"

▶ "I am not well versed about this waiver but I wish I were…I know from way back in the Depression what the big problems are…I'm looking forward to a situation in which inflation will put me in a state of poverty in the next two years…I would like to urge everybody here to get the name of their legislator, their congressman and their senator…and get the interest of their neighbors and recognize that this is a serious economic and political problem…This is awful when Enron can make billions and ordinary people can go into terrible, terrible poverty…"

▶ "I work with adults…who live on $48 a month…If you take a $10 co-pay out of that, they live on $38 a month and if you take everything on this list from them, you take it all and they won't be able to provide for themselves….It is sad."

▶ "My major comment is that you think you're doing the right thing because you're going to be able to keep your jobs if you can manufacture some money where there isn't any…My own belief is that you have already driven out many, many thousands of good doctors because of the level of reimbursements in Medicaid…I'm on what is called the spenddown….I can't get Medicaid unless I come up with enough spending….Would I be frozen out in the first dollop of checkmarks in this waiver?"

▶ "The freeze is very unfair…because people will be frozen out in this state of care that they needs….This state is going to have bigger problems down the road…I was wondering if you had looked at any other ways to solve this before you started changing things in the waiver…Why couldn't you have been thinking of other things, other ways to save the money that's needed?"

▶ "I'm here to represent the pregnant women of the state, and because DSHS is providing medical assistance to about 40 percent of the pregnant women in the state….this is a huge issue…So my question is, is there going to be a co-pay for each pregnant woman's visit to her provider?"

▶ "I represent the Lung Association, and I don't think everything's been put on the table that needs to be, but of the things that have….a co-pay for drugs seems like a reasonable approach to us…as long as there is a truly equivalent drug available….Similarly, an emergency room co-pay may be appropriate, but only in certain circumstances….It doesn't seem to be reasonable to put a co-pay in effect that …would interfere…with a prudent layperson standard for people seeking emergency

care…On all the rest of the stuff, we disagree with what you're doing…except for the SCHIP dollars, and maybe that should really be the focus here…We think the premiums is the worst of the ideas because it cuts people off before they can get to the door….It would really decimate health care in the state of Washington…Finally, the piece about cutting people off…250,000 people would not be able to get health insurance, and it would add to the uninsured rate, which is already over 11 percent and growing….Washington is one of a half-dozen states showing an increase in the uninsured rate over the past few years."

▶ "Here are some directions where you should go…One we've already talked about, a preferred drug list, and getting some saving there…We're dipping into the pockets of a few pharmaceutical companies who have very deep pockets… Secondly, administrative efficiencies…Why isn't there uniform purchasing? ....We talked about consolidated purchasing of drugs…Why should legislators have better benefits than those in the Basic Health plan? ….Third point, there needs to be recognition that the reason enrollments are increasing is because economic times suck…We shouldn't penalize people for being sick and poor at a time when that's how the economic trends are going."

▶ "I think there needs to be a rational public decision process….This waiver has been kicked around for about two years…. The Oregon Health Plan took about three years….Literally every part of it was a public decision so that every citizen in the state of Oregon had a chance to say where they should be ranked and then subject it to a cost-benefit analysis….then duke it out in the legislative process in the light of day… Also, I think it's your job to seek more revenue, not just cut costs…You should recommend it to DSHS, DSHS should recommend it to your boss, the Governor…and the Governor sure as hell should recommend it to the Legislature."

▶ "I work with Washington Catholic Council…and we advocate for Catholic charities and Catholic community services… I agree with …the budget deficit the state is facing, but there are a lot of factors to consider, because in large part this crisis was brought about by people trying to limit the amount of money that is going to the state….One of the core principles for us should be that people have the basic right…to health care…So we are particularly opposed to the enrollment cap, because people's health and welfare shouldn't be measured against the state's budget… Another thing, we would NOT like to see a 'dumbing down' of state services by going down to the Basic Health level…Finally, the idea of common purchasing power is a good one….and we also agree that the institution of a drug formulary….is a fine thing…We'd even be open to looking at minimal financial contingencies…as long as you could give us the assurances that it would not result in people not being able to accessing health care."

▶ "I represent Washington Community Mental Health Council…and my organization is in opposition to the waiver…That is because our analysis of the impact of the 1115 demonstration waiver on the mental health population will be detrimental…There are a couple of specific areas I would like to see analyzed….The mental health system relies heavily on Medicaid and one thing that people don't realize is that the funding that is allocated to the Community Mental Health Council is dependent on the caseload forecast…That means there is less money in the mental health system….We are at least $216 million in the hole….and obviously, we are concerned…My second point relates directly to the waiver…The feds require that Medicaid recipients get a favored status when they come to the door of community mental health centers…It's not a rational system…and when non-Medicaid people come to the door, they may even get turned away….As we view a threatened freeze with people in Medicaid, then more people would be turned away because they

don't have that Medicaid cards."

▶ "I represent Valley Medical Center…we had more patients than Harborview last time I looked…One point I would make is that the drug co-pays as proposed, they make sense, they work. No issue there. The emergency room co-pays, though, just make no sense to us, even if they are legal. We cannot legally write them off…It would be more honest if you just cut what you pay us, even though I'm hesitant to raise that…Overall, you have an impossible task...The legislators are afraid to raise taxes…The federal government is not going to be of any help….while I would prefer the Oregon approach, we can't do that here…So I believe instead that we're going to have to be courageous and come up with our own solution…. Would it make sense and could you balance the budget if the state simply dropped eligibility levels to everything that isn't mandatory?…And if it heaven forbid created a surplus, would you be able to take that money and increase what you are paying providers? Is it possible to even do that, take everybody off that you can?"

▶ "What are other states doing? Is there any comparison you can track? So if we are successful are they going to do what we're doing? The exception for American Indians and Alaska Natives….is that something that the other states are also doing?"

▶ "I'm with Washington Citizen Action, and I feel like I should shake your hand because I think you're doing tremendous up there, all alone…But now my question is, are you a parent? Because I am a parent, and I am very concerned about children's health. What specific law or laws would you advise me, in your best opinion, so that we can change this fact that all these funds that have not been utilized need to go back to the federal government. Who can I contact so I can help get that changed?"

▶ "I'm a person who's worked from the time I was 16 until the time I became too ill to work. .. I've just found out I'm optional…When I left my child care business….I was in poverty, and they signed me up for DSHS and signed me up for Social Security…During the next two years I was signed onto Social Security, I got $239 a month, and I'd like to know what part of that I'd have to spend on this waiver…Now I'm back on Medicaid….my life depends on the medical coverage I get from Medicaid…and if you start putting people on waiting lists, that's what would have happened to me…I know you've got all the graphs and figures and the programs and all that, but we're talking about human beings here…I've had to fight for every single thing I've gotten…This is sick…We're talking about people's lives here, and we need to look at other options here."

▶ "I'm a retiree, and I know there are lots of good people who are experiencing hard times and who have become unemployed… I'm here to kind of learn, and so I've enjoyed this type of information. But I still have some fundamental questions…What is the poverty level for families of two, three or four, and does that come anywhere near the cost of living? … The other thing I want to mention is the high cost of prescription drugs…and that increase is one of the things driving up your costs…That's one of the things we need to take a look at…."

▶ "What are you going to do about telling the people about what will happen to them if this is going ahead? What are you going to do about warning the people…As far as I know there hasn't been any word going out, and these are the people who are going to be out in the cold and need the warning…"

▶ "I'll be really brief. I haven't heard any cost analysis on what the effect of this is going to be….and it's an administrative nightmare to collect a $5 premium…I heard (Assistant Secretary)

Doug Porter say this waiver is not going to save any money. So why are we tinkering with something that is not even saving any money?…I think he said this was good faith effort to show the Legislature that DSHS is trying to deal with the rising costs….I think I agree with others here who have said that premiums are a costly and backward thing that will reap no benefits…"

▶ "I am a legislator from the Burien and Vashon Island area…I have also worked for about 12 years with Congressman McDermott… Both myself and Congressman McDermott oppose the waiver in any way, shape or form…I also would call your attention to a copy of a letter in the Citizen Action pamphlet distributed here tonight opposing the waiver. It was signed by all members of our congressional delegation, from both parties, opposing the waiver….I also think that we have to be careful not to shoot the messenger…I know that the people I serve with in the Legislature will not jump up to raise taxes unless you contact them….We need to make sure that they hear about this and your concerns….The reason the legislators are unwilling to raise taxes…is that they think voters are unwilling to raise their taxes….Obviously, it's a long story…but I think the time has come to … talk about sharing the burden together….There are many tax credits given out in this state…(and) some of them are good…We have exempted six, but there are hundreds on the books…We have got to get the big guys who can afford to do it…Other states are waiting with baited breath to follow suit…but if this waiver succeeds, we will be changing the very nature of Medicaid on a national level…and where we have a seamless system now, every state would have its own…"

▶ "I represent community health centers in King County…it's come to my attention that our immigrant families have been transferred to Basic Health…where they will lose eye exams, dental care…. When I come to work in the morning I can see a line all the way around the building…We are not taking care of folks…We must say no to cuts, and say yes to the safety net…."

▶ "Number One, I have to relate a story from one of our members about the brand name drug and the co-pay…She has been told to take the generic drugs…and she has tried them and they don't work, and now she has to go through hoops to get her medication….She's been told that this applies to every single one of her drugs…she has to resubmit a request for each of those brand name drugs every month and she has to go through these hoops….Is she also going to be asked to pay a premium for each and every one of those drugs? …My second question is that a number of people in the meeting tonight have asked about themselves and have been told by you that their particular program won't change, that your waiver as it is won't affect them. But you've also said you don't even have a draft of the waiver at this point…So which is it: Is there no draft? Or is there?"