

POLICY & PRACTICE

Part D Premiums for 2009

Medicare beneficiaries can expect to pay an average of about \$28 per month for standard Part D prescription drug coverage next year. The estimates from the Centers for Medicare and Medicaid Services are based on bids submitted for both prescription drug plans and Medicare Advantage drug plans. The estimated monthly premiums are about \$3 higher than the average monthly premium costs this year, but are 37% lower than projections that were made when the Medicare prescription drug benefit was created in 2003. The \$3 increase is based in part on rising drug costs in general and higher costs for catastrophic drug coverage. In some cases, price increases could be significant, said Kerry Weems, CMS acting administrator, during a teleconference to announce the premium estimates. However, he noted that most beneficiaries will have the option to switch to a prescription drug plan with premiums that are the same or lower than this year. Open enrollment for the fourth year of the Medicare Part D program is set to begin in November.

GAO: Part D Problems Continue

Almost 3 years after the Medicare Part D drug program went into effect, the Centers for Medicare and Medicaid Services still face continuing problems resolving beneficiaries' complaints and grievances, a Government Accountability Office report found. GAO said that there have been 630,000 complaints filed with CMS against drug plans since Part D went into effect, most involving problems of enrollment and disenrollment. Although GAO found that the number of complaints, and the time to resolve them, had declined in the first 2 years of the program, it also found that "a substantial proportion of the most critical complaints—those filed when beneficiaries were at risk of exhausting their medications—were not resolved within CMS's applicable time frames."

Health Searches Level Off

The number of adults going online for health information has plateaued or declined, according to a Harris Interactive poll. According to the pollster, a total of 150 million people—66% of all adults and 81% of those who have online access—said they obtained health information from the Internet in 2008. That represents a slight drop from 2007, when the poll found that 160 million people reported obtaining health information online. The researchers who conducted the poll noted that the slight differences from 2007 to 2008 are within the possible sampling error. But they pointed out that, as opposed to other years, it appears that there has been no increase in the total number of people with Internet access or in the number of people searching for health information—those the poll calls "cybercondriacs"—indicating that a plateau or even a slight decline was underway. Just under half of cybercondriacs said

that they had discussed the information they obtained online with their doctors, and 49% had gone online to look for information as a result of discussions with their doctors, the survey found.

Calif. Stops Cancellation Practice

California's Gov. Arnold Schwarzenegger (R) has signed legislation banning health insurance companies from rewarding employees for canceling or limiting a patient's health insurance. According to the bill's sponsor, Assemblyman Ted Lieu (D-Torrance), the law was introduced in response to reports that insurers used applications for individual health insurance that potentially could trick people into making mistakes that later could be used to cancel their coverage. Once policyholders became ill and incurred significant medical bills, the insurance companies would look for an undisclosed condition or symptom that could be used to justify cancellation of the policy, Mr. Lieu said, adding that some companies used bonuses to reward employees for canceling coverage. "Patients should not have to worry about losing their health insurance simply because an employee can make some extra bonus money," he said in a statement.

Laws Won't Help Uninsured

New legislation in Florida and Georgia—states in which the percentage of uninsured is well above the national average of 18%—is unlikely to reduce the ranks of the uninsured, according to a report from the Center on Budget and Policy Priorities. In 2008, Georgia created new tax breaks for high-deductible health plans, while Florida's new law will allow private insurance companies to sell "bare-bones" policies with limited benefits. However, neither approach provides a targeted subsidy to help low-income people, who make up the bulk of the uninsured, according to the center's report. The report also said that many people who do get coverage through these initiatives will be underinsured and therefore could face high out-of-pocket costs and have problems paying their medical bills.

Grants Aimed at Risk Pools

CMS has awarded more than \$49 million in grants to 30 states that provide health insurance to residents who cannot get conventional health coverage because of their health status. The grants will be used by the states to offset losses from the operation of their high-risk pools, which are typically state-created nonprofit associations that offer health coverage to individuals with serious medical conditions. Grant funds also provide support for disease management of chronic conditions and premium subsidies for individuals with lower incomes. More than 200,000 individuals are enrolled in state high-risk pools, according to CMS. Funds were allocated based on the number of uninsured individuals in each state and the number of people enrolled in each pool, CMS said.

—Jane Anderson

States Boosting SCHIP Despite Budget Woes and Bush Vetoes

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Even though the Bush administration has made it nearly impossible to expand the State Children's Health Insurance Program, and the economic downturn has put a squeeze on Medicaid budgets, many states are keeping children covered and some are even expanding eligibility, according to two new studies by Families USA.

Officials at the advocacy organization, based in Washington, said that at the end of 2007, 17 states were considering expanding coverage for children under SCHIP and Medicaid. But those plans were largely put on hold or scaled back because of President Bush's vetoes of the original SCHIP reauthorization package. A law authorizing the program at 2007 levels will expire in March 2009.

Another setback for states came in August 2007, when the Bush administration issued a directive that limited the SCHIP eligibility, going forward, of families with incomes at or below 250% of the federal poverty level.

That directive has remained essentially unchanged, although the Centers for Medicare and Medicaid Services announced in May that it would look at expansion programs on a case-by-case basis.

Expansion plans by New York and Ohio were rejected by CMS, but New York used state funds to expand coverage to children living in families with incomes up to 400% of the poverty level.

Ohio is using state money to cover children who can't get private health coverage, but the expansion is not through Medicaid or SCHIP, according to the Families USA report, "Detour on the Road to Kids Coverage: Administration Creates Roadblocks, So States Seek Alternative Routes."

Ohio also raised eligibility to the federal ceiling (250% of the poverty level).

Indiana, Louisiana, Oklahoma, and Wisconsin had planned to raise eligibility for their programs to 300% of the poverty level, but have now scaled that back to 250%, according to the Detour report. Finally, North Carolina, Washington state, and West Virginia also had expansion plans, but have not yet submitted them to CMS, according to the report. It is not clear yet how those states will proceed.

Despite the CMS directive and the bleak economic outlook, some states—including Colorado, Florida, Iowa, and Kansas—are planning to expand coverage next year. The expansions in Iowa and Kansas, however, depend on a reauthorization of the SCHIP program, according to the Detour report.

There also may be a ballot measure in Montana in the fall aimed at increasing

eligibility from 175% to 250% of the poverty level.

California is currently wrangling over the state's budget, which included an increase in cost sharing for SCHIP (which is called "Healthy Families" in California) as well as reduced Medicaid coverage for parents.

Rhode Island is also looking at paring back its SCHIP coverage in fiscal 2009 and increasing cost sharing for families.

"States are committed to covering kids, but they are clearly hampered by the roadblocks the administration has put up," said Families USA senior policy analyst Jenny Sullivan during a briefing with reporters.

Most states are also feeling the pinch as tax revenues recede while Medicaid costs—increasingly a larger proportion of most state budgets—continue to rise, according to the second Families USA report, "Precarious Position: States Must Balance Declining Revenues With a Growing Need for Medicaid."

The report found that 16 states and Puerto Rico are looking at budget deficits in fiscal year 2008, and 29 states and the District of Columbia are looking at shortfalls in fiscal 2009.

Increasing unemployment means that more Americans will turn to Medicaid for health coverage for them and their children, the organization said. The Medicaid report cited a study by the Kaiser Family Foundation showing that each 1% rise in unemployment increased Medicaid and SCHIP enrollment by 1 million, leaving states with an additional \$1.4 billion obligation.

In California, Gov. Arnold Schwarzenegger (R) has proposed \$1 billion in Medicaid and SCHIP cuts. That means the state would lose an additional \$1 billion in federal matching funds—a danger that all states face as they look to balance their budgets through Medicaid cuts, according to the Medicaid report.

Mississippi is also considering Medicaid cuts in a special legislative session. Maine instituted some cost-sharing measures; New Jersey is considering shifting more of the burden onto Medicaid recipients. In Rhode Island's 2008 budget, eligibility was reduced for parents and cost sharing was increased; premium payments based on income are required, and the state is looking at further cuts in 2009, according to the report.

Families USA is pushing for federal relief, such as a temporary increase in the matching rate that is given to states for Medicaid.

Congress passed such a temporary fix in 2003, and several bills have been introduced in this congressional session. But it is unclear whether a proposed fix could make it out of Congress this year, a Families USA staffer said during the briefing.

States are 'clearly hampered by the roadblocks the administration has put up,' with most also being buffeted by rising Medicaid costs and receding tax revenues.