LEGAL SERVICES ADVOCACY PROJECT

Expanding the Healthy Contribution Program is "Unhealthy" for Low-income Minnesotans.
(H.F.1986/S.F.2094)

The Proposal

This bill proposes several changes to the Healthy Contribution Program, one of which expands the eligibility bracket from 200-to-250 percent of federal poverty guidelines (FPG) to 150-to-250 percent of FPG. This memo addresses our concerns regarding this specific change, as set forth under section 2, subdivision 1.

Background

The Healthy Contribution Program, enacted last session, establishes a state-subsidy or voucher program that provides childless individuals at 200-to-250 percent of FPG with monetary contributions to purchase private health insurance. This program, which goes into effect on July 1, 2012, will effectively strip approximately 3,500 MinnesotaCare enrollees of their current health care coverage, and potentially their providers, leaving them in an inordinately complex and costly private insurance market. If passed, this bill would expand this program to impact an additional 8,500 low-income Minnesotans.

Impact of Bill

Increases the likelihood that these low-income adults will go uninsured.

Individuals at 150-to-200 percent of FPG have very limited means and little, if any, disposable income. If these individuals are able to afford private-sector premiums with the state subsidy, there is no guarantee that they will be able to pay the relatively high deductibles and other cost-sharing expenses commonly found in today's private market. In fact, research shows that low-income individuals are more likely to avoid seeking necessary care, or forgo buying health insurance altogether, when faced with the realities of high out-of-pocket health care costs. According to modest estimates in the fiscal note for this bill, 30 percent of new eligibles, who would have been covered under MinnesotaCare, will no longer be covered under the Healthy Contribution Program. In fact, only 70 percent of these new eligibles are expected to participate in the Healthy Contribution Program, with 20 percent of them purchasing plans through the costly high-risk market of the Minnesota Comprehensive Health Association (MCHA).

Provides no safeguards or protections for beneficiaries in terms of private coverage.

MinnesotaCare enrollees, on average, have greater health needs than the rest of the population, meaning they require a unique, and often steeply priced, set of health care services. Therefore, any effort to move them into the private market should at least require health plans to offer comparable coverage to MinnesotaCare to ensure continuity of adequate coverage and care. Currently, the Healthy Contribution Program provides no minimum standards of coverage, requirements for effective dates of coverage, or cost-sharing limitations for individuals purchasing private health plans with the assistance of state taxpayer dollars. Besides requirements for mental health and substance abuse coverage, participating health plans are

allowed to offer coverage with any benefits and limitations or exclusions, as they see fit. They also can refuse coverage based on discriminatory practices such as denials due to pre-existing conditions. While the bill does allow individuals the option to enroll automatically into MCHA with a larger state subsidy, it still doesn't guarantee that coverage will be adequate or affordable in this high-risk market, which was never designed to serve as a public health care program for the working poor.

Unnecessarily exposes more low-income individuals to greater financial instability.

Any time individuals go uninsured, or without adequate coverage, they face greater chances of financial instability and medical debt. By cutting MinnesotaCare eligibility for those most vulnerable to financial challenges and placing them involuntarily into the current private market without any safeguards, this bill would undoubtedly result in more low-income adults falling into deeper levels of poverty.

Poses a significant threat to the health and well-being of these low-income Minnesotans.

The most dangerous element of this proposal is the risk it poses to health outcomes for low-income Minnesotans, many of whom are likely to suffer from poor or exacerbated health conditions when left unsupported by our health care system. For decades, Minnesota has been known for its leadership in health care, most notably its MinnesotaCare program and the achievement of lower uninsurance rates and improved health conditions among low-income adults. By expanding the Healthy Contribution Program, this bill would chip away at this legacy and cut access to affordable coverage options under MinnesotaCare.

Creates a greater burden on our public health and health care systems and our state economy.

Unsurprisingly, when the number of uninsured and underinsured individuals increases, long-term consequences result. This includes indirect and notable costs to our public health and health care systems from increased rates of mortality, morbidity, poverty, uncompensated care, and utilization of emergency room services. Poor health outcomes among our working poor residents, which include those impacted by this bill, will also lead to losses in worker productivity. In effect, this bill intensifies the adverse impact of that this program will have on the economic vitality of our state. Moreover, expanding this program, as proposed in this bill, would directly conflict with stated reform goals and efforts in Minnesota. While the Healthy Contribution Program creates a state-subsidy program, it would not meet the high affordability and coverage standards or income formulas required by the Affordable Care Act (ACA), which aims to establish a responsible and accountable system for spending taxpayer dollars in the private insurance market. Therefore, an expansion of this untested program is unnecessary and will only create an additional administrative burden and layer that the state will have to begin dismantling within the next year to meet the requirements of the ACA by 2014.