

Washington Health Care Programs Make a Difference

Why the Legislature Needs to Ensure Access to

**Basic Health, Medicaid
&
CHIP**

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Washington Citizen Action

Northwest Federation of Community Organizations

March 2001

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Executive Summary

For 130,000 low-income families and their children in Washington state, health insurance is a luxury item priced beyond their reach. Due to high premiums and high deductibles, private insurance remains inaccessible. Lack of health insurance can have detrimental effects on both the overall health of a family and its ability to participate in the state's economy. Wary of the high costs associated with out-of-pocket health care expenses, many people postpone seeking care, or forego prescriptive remedies, at the expense of their own health. When their condition worsens, the emergency room (ER) is often the place they turn. The ER is the least desirable solution to family health care needs: care is expensive, the costs are passed on to paying patients, and the ER is ill-equipped to address ongoing, comprehensive health concerns.

Washington state assists families with health insurance through Medicaid, the Basic Health Plan (BH), and the Children's Health Insurance Program (CHIP). Together, these plans provide health insurance coverage to adults in families earning up to 200 percent of the federal poverty line (\$34,100 a year for a family of four) and to children in families up to 250 percent of the federal poverty line (\$42,625 for a family of four). Adults pay a variable portion of the costs associated with the programs.

Recent discussions at the state level threaten to reduce the security that these public health care programs provide. There are proposals to place a limit on the number of children who can access CHIP, to eliminate dental and vision care for adults enrolled in Medicaid, and to increase the amount of money families contribute to their health insurance plan. This report illustrates how important the current health programs are to Washington's low-income children and families, and what a mistake it would be to cut back on these programs.

Specifically, this report finds:

- **Washington's public health care system is a smart investment.** Families rely on Washington's public health programs. Jobs that pay low wages rarely include the benefits of health insurance, yet inadequate access to important health care services jeopardizes families' ability to obtain and maintain employment. Through Medicaid, the Basic Health Plan, and CHIP, families are able to fully engage in work life and are able to ensure health care for their kids.
- **Limiting access to CHIP puts our children at risk.** Children who lack access to health insurance are less likely to access regular health care, are less likely to maintain a schedule of recommended immunizations, and are less likely to have developmental delays detected. Unmet health care needs reduce children's ability to grow into productive, healthy adults. For many low-income working families, CHIP is the only affordable health insurance option for children. Limiting children's access to health care just does not make sense.

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- **Eliminating adult access to dental and vision care is short-sighted.** Medicaid currently allows adults to access dental and vision care, which is sound health-care policy. Lack of access to adequate dental care and eye care has a direct, negative impact on people's ability to navigate their work lives and home lives.
 - **Excessive cost-sharing excludes families from accessing care.** Cost-sharing (premiums and co-payments) is an impediment to low-income families seeking health care. A study of Washington's Basic Health Plan found that a \$10 premium increase cut enrollment by 13 percent. Current rates of cost-sharing in BH are too high for many working families enrolled in the program and deter new families from enrolling in the program. Plans to increase the enrollees' out-of-pocket expenses would result in decreased enrollment.

Health care is a basic necessity for families to lead productive, self-sufficient lives. Plans to eliminate or reduce families' access to affordable health care are ill-advised, and should be avoided. Investing in Washington's working families includes investing in their ability to access quality, affordable health care.

Introduction

Consider this: if you did not have health insurance, what would your health be like? Would you be able to afford regular visits to the doctor? Would you be able to fill your prescriptions? What would you do if a catastrophe struck, and you or a loved one needed an extended stay in the hospital? Chances are, if you have health insurance, these are not questions you ask yourself daily. For the 130,000 low-income uninsured children and their parents in Washington, however, these questions are frequent worries. As one woman we spoke to confided, “I can pay the bills, so long as we don't have any disasters.”

Due to high premiums and high deductibles, private insurance is inaccessible for many low-income, working families. Lack of insurance commutes health care into a luxury item – an expense that comes after shelter, food, and warmth. Wary of the high costs associated with out-of-pocket health care expenses, many people postpone seeking care, or forego prescriptive remedies, at the expense of their own health. When their condition worsens, the emergency room (ER) is often the place they turn. The ER is a place of last resort for unwell low-income people, yet it is the least desirable option. ER care is expensive, and patients who are unable to pay for their own care pass their costs onto paying patients, which raises the cost of care for everyone. Worse yet, the ER is not designed to provide ongoing care, follow-up care or comprehensive care: the very forms of health care that people with health insurance depend on to stay healthy and to minimize illnesses.

For children unable to reliably access quality health care, the challenges to staying healthy can have life-long implications. Children who lack health insurance are less likely to access regular health care, are less likely to maintain a schedule of recommended immunizations, and are less likely to have developmental delays diagnosed and monitored. Anyone who has had to stay home from work to care for a sick child or to tend to one's own illness knows how disruptive even a minor cold can be in a family's life. Compared to the insured, the “uninsured tend to have more serious, preventable illnesses that threaten their work productivity and ability to retain jobs.”¹

It is in everyone's best interest that all Washingtonians have health insurance. As the President of the American College of Physicians stated, “Living without insurance is a serious health risk that needs to be treated with the same urgency as not wearing seatbelts or drunk driving.”²

Fortunately, many children and families in Washington *do* have access to health insurance through the state's public health care programs: Medicaid, Basic Health (BH) and the Children's Health Insurance Program (CHIP). Medicaid covers children up to 200% of the federal poverty level (some through Basic Health Plus), pregnant women, low-income disabled and elderly, and very low-income adults caring for children.

The Basic Health Plan covers state residents up to 200% of the federal poverty level, and CHIP covers children between 200 and 250% of the federal poverty level. Although the out-of-pocket expenses associated with Basic Health can make it difficult or infeasible for some low-income families to participate, those families who are enrolled are able to visit the doctor on a regular basis, get care when they need it, and often do not have to choose between a rent payment and a prescribed medication. Children with Medicaid and CHIP are able to receive regular preventive care, such as regular immunizations, as well as treatment for injuries and illnesses.³ Families on BH can rely on a health insurance plan to help them stay healthy, and to cushion them from accruing insurmountable debt when health care troubles occur.

Federal Poverty Line

The federal poverty level (FPL) is set annually by the federal government and is used to determine eligibility for some public programs.

- At 100% of the FPL a family of four earns \$17,050 per year;
- At 150%, a family of four earns \$25,575 per year;
- At 200%, a family of four earns \$34,100 per year.

Recent discussions at the state level threaten to reduce the security that these public health care programs provide. There are proposals to place a limit on the number of children who can access CHIP, to eliminate dental and vision care for adults, and to increase the amount of money families contribute to their health insurance plan. These proposals are simply ill-advised. Low-income people often live on very tight budgets, and are vulnerable to unexpected expenses. Medicaid, CHIP and BH provide convenient access to affordable health care, which helps to stabilize family economies, and to stabilize our communities.

This report illustrates how important the current public health programs are to Washington's low-income children and families and what a mistake it would be to cut back on the programs. Because the Washington legislature has chosen to invest in these health care programs, Washington families are healthier. Now is simply not the time to roll back support: "Without [access to] important health care services, we are placing the children's well-being and productivity at risk."⁴

Section 1:
Washington's Health Care System: A Smart Investment

Private health insurance is too expensive for many low-income families. Of the thirteen families we spoke with, each had one or both parents working at least one job, yet were unable to access affordable health insurance through their employer. Washington has shown its commitment to lower-income children and families in part by ensuring access to affordable health insurance. In this first section of the report, the families express in their own words how Medicaid and Basic Health have made a positive difference in their lives and how important health care insurance is to them.

“I just had my first son Dylan seven weeks ago. Right before I became pregnant, I was laid off from my job managing a retail store. We have health coverage right now through Healthy Options [Medicaid managed care for low-income pregnant women, families, and their children]. It's great coverage, I'm very happy with it. But mine runs out at the end of the month, and Dylan's runs out when he turns one. I'm in the process of applying to extend coverage, since some low-income mothers still qualify after their babies are born. But I don't know if I'll get it or not. I never make more than \$20,000 each year. That is not enough to buy insurance on the private market.”

*Darci Severn
Seattle*

Two-thirds of those without health insurance coverage cite the high cost of insurance as the main reason that they are uninsured.⁵

“I work at Pike Place Market at a produce stand and at a clothing store. Neither job provides health insurance. Between both jobs, I make no more than \$1,200 a month for me and my daughter Daisy to live on. Daisy is covered by Medicaid, which is a life-saver, but I'm uninsured. It's very scary to be uninsured.”

*Darla Budde
Seattle*

Part-time work rarely includes the benefits of health insurance.⁶

“I have been working two to three jobs since my son Chase was born, and that's tough because it means I can't spend as much time with him as I want to. Currently, I work part-time at a day care center as a substitute teacher and assistant. My son and I don't have health insurance. I'm tired of these dead end jobs with no benefits or sick days and I want to find better work. I work hard, but I need help with health insurance for myself and for my son.”

*Lucina Slaughter
Seattle*

Medicaid can be critical for children with complicated health problems. Medicaid provides the most comprehensive package of benefits, including a full range of medically necessary care for children with special needs.⁷

“My eldest daughter, Liz, has cerebral palsy and multiple health conditions, and has spent a good part of the last year in and out of the hospital. Now, she is being fed through an IV and needs a lot of attention. She's covered by Medicaid. There is no way we could afford to take care of her if she didn't have health coverage. On the first of this month, I sent in the papers to enroll my other two daughters and I'm currently filling out the paperwork to apply for the Basic Health Plan for my husband and me. I'm almost 40, and there is no reason why we and our kids should be without insurance. We have plenty to worry about without the fear of being uninsured over our heads as well.”

*“Jenny”
Seattle**

Although most kids are relatively healthy, they need “immunizations, regular preventative care, and professional treatment for acute illnesses and injuries” to stay healthy.⁸

Children who do not have a regular source of care or who forego treatment until their illness becomes worse risk the chance of a more serious outcome than would have been the case had the child sought health care in the beginning. For example, ear infections that are left untreated can result in hearing loss as well as speech and language difficulties.⁹

Washington's public health care programs – Medicaid, CHIP and Basic Health (BH) - are making a difference in the lives of low-income children and families. Because the Washington legislature has decided to invest in Medicaid and BH, families have a better shot at becoming and staying healthy.

* Names in quotes are withheld at the request of the family that provided the comment.

Section 2: Limiting Access to CHIP Puts Our Children At Risk

Being healthy and staying healthy means having affordable access to quality health care from an early age. For the 65,000 low-income children in Washington who are uninsured, staying healthy can be very difficult. Children who lack health insurance are less likely to access regular health care, are less likely to maintain a schedule of recommended immunizations, are less likely to have developmental delays diagnosed and monitored, and have an increased risk that childhood illnesses will become life-threatening.

Governor Gary Locke has proposed limiting the number of children who have access to health care services by capping the number of children who can enroll in the Children's Health Insurance Program (CHIP). For many low-income working families, CHIP is the only affordable health care insurance option for their children.

Unmet health care needs reduce a child's ability to grow into a healthy and productive adult.¹⁰

Health insurance reduces stress for families because children are able to obtain the health care that they need.¹¹

“When our daughter “Stephanie” was two, my husband went to trade school down in Phoenix, Arizona for seven months. We were all uninsured at the time because I didn't know about Basic Health or about Medicaid. We just prayed that none of us would get sick or injured and waited until Jeff returned and got a good job. But then, Stephanie got a stomach virus, and became very dehydrated. By the time it was over, I had a \$250 bill we couldn't afford to pay. The clinic told us about Medicaid and Basic Health, but at the time BH had a waiting list and we couldn't afford it.”

*“Laurie” and “Jeff”
Bremerton*

A recent report by *Families USA* noted: “If states scrimp on providing the kinds of benefits that kids need, they may find that they spend more on treatment of acute conditions that could have been prevented.”¹² Our long-term investment in kids includes giving them the best chance to start healthy and to live healthy, productive lives. Limiting children's access to affordable health care just does not make sense.

Section 3:

Eliminating Access to Dental and Vision Care is Short-Sighted

As children, we all dreaded a visit to the dentist. We knew it was going to hurt, one way or another. Yet for many low-income families, proper dental care is a luxury item priced well beyond their means. Medicaid currently allows very low-income adults to access dental and vision care, in recognition of the fact that these are basic components to living a healthy, productive life. Basic Health does not cover these services. Unfortunately, the Governor Locke has proposed to eliminate dental and vision coverage for adults who are enrolled in Medicaid.

Adults who cannot afford to see a dentist often languish for months, enduring excruciating pain, taking far more aspirin than is recommended, and - as a last resort - presenting themselves at emergency rooms in the hopes of finding relief. Emergency rooms are ill-equipped to address dental problems, and medical providers are wary of prescribing too much pain relief without hope of treatment. At times, hospital providers will extract a tooth, but it is a tooth that could have been saved had care been provided at an earlier stage.

Dental decay, when left untreated, can develop into a generalized infection that spreads throughout the body and causes serious illness. At the point that the dental problem becomes a medical problem, Medicaid will cover treatment. Drawing an arbitrary coverage line between “dental” and “medical” care serves no one and leads to needless pain, suffering, and expense.

Eliminating non-emergency dental care has the potential to increase greatly the number of hospitalizations for infection. Instead of a \$40 tooth removal, people would wait until their toothache becomes an infection and then go to the emergency room for antibiotics – only a temporary solution.

In addition, lack of dental care can have long lasting detrimental effects. Studies have shown associations between periodontal disease and the incidence of premature, low birth weight babies, and between oral infections and heart disease and stroke.

Lack of access to adequate dental care and eye care has a direct impact on a person's ability to navigate their world. The stress of constant mouth pain or eye strain can lead to missed days of work, heightened tension at home, and depression.

“It's been hard for me to get the dental care I need. My daughter Aleisha's dental is taken care of, but mine isn't. I need a lot of work done on my mouth, but I can't pay for it, so it has to wait. I got an abscess for an infected tooth and so I went to the doctor. Now, when I feel an abscess coming on, I have to drain it myself.”

*Rosalind
Seattle*

“Fortunately, our daughter Selena has full coverage plus dental under Basic Health Plus [Medicaid]. However, my wife and I do not, and we wish we could.”

*Keith and Patricia
Seattle*

Dropping dental coverage would further erode the already fragile and under-funded safety net of community clinics. Community clinics would be forced to close, thereby reducing access to care for low-income children and families.

“Good vision is important for adults to obtain and maintain a job,” states Richard H. Kendall, coordinator of VISION USA in California. Furthermore, “Eye health conditions could cause vision loss if left untreated.”¹³

Denying working adults vision exams and glasses will jeopardize their work opportunities. Without proper glasses, working adults cannot perform their duties safely and their ability to perform duties are significantly reduced – drivers cannot drive safely and clerical workers cannot read documents. Vision care and corrective lenses are preventive and assist with disease management, such as diabetic coverage. Being able to see, for a person with a progressive disease, can make the difference between living independently and relying on caregivers.

In the long run, budget cuts in preventive, rehabilitative dental and visual care will cost more rather than less. Emergency care coverage is not enough. We cannot wait until the deterioration in health status among low-income people who lack these services becomes painfully apparent. Continuing dental and vision coverage is the humane thing to do to maintain healthy children and families.

Section 4:

Excessive Cost-Sharing Excludes Families From Accessing Care

Public programs designed to assist low-income families are only as effective in so far as they are affordable for the intended target group. Families must enroll in the program for a program to be effective, and that means designing a program in which families can participate. The Washington legislature has achieved a level of success in health care access by funding Medicaid and the Basic Health Plan (BH) – two programs which attempt to be affordable for families. But for many families, accessing BH is too expensive.

Families enrolled in BH help pay for services they receive through cost-sharing. Cost-sharing is the portion of health care BH enrollees pay out-of-pocket, both in the form of copayments (a set dollar amount or flat fee for each service received) and in the form of premiums (a monthly charge to be enrolled in the program).¹⁴ In BH, cost-sharing is indexed to a family's income: the more money the family earns, the greater portion of their health care expenses they pay for. If a family cannot afford the cost-sharing, they do not enroll in the program.

Governor Gary Locke has proposed an increase in the level of cost-sharing families enrolled in BH families must contribute in order to continue receiving health insurance coverage. Yet BH's current cost-sharing levels are already too high. In a survey of Washington State residents who called about BH but did not join, 78 percent stated that they did not enroll because “the monthly premium is too expensive.”¹⁵

What is an acceptable level of cost-sharing for low-income families? In the Children's Health Insurance Programs (CHIP), the federal government recognizes that limits must be placed on states' cost-sharing requirements. For example, premiums and cost-sharing for children in families with incomes above 150% of poverty may not exceed 5 percent of the family's income.¹⁶ Families with incomes below 150% of poverty must not pay more than 2.5% of their income. While our state's CHIP program does adhere to these limits, Basic Health requires cost-sharing that can greatly exceed these levels, depending on what care the family needs. The following table shows select Basic Health income bands and the percentage of cost-sharing (premiums and co-payments) that a sample family must pay to participate.

**Chart A: Cost-sharing as a percent of income
for a sample two-parent family with two children.**

Family Income	BH Cost-Share as a % of Family Income	Max. cost-sharing % allowed by CHIP law
65% - 100% FPL*	5.8% - 9.0%	2.5%
125% - 140% FPL	4.7% - 5.3%	2.5%
155% - 170% FPL	5.8% - 6.3%	5%
185% - 200% FPL	6.5% - 7.1%	5%

*Federal Poverty Level

Research has found that cost-sharing discourages people from seeking needed care, and that an absence of cost-sharing is especially beneficial to low-income participants of a health care program.¹⁷ For example, a study of Washington's Basic Health found that a \$10 premium increase cut enrollment by 13 percent.¹⁸ Any additional increase in out-of-pocket expenses for families will surely result in reduced enrollment.

Increasing cost-sharing may not be economical. Although the State of Washington may propose increasing cost-sharing as a mechanism for saving money, doing so may actually result in higher medical costs for the state.¹⁹ People who are uninsured get sicker and wait longer before seeking care. When they do seek care, it is often at a hospital emergency room, where care is expensive and the costs of care for patients unable to pay are passed on to paying customers.

Interviews with Washington families revealed that the *current* out-of-pocket expenses for BH can be cumbersome for low-income families. An *increase* in costs to families would reduce the number of families able to afford the costs of participation. This, combined with the new nine-month pre-existing condition waiting period that new Basic Health enrollees must serve before getting the care they need, is likely to deter many low-income uninsured residents from enrolling in Basic Health. Paying the monthly premiums without benefiting from the coverage for nine months would not be worth the strain on the family budget.

“I work at a printer - we print up newspapers. It's a better job than the one I had before, but I make less than \$1,300 each month, and that is not enough to support my daughter and me. When I get sick, I go to the clinic, and I currently have \$2,000 in medical bills. I would like to apply for the Basic Health Plan, but it costs a lot of money with co-pays and prescription costs. With so much debt, I don't know if I can afford even that. I very much want health insurance coverage. I just don't know how to pay for it.”

*Karla Serna
Burien*

“We have insurance for our family through BH. It works well for the children, but for one adult we pay about \$65 each month. It doesn't sound like much when it comes to health coverage, but when you add in the co-pays and prescription costs it really adds up.”

*Roxana and Frank Muhammed
Seattle*

“Even at \$10 a month for my daughter “Alice” to be on CHIP, meant five quarts of milk, or a package of diapers, or part of a phone bill... Adding the cost of BH to cover us: it just would have cost too much.”

*“Debbie” and “Jim”
Bremerton*

“My adult-aged son couldn't afford Basic Health's cost-sharing and so he's lost his coverage. He's self-employed, so his income is not very high and it's inconsistent. Basic Health just cost too much money for him to afford. Health coverage is very important, but getting it has been an enormous sacrifice for all of us.”

*Laura Kochuten
Anacortes*

“Right now, I'm in the process of applying for the Basic Health Plan. That is great coverage: I hope I qualify. It's only \$20 per month, which seems affordable. But when you add in co-pays and prescription costs, the expense gets to be a lot higher. I'll make it work, but each additional bill makes life a little harder.”

*Darla Budde
Seattle*

As it stands now, BH is preventing families from accessing the health care they need due to high out-of-pocket expenses. Any further increase in cost-sharing will cause some families to drop out of BH, and will raise the bar further for the families who are currently uninsured.

Conclusion

When it comes to health insurance, the State of Washington has a lot to be proud of: Medicaid, the Children's Health Insurance Programs (CHIP) and Basic Health provide high-quality health insurance for low-income families and children. Recent conversations at the state level are threatening the success of these programs, and are jeopardizing the state's ability to ensure that residents have access to affordable health care. Capping CHIP will limit children's access to health services, which could establish life-long health-related challenges for children of low-income working families. Adults who are in need of dental and eye care will have little recourse should Medicaid eliminate access to these basic services. Lastly, any increase in the out-of-pocket expenses borne by families enrolled in BH will result in lowered enrollment, and will prevent new families from seeking assistance. Health care is a basic necessity for families to lead productive, self-sufficient lives. Investing in Washington's working families includes investing in their ability to obtain quality coverage. In order to lead successful and independent lives, families must have access to affordable health-care. Rolling back health care insurance benefits would create undo hardships to families and place barriers to accessing affordable health-care.

End Notes

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- ⁸ *Ibid.*
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- ¹¹ Families USA, *Opposition to Children's Health Insurance*, p. 4, <http://www.familiesusa.org/opposit.htm>
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