

Comprehensive Medicaid Waiver Concept Paper Testimony
Assembly Budget Committee
Tuesday, May 24, 2011
Commissioner Jennifer Velez

Good morning, Chairman Greenwald, Vice Chairman Schaer and members of the committee. I'm here today with our Department's Medicaid Director, Valerie Harr, Medicaid's Chief Financial Officer, Mike Keevey, and the Department's Chief Financial Officer, Chris Bailey. We're here at your request to discuss the Comprehensive Medicaid Waiver concept paper, which the Department submitted to the US Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) last week. When I last testified before this committee in April, we did not have the waiver framework finalized for discussion. Since then, a summary PowerPoint and a more descriptive narrative have been released. Briefings with stakeholder groups, some members of your staffs and New Jersey's congressional delegation and their staff are ongoing.

Like many states, New Jersey is grappling with the ever-increasing costs of Medicaid. What started in 1965 as an entitlement program for the very low-income, the elderly and people with disabilities has burgeoned into an expanded insurance plan for an increasing number of people at higher income levels. In the upcoming state budget, the program will cost NJ taxpayers nearly \$5 billion.

The Comprehensive Waiver is a significant reform proposal designed to improve service delivery, streamline program administration and contain costs. Taken together, the initiatives outlined in the waiver present an opportunity for the state to preserve the safety-net for the most at-risk populations – children, the elderly and individuals with disabilities.

There have been many ideas proposed that can restructure the program in a way that advances cost-efficient, outcome-driven results. The concept paper includes roughly twelve (12) initiatives. The one that has been discussed most publicly, to date, is the proposal to freeze enrollment to NJ FamilyCare parents above AFDC/TANF level. First, it's important to explain that no one currently enrolled in this category is being terminated from coverage. There are approximately 119,000 parents now enrolled, and providing their earned income does not exceed 133% of the federal poverty level, they will remain covered – even upon renewal.

What is often overlooked is that there are several categories that comprise the NJ Medicaid program. These categories have been added over time to cover various populations of people in different income levels. I've provided a chart to each of you for reference. In it, you will note a number of 'expansion' categories that were added by waiver or state plan amendment. As many of you are aware, the federal Affordable Care Act included a 'maintenance of effort' provision which requires states to maintain expansion categories created before March 2010 unless granted authorization not to. As a result, NJ has little latitude to contain growth and costs without submitting this waiver application.

It also should be noted that this is not the first time the state has exercised a freeze in enrollment to contain costs in difficult budget years. In the timeline we've provided you can see the various changes made to the NJ FamilyCare program. In September 2001, NJ froze enrollment of single adults and couples without dependent children under 100% of the federal poverty level. And, in June 2002, we froze enrollment for ALL new parents. The program did not reopen to parents until September 2005, but only to those with incomes below 100% of the federal poverty level. Incrementally, from September 2006 through September 2008, parent enrollment was increased to up to 200% of the federal poverty level...until April 2010, when we froze adults from 134%-200%. Now, in arguably the worst of budget years, we are seeking to freeze – not terminate – parents with incomes above AFDC/TANF up to 133% of the FPL.

This is the only category of coverage we could adjust without impacting the state's very generous eligibility levels for children – which we are committed to maintain.

But the Comprehensive Waiver proposal also includes significant and very positive reform measures that will change the administration of the program, support innovative care delivery systems and promote efficiencies in services.

It will:

- Consolidate New Jersey Medicaid and CHIP under a single-waiver authority; consolidating 8 waivers to one comprehensive waiver.
- Request from CMS expedited and increased decision-making authority.
- Ensure that Medicaid is the payer of last resort by promoting employer-sponsored coverage; making it affordable and accessible to those who might otherwise seek state-sponsored coverage.
- Promote increased utilization of home-and-community based services for individuals in need of long-term care, including those with developmental disabilities.
- Integrate primary, acute, long-term and behavioral health care; reducing fragmented, siloed care.
- Promote efficient and value-added health care through Medicaid accountable care organization pilots – innovative delivery systems focused on care management of high-risk populations.
- Promote improved quality, performance-based reimbursement and lower costs through competitive contracting of managed care.
- Promote healthy behaviors and members' responsibility for their health care through member rewards and cost sharing such as premiums and co-pays.

I believe these are responsible and innovative proposals – and that the time for comprehensive reform is now. The Department will continue a public process to actively consider input and other ideas – and we're still on track to submit our formal proposal to CMS on June 30th. I welcome your continued input and I'm happy to answer any questions.

Thank you.

New Jersey Medicaid and NJ FamilyCare
April 2011

			NJ FamilyCare Medicaid Expansion Up to 133% FPL		NJ FamilyCare SCHIP Adults Up to 200% FPL	NJ FamilyCare SCHIP Children Up to 350% FPL	Other Adults & Restricted Aliens		
County	Medicaid							Total	
	Adults	Children	Adults	Children	Adults	Children	Adults	Adults	Children
Atlantic	4,283	20,870	4,318	1,917	1,220	3,203	32	9,853	25,990
Bergen	4,031	24,824	7,204	5,033	3,059	9,086	212	14,506	38,943
Burlington	4,076	16,336	3,682	2,365	1,718	3,753	55	9,531	22,454
Camden	8,662	37,961	7,980	4,142	2,730	6,481	92	19,464	48,584
Cape May	1,518	5,668	1,197	991	615	952	8	3,338	7,611
Cumberland	2,829	16,521	2,796	1,791	985	2,464	20	6,630	20,776
Essex	14,146	76,162	14,723	8,833	4,361	7,394	414	33,644	92,389
Gloucester	3,480	12,756	3,021	2,197	1,574	2,841	26	8,101	17,794
Hudson	8,802	60,432	14,633	7,841	4,120	8,130	466	28,021	76,403
Hunterdon	249	1,440	480	420	215	826	7	951	2,686
Mercer	4,359	20,098	3,554	2,692	1,089	4,109	47	9,049	26,899
Middlesex	3,670	37,102	9,312	6,362	3,739	9,780	244	16,965	53,244
Monmouth	2,537	22,668	5,758	3,520	2,288	4,978	100	10,683	31,166
Morris	1,314	10,219	2,674	1,873	1,202	3,350	68	5,258	15,442
Ocean	3,679	37,341	12,289	4,846	3,278	8,568	74	19,320	50,755
Passaic	9,265	50,324	11,231	7,871	3,030	8,399	287	23,813	66,594
Salem	823	4,839	1,403	531	307	631	9	2,542	6,001
Somerset	1,212	7,194	1,306	1,423	649	3,029	56	3,223	11,646
Sussex	640	3,158	1,102	771	521	1,409	8	2,271	5,338
Union	4,054	34,544	9,910	6,795	1,929	6,746	124	16,017	48,085
Warren	642	3,545	959	569	475	1,180	12	2,088	5,294
Total	84,271	504,002	119,532	72,783	39,104	97,309	2,361	245,268	674,094
Funding Source	Title XIX		Title XIX Authority		Title XXI		State Only		
			Title XXI Funding						

Note: The remaining 364,900 recipients are ABDs, children services, and general assistance.

Changes to the New Jersey FamilyCare Program

NJ FamilyCare is a Medicaid expansion program that provides subsidized health insurance to children in families earning up to 350% FPL and certain low income parents. NJ FamilyCare has undergone a number significant changes in the past decade. Below is a summary timeline.

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	9/01 Ceased enrollment of single adults and couples without dependent children with income under 100% FPL			9/1/05 NJ FamilyCare reopened to parents with income below 100% FPL					3/1/10 Ceased accepting applications for parents with income between 134-200%			
	6/15/02 Ceased enrollment for all new parents (both under 133% FPL and above)				9/1/06 NJ FamilyCare reopened to parents with income below 115% FPL				4/1/10 Froze enrollment of parents with income between 134-200%			
						9/1/07 NJ FamilyCare reopened to parents with income below 133% FPL				6/30/11 Comprehensive Waiver submission		
							9/1/08 NJ FamilyCare reopened to parents with income below 200% FPL			7/1/11 Proposed budget initiative to eliminate coverage for the childless adults under 100% and the former health access as well as some additional restricted immigrants		