MEMORANDUM

DATE: April 25, 2011

TO: The Honorable M. Patricia Blevins
    The Honorable Liane M. Sorenson
    The Honorable Teresa L. Schooley
    The Honorable Melanie L. George
    The Honorable John A. Kowalko, Jr.

FROM: Ms. Daniese McMullin-Powell, Chairperson
      State Council for Persons with Disabilities

RE: S.B. 21 [Delaware Healthy Children Program]

The State Council for Persons with Disabilities (SCPD) has reviewed S.B. 21 which would eliminate the current monthly premium for Delaware Healthy Children Program (DHCP) enrollees while authorizing DHSS, in its discretion, to institute minimal co-payments for services. Consistent with lines 14-18, the current premium requirement may pose a barrier to enrollment for low income families. For example, if children are viewed as relatively healthy, a financially stressed parent may forego paying the monthly premium to cover the competing costs of housing, utilities, transportation, child care, and food. As a result, if a child then becomes ill, there is no DHCP coverage. Adopting a co-pay system in lieu of the monthly premium approach should reduce the prospects for enrollment and disenrollment from month to month. The legislation is identical to S.B. 18 introduced in the 145th General Assembly and S.B. 200 introduced in the 144th General Assembly. SCPD endorsed predecessor bills.

SCPD endorses the proposed legislation with the following caveats.

First, the recital at line 5 that enrollments are declining may no longer be accurate. See attached excerpt from DMMA FY 10 JFC presentation (March, 2010) and the attached excerpt from DMMA presentation to the SCPD (October 25, 2010).

Second, the attached January 28, 2010 News Journal article provides some “food for thought” on the viability of co-pays in the DHCP. The article describes a study of 900,000 individuals which concluded that even modest co-pays can result in deferral of needed care by patients of modest
means.

Thank you for your consideration and please contact SCPD if you have any questions regarding our position or observations on the proposed legislation.

cc: The Honorable Jack A. Markell
    Mr. Brian Hartman, Esq.
    Governor's Advisory Council for Exceptional Citizens
    Developmental Disabilities Council

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Eligibility for the Delaware Healthy Children Program, Delaware's CHIP program, is also increasing. This chart reflects the increasing number of children enrolled in this program on an average monthly basis.

As you can see, there has been a 79.3% increase in the number of children enrolled in this program since 2002. We have seen a 9.1% increase during the first half of this Fiscal Year, with just under 6,300 children now enrolled.
Trends

Delaware CHIP Enrollees (Monthly Average)

- 77.3% Increase
- 3,487
- 4,345
- 4,291
- 4,192
- 4,125
- 5,032
- 5,024
- 5,731
- 6,332
- 6,182

State Fiscal Year (Sep)

Trends

Delaware Medicaid Expenditures (Millions of Dollars)

- Federal Share: $349, $392, $427, $467, $495, $524, $583, $605, $634, $734
- ARRA: $0, $0, $0, $0, $0, $97, $143, $150
- State Share: $334, $392, $427, $467, $495, $524, $583, $499, $481, $533
Medicare study finds that raising co-pays can backfire

By ALICIA CHANG  
Associated Press

LOS ANGELES — Higher Medicare co-pays, sometimes just a few dollars more, led to fewer doctors visits and to more and longer hospital stays, a new study reveals.

With health care costs skyrocketing, many public and private insurers have required patients to pay more out-of-pocket. The new study confirms what many policymakers had feared: cost-shifting moves can backfire.

"Patients may defer needed care and may wind up with a serious health event that might put them in the hospital. That's not good for the patients, not good for society, not good for anybody," said Dr. Tim Carey, who heads the University of North Carolina's Sheps Center for Health Services Research.

Carey had no role in the research, published in today's New England Journal of Medicine.

The study included nearly 80,000 seniors in 30 Medicare managed-care plans from 2001 to 2006. During that period, half of the plans raised co-pays for visits to doctors and specialists. Researchers compared medical use patterns in those plans with use in similar Medicare plans that kept co-pays the same.

Among plans that increased cost-sharing, the average co-pay for a doctor visit roughly doubled, from $7.38 to $14.38. The co-pay to see a specialist jumped from $12.56 to $25.90. By contrast, the average co-pay for unchanged plans was $8.33 to see a doctor, $11.58 to see a specialist.

For every 100 people enrolled in plans that raised co-pays, there were 20 fewer doctor visits; two additional hospital admissions and 13 more days spent in the hospital in the year after the increase, compared with those in plans whose co-pays did not change, researchers found.

The trend was most pronounced among blacks, people living in lower-income neighborhoods and those with chronic illnesses such as diabetes, high blood pressure or heart disease.

The results suggest that raising co-pays to contain costs is counterproductive, said Dr. Anil Trivedi, assistant professor of community health at Brown University, who led the study. Not only may it lead to higher health care spending, but patients also suffer, he said.