

**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 30<sup>th</sup>. I welcome your continued input and I'm happy to answer any questions.

Thank you.

# New Jersey Medicaid and NJ FamilyCare April 2011

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

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.

