



Advocate

November 2014

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Health Care

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Haslam Reveals Health Coverage Plan



On Dec. 15, Gov. Bill Haslam (left) announced a plan, Insure Tennessee, to improve access to health care for low-income families. Tennesseans with incomes below 138 percent of poverty (\$16,104 for an individual; \$27,300 for a family of three) ages 21 to 64 will have two choices. A voucher program, the Volunteer Plan, will allow purchase of employer-provided health insurance and could be used to pay for the employee share of these costs. The Healthy Incentives for Tennesseans (HIT) choice will function through the existing program and will be modeled after Health Reimbursement Accounts. Individuals with incomes above 100 percent of poverty will be required to pay premiums and copays for services, and all current state health care enrollees will be required to pay pharmacy copays. Under the HIT plan, members will “earn” contributions into their HIT accounts, which can be used to pay copays and other patient cost sharing, by increasing healthy behaviors.

Although estimates vary, the plan could provide services to more than 200,000 Tennesseans and help rural hospitals stay solvent. Polls have found a majority of Tennesseans support improved health care access for this

population, much of which are among the working poor.

The Governor's plan calls for health care improvements to assure efficient, high quality care. It is identified as a two-year pilot program. The current fee-for-service model can result in unnecessary service provision, while the Governor's proposed outcome-based program rewards quality care.

Legislative approval is required before the plan can be implemented. Lieutenant Gov. Ron Ramsey, the Senate Speaker, has expressed an openness to persuasion by the Governor on this issue.

Five key areas of the governor's plan include:

- A fiscally sound and sustainable program;
- Providing two new private market choices for Tennesseans;
- Shifting the delivery model and payment of health care in Tennessee from fee-for-service to outcomes based;
- Incentivizing Tennesseans to be more engaged and to take more personal responsibility in their health,
- Preparing participants for eventual transition to commercial health coverage.
- **Governor Announces "Insure Tennessee":** <http://1.usa.gov/1GI6178>.

Governor Haslam's Insure Tennessee Plan Includes Payment Reform

Governor Haslam believes his Delivery System Reform Initiative creates the foundation for improvement by addressing the underlying quality and outcome deficiencies that contribute to growing health care costs and unaffordable insurance coverage. This initiative creates financial incentives for providers to provide high quality care in an efficient and appropriate manner to reduce costs and improve health outcomes. Insure Tennessee builds on this reform initiative by creating new participant incentives that align with the existing provider incentives. Ultimately, bringing the health care consumer into the equation is critical to successfully controlling cost growth.

Harold Miller, of the Center for Healthcare Quality and Payment Reform, explains the effect of the current health insurance payment system and the need for reform:

A major cause of the high cost of health care in America and of many of the quality problems in health care is the way providers are paid. Under most current payment systems, physicians, hospitals, and other providers are paid primarily based on how many services they deliver, not on the quality of those services or their effectiveness in improving a patient's health. Research has shown that more services and higher spending may not result in better outcomes; indeed, it is often the opposite.

Current payment systems reward quantity over quality, with volume of services delivered as the key economic driver in health care. Furthermore, payment is balanced against primary care and preventive services, and toward highcost care. Reimbursement methods also fragment the payments across multiple providers, even for the same service or episode. Payment reform efforts should emphasize highly-effective care that keeps people healthy, encourages care management and prevention, and drives efficiency in the system. (Source: <http://1.usa.gov/1yZQHU7>)

Open Enrollment for Affordable Health Care Plans

Enrollment to assure continuous coverage of 2014 Affordable Health Care Plans into 2015 ended on Dec. 15. All marketplace plan coverage ends Dec. 31, 2014, although some plans automatically re-enroll participants. People who missed the Dec. 15 deadline can enroll for coverage up until February 15, 2015, but a gap in coverage will result. For more information or to enroll:

- Affordable Health Care: <https://www.healthcare.gov/>

Supreme Court Decision Could Reduce Health Care Access

Conflicting U.S. district court decisions about whether the financial assistance that makes health care affordable for many Tennesseans will continue resulted in a Supreme Court review of the issue. The Court is expected report its ruling in 2015. In contention is whether citizens of states, including Tennessee, that chose not to create their own health care marketplaces qualify for tax credits to help pay for premium costs.

The Kaiser Family Foundation and the *Wall Street Journal* reported 13 million Americans, approximately 344,000 of them in Tennessee, would be affected should the Supreme Court rule to deny premium assistance to states without state-run health marketplaces. More information is available at:

- How 13 Million Americans Could Lose Health Care, *Wall Street Journal*: <http://bit.ly/tccyad63>;
- Map of States with Subsidies at Risk, Kaiser Foundation: <http://bit.ly/tccyad63>.

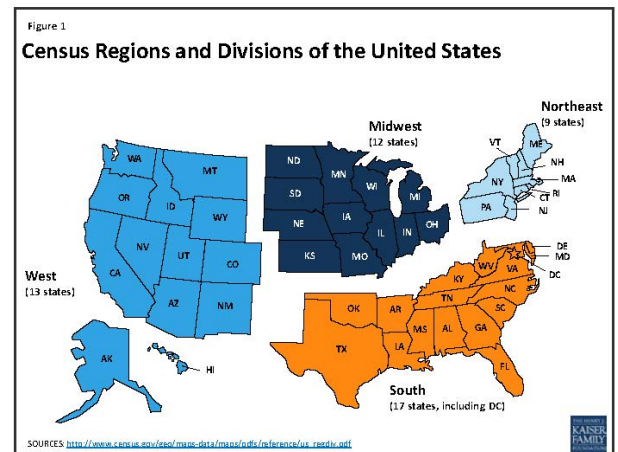
Health Care in the South

A comprehensive report on health care in the South by the Kaiser Family Foundation underscores the need for expanded health care access. The report, which uses the Census Bureau's definition of the South (17 states stretching from Texas to Delaware), found the following:

- States in the South have some of the highest rates of chronic disease, with the highest heart disease and infant and cancer death rates and most of the states with the highest rates of diabetes.
- Enrollment in the health insurance marketplace plans by eligible people was slightly below that of the nation, with only 23 percent of eligible Tennesseans having enrolled by the end of the initial 2014 enrollment period.
- Only three governments, Maryland; Kentucky; and Washington, D.C., created their own marketplaces.
- Only six governments, including Delaware; Maryland; and Washington, D.C., had accepted coverage of those with incomes between 100 and 138 percent of poverty level.
- Acceptance of extended coverage would increase federal funds coming into Southern states' Medicaid budgets by 29 percent over the next 10 years, which, less an estimated 3 percent increase in state costs would result in an increase of about one in four federal dollars. In addition, state budget cost estimates did not include calculation of savings from ending state-funded health programs.

Reliance by the majority of Southern states on the federal marketplace means a Supreme Court decision to eliminate tax subsidies for residents of states not operating a marketplace would have a devastating effect on Southerners. More information is available at:

- Health Coverage and Care in the South in 2014 and Beyond, Kaiser Family Foundation: <http://bit.ly/tccyad62>



Healthy Adults Raise Healthy Children

Children's health begins before their conception. Both parents need to know about potential and current health conditions prior to pregnancy. However, more than one in three births in the United States were unplanned, so people in child-bearing years need access to health care to boost their capability for giving birth to healthy children. Nearly half the adults who are excluded from affordable health care because they live in a state with a gap in its health care support are between the ages of 19 and 34. Although most of them are childless, they are in the child-bearing years. Parents without health care coverage are also less likely to have links to the health care system and to access care for their children.



- Mary Nell Bryan, president, Children's Hospital Alliance of Tennessee, (left), on the importance of health-care coverage to Tennessee adults, families, hospitals and the state's economy:
<https://www.youtube.com/watch?v=KZlji89MmBI>

State FY 16 Budget Process Begins

Health Funding Cuts Proposed

Faced with a budget relying heavily on a sales tax, which is inelastic (reacts slowly to economic fluctuations) and regressive (percentage of income paid as tax goes up as income goes down) and a slow recovery of employment and wages, the Governor requested a proposal for a 7 percent reduction in the budgets for all state departments and agencies.

Consideration of agency budgets by the administration is the first step in the state budget process. Small agencies, like TCCY, present their budgets to staff of the Department of Finance and Administration, but under the past two Governors, large departments have presented their budgets to the Governor in open meetings with streaming video. Budget presentations for the upcoming fiscal year included proposals for cuts, including cuts in health programs serving children (You may need to accept a browser add on to view budget hearings):

Department of Health

- Proposed Reductions: No continuation funding for Healthy Start or Child Health and Development (CHAD) home-visiting programs that were included as non-recurring funds in the FY 15 budget. These programs have strong evidence base of contributing to long-term success for children and families. (Video on the importance of home visiting is available here: <https://www.youtube.com/watch?v=ddLTsZh5d7c>.)
- Supporting Materials (pdf): <http://1.usa.gov/1xmyYpx>
- Streaming Video: <http://1.usa.gov/1Aeyrn2>

Department of Mental Health and Substance Abuse Services

- Proposed Reductions: Elimination of Juvenile Court Screening, adolescent outpatient substance abuse services and adolescent day/evening treatment services statewide
- Supporting Materials (pdf): <http://1.usa.gov/1xmvoMO>
- Streaming Video: <http://1.usa.gov/13rE5be>

Health Care Finance and Administration (TennCare)

- Proposed Reductions: Reductions in Reimbursements to Health Care providers. \$84 million in state funding cuts would reduce federal health care funds coming into the state by \$240 million
- Supporting Materials (pdf):: <http://1.usa.gov/1swlDZj>
- Streaming Video: <http://1.usa.gov/1uPxcHi>

Education

- Proposed Reductions: Reduction of \$15 million in spending for Coordinated School Health, including reduction in staffing and training.
- Supporting Materials (pdf): <http://1.usa.gov/1yTtKgl>
- Streaming Video: <http://1.usa.gov/1GJfriG>

Department of Children's Services

- Proposed Reductions: Some reallocation of funds. Lowered cost increases for *Brian A.* settlement (34 percent of budget is from TennCare funds)
- Supporting Materials (pdf): <http://1.usa.gov/1yTvBld>
- Streaming Video: <http://1.usa.gov/1zYMntD>

Department of Human Services

- Proposed Reductions: Administrative Cuts
- Supporting Materials (pdf): <http://1.usa.gov/1DCTzcl>
- Streaming Video: <http://1.usa.gov/1xmuDT6>

Updates

Tennessee won \$17.5 million in federal pre-K funds for Shelby County and Metro Nashville. More info: Commercial Appeal (subscription) <http://bit.ly/tccyfb55>, or USDOE press release: <http://bit.ly/tccyfb54>. For more information on why pre-K funds are more important, see TCCY's video at <https://www.youtube.com/watch?v=u37yr2Rzn3A>.

Mark Your Calendar

- Jan. 14, **Southeast Council on Children and Youth** co-sponsors annual **Martin Luther King** commemorative event. Contact Rosalyn.Leavell-Rice@tn.gov.
- Feb. 4, 9 a.m.-2 p.m., **Disability Day on the Hill**, Tennessee Disability Coalition, 301 Sixth Ave. North, Nashville. Contact ddh@tndisability.org or (615) 383-9442.
- March 10-11, **Children's Advocacy Days**, War Memorial Auditorium, Nashville. TBA. Contact (615) 741-2633 or (615) 532-1570. Register at <https://cad2015.eventbrite.com>.
- March 18, **Mental Health Day on the Hill**, War Memorial Auditorium. Sponsored by Tennessee Coalition for Mental Health and Substance Abuse Services. Contact tstarling@mhamt.org
- April 27-29, **Child Welfare League of America National Conference**, "Advancing Excellence Through Innovation and Collaboration, Crystal Gateway Marriott, Arlington, VA. Register at <http://bit.ly/tccyec37>.

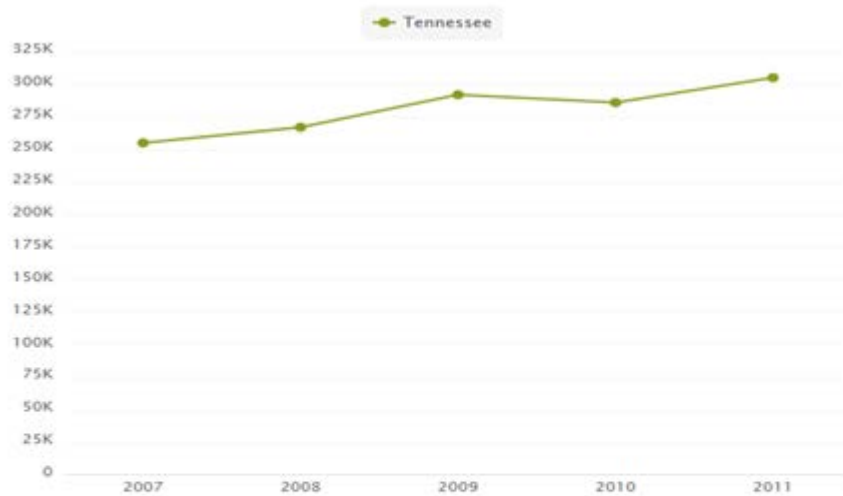
In the News

- Memphis Commercial Appeal*, Linda O'Neal, "Guest column: Children succeed when their parents succeed," <http://bit.ly/tccyfb47>.
- The (Nashville) Tennessean*, "Report says low-income families need linked job, child care programs" <http://bit.ly/tccyfb48>.
- Public News Service, Tennessee, "Governor's proclamation recognizes the state's afterschool programs' role in developing children," <http://bit.ly/tccyfb49>.
- WMOT 89.5 FM, State Agency: Do more for Kids: <http://bit.ly/1vTrVOI>.

Research Information

- States Expanding Medicaid Saw Costs Rise Less Than Non-Expansion States, Analysis Shows, *Washington Health Policy Week in Review*, Oct. 20, 2014 <http://bit.ly/tccyad61>.
- Uninsured Poor Adults in States That Do Not Expand Medicaid – An Update, Kaiser Family Foundation: <http://bit.ly/tccyad54>.

Tennessee KIDS COUNT Facts



CHILDREN WHO HAVE A PARENT WITH NO HEALTH INSURANCE (NUMBER)

National KIDS COUNT
KIDS COUNT Data Center, datacenter.kidscount.org
A project of the Annie E. Casey Foundation

More data on Tennessee child well-being is available at <http://bit.ly/15alkVu>.

No person shall on the grounds of race, color, national origin, sex, age, religion, disability, or ability to pay, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity operated, funded, or overseen by the Tennessee Commission on Children and Youth (TCCY). It is the intent of TCCY to bind all agencies, organizations, or governmental units operating under its jurisdiction and control to fully comply with and abide by the spirit and intent of the Civil Rights Act of 1964.

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