

**Health and Senior Services Commissioner
Heather Howard
Joint Hearing of the Assembly Health and Senior Services
and Assembly Human Services Committees
Monday, October 6, 2008**

Good afternoon Chairman Conaway, Chairwoman Oliver and distinguished members of the Assembly Health and Senior Services Committee and the Assembly Human Services Committee.

I want to also mention my colleague and friend, Commissioner Jennifer Velez. It is a pleasure to be testifying with her.

I am pleased to be here to discuss what Governor Corzine and the Department of Health and Senior Services have done to maintain and strengthen access to health care during these difficult economic times and to highlight the important safety net programs the Department offers to help New Jersey residents during this economic upheaval.

As the economy declines, we know that Americans are cutting back on health care, making fewer medical appointments and filling fewer prescriptions to save money. A recent study conducted for The Wall Street Journal of claims from 250,000 people in several dozen mid-Atlantic health plans found that claims for pap smears, knee replacements and antidepressant prescriptions have all declined.

According to a recent survey by the National Association of Insurance Companies, 22 percent of 686 consumers said they are going to the doctor's office less often because of the declining economy.

This is a problem for the uninsured and insured alike. Trends in employer-provided health insurance have increased patients' out of pocket costs, so the insured are also delaying or foregoing care.

If those trends play out in New Jersey, those short-term cutbacks will strain our already fragile health care delivery system and could lead to more medical problems and higher costs in the future.

In addition, as medical costs rise for employers and as revenues are squeezed, more businesses will be forced to reduce or eliminate coverage for their employees. Those workers—along with the newly unemployed—may lose their health insurance and be forced to turn to Medicaid, FamilyCare, charity care, community health centers and other safety net programs.

In fact, we know that nationally, every 1 percent increase in unemployment results in 1.1 million more uninsured, and, that in turn results in an additional 1 million people—including 400,000 children—enrolling in Medicaid. And, as you know, 1.3 million New Jersey residents already lack health insurance.

Ultimately, the solution of universal health care will have to come at the federal level. But, as Commissioner Velez will discuss, the Governor and legislature have taken important steps to expand access to health care for working families in New Jersey.

This summer, both Governor Corzine and I testified in Washington, D.C. about the growing need for federal support to help us maintain our health care safety net in this failing economy. We talked specifically about the economic downturn and the stress on our health care system, and asked for a temporary increase in the Federal Medical Assistance Percentage, or FMAP.

This additional assistance – approximately \$280 million -- is important because, as you know, the economic downturn will mean more people qualifying for Medicaid, at a time when our state budget is facing tremendous pressures. A similar temporary increase in funding was enacted by Congress in 2003, helping states to stave off deep cuts, and I am hopeful that Congress will do so again.

Clearly, given the dire financial situation the state faces, it is essential that the state focus its limited resources on the protection of our most vulnerable residents. Despite an extraordinarily difficult state budget year, Governor Corzine has already taken steps to protect the most vulnerable in the 2009 budget.

For example, the state was able to provide an increase in reimbursement to community health centers for seeing uninsured patients and to create a Health Care Stabilization program to maintain access to essential health care services. In addition, although there was a cut to charity care funding, the charity care formula ensures that limited dollars are targeted to support safety net hospitals - hospitals which serve a disproportionately high percentage of uninsured and low-income residents.

In addition, this summer Governor Corzine signed a package of bills to improve access to health care, shore up the financial stability of hospitals, strengthen the state's fiscal monitoring and transparency of hospital operations and protect the uninsured from being overcharged for hospital services.

Hospital Legislation

Mr. Chairman, I would like to personally thank you for your leadership in advancing a key package of health care reforms through the Assembly this spring. All of these bills strengthened our efforts to improve access to patient care throughout the state.

Perhaps the most important bill in the package ensures that working families without health insurance are not overcharged for needed hospital care. The new law prohibits hospitals from charging uninsured patients more than 15 percent above the Medicare rate.

The new law would protect those whose income is less than 500 percent of the federal Poverty Level – approximately \$106,000 for a family of four.

This law is important because a recent national survey by the Center for Studying Health System Change found that nearly one of every five families had problems paying medical bills last year. More than half of these families said they borrowed money to pay these bills, and nearly 20 percent of those having difficulty considered declaring personal bankruptcy as a result of their medical bills. In fact, medical bills are the leading cause of personal bankruptcy.

The uninsured often face the highest prices for health care services because they lack leverage to negotiate better prices. And, they are the least able to afford it—especially during an economic downturn. A recent study by Johns Hopkins found that New Jersey has the highest hospital charges in the nation when compared to what people with insurance actually pay for the same services.

Another new law improves oversight of hospitals by creating an Early Warning System that will provide the Department with the authority and the data needed to monitor hospital finances, identify distressed hospitals early, and institute a system of progressive monitoring and intervention.

In order to enhance transparency and communication between hospital leadership and the community it serves, another new law requires each hospital to annually conduct a public meeting for the community it serves. Another new law requires comprehensive training for all hospital trustees, to help ensure they are equipped to provide their important oversight function.

Switching gears, let me briefly outline some of the vital health safety net programs that the Department funds to help New Jersey residents who are struggling during this financial crisis.

Federally Qualified Health Centers

Federally qualified health centers, or FQHC's, are one of the great strengths of New Jersey's health system. The 19 centers, with 89 sites across the state, provide high quality primary and preventive care to almost 325,000 uninsured or underinsured patients a year – over 1 million patient visits. And they reduce the charity care burden on hospitals and taxpayers.

The state has invested wisely in expanding these centers. Over the last three years, the state has reimbursed the centers \$111 million for treating the uninsured and another \$32 million in state funds was used to open new sites and expand services. As I mentioned earlier, this year Governor Corzine increased the reimbursement for each uninsured patient visit and also included an additional \$5 million in the budget to help clinics expand their hours and services.

The Department is projecting growth of between 3 and 4 percent in visits by uninsured patients to community health centers over the next year.

Women, Infants & Children Program (WIC)

The Women, Infants & Children Program or WIC provides nutritious foods to pregnant, breastfeeding and postpartum women, infants and children up to age 5. Approximately 268,000 women and children received WIC benefits in the federal fiscal year that just ended, an increase of nearly 3.8 percent, or 10,000 women and children, over the previous federal fiscal year.

Households receive monthly checks to buy infant formula and nutritious foods such as juice, milk, eggs, cereal and peanut butter. They also receive nutrition education and counseling, breastfeeding support, immunization screening and health care referrals.

New Jersey Cancer Education and Early Detection Program (NJCEED)

As the economic downturn continues, the Department does expect to see increasing numbers of uninsured or underinsured New Jerseyans below 250% of poverty seeking free and low-cost screenings through the New Jersey Cancer Education and Early Detection Program, known as NJCEED. More than 20,000 men and women are screened for breast, cervical, prostate and colorectal cancers through this program each year.

AIDS Drug Distribution Program (ADDP)

The AIDS Drug Distribution Program provides free medication for adults and children with HIV who are either uninsured or have inadequate coverage. There are 7,100 clients in the program.

Pharmaceutical Assistance to the Aged and Disabled (PAAD)

The PAAD and Senior Gold programs help eligible seniors and the disabled afford prescription drugs. Nearly 165,000 seniors are enrolled in PAAD, and 21,117 in Senior Gold. These are nationally-recognized programs that are even more critical in these difficult economic times.

Nationally, we are seeing reports that seniors are not filling prescriptions when they enter the Medicare Part D coverage gap known as the “doughnut hole.” But fortunately New Jersey provides more generous coverage than most other states, continuing to cover prescriptions when beneficiaries enter the “doughnut hole,” so no beneficiaries face coverage gaps.

Expanded Medicaid Eligibility for Home and Community-Based Long-Term Care

For seniors who need long-term assistance with activities of daily living, we offer a suite of Medicaid benefits. The eligibility income levels for these programs are significantly higher than regular Medicaid eligibility for the elderly, recognizing the high expense of long-term care. This suite of benefits includes home care, assisted living and adult day care as well as care management. For those households with incomes too high to take

advantage of this program but who still may have trouble paying for long-term care, we also offer help with long-term care at home through Federal Older Americans Act funding.

Lifeline/Hearing Aid Assistance to the Aged and Disabled (HAAAD)

The Department also has a utility assistance program that offers \$225 to persons who meet the eligibility requirements of the PAAD program. Lifeline serves 317,000 beneficiaries. In addition, a hearing aid assistance program helps an additional 1,000 seniors and disabled residents.

These are some of the programs the Department maintains to help New Jerseyans. I appreciate your support for the Department and these programs. In closing, let me assure you that the Department is dedicated to its mission to maintain and improve access to patient care throughout the state—especially during this critical time.