



# ACNJ Calls On the State to Reject Health Insurance Changes That Would Hurt Families

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The Association for Children of New Jersey (ACNJ) opposes two health insurance-related items in the proposed 2010 state budget that would be detrimental to New Jersey's children and families. The first is the proposal to no longer allow parents whose incomes fall between 150 percent and 200 percent of the federal poverty level to enroll in NJ FamilyCare. The second proposal is to charge Medicaid recipients \$2 co-payments for prescription drugs.

## **Proposal to stop allowing certain low-income parents to enroll in FamilyCare**

ACNJ has for years been a close observer of the success of the state's health insurance programs for children. In 1998, ACNJ played a critical role in the creation of the KidCare program to provide coverage for uninsured children. We were also instrumental in the passage of the FamilyCare legislation in 2000 which enabled the state to begin offering coverage to parents. These initiatives have been a success: Between 1997 and 2001, the percentage of uninsured New Jersey children decreased from nearly 16 percent to 10 percent, surpassing the drop in the national average from 15 percent to 12 percent.

But the FamilyCare program was subsequently decimated by steady budget cuts, including a halt to the enrollment of parents in June 2002. Research shows that children are more likely to have health coverage if their parents have health insurance. New Jersey has experienced this firsthand. After eligible parents were allowed to enroll beginning in 2002, the state saw a 34 percent increase in child enrollment. Conversely, after parent enrollment was stopped, the percentage of uninsured children in the state rose to 12 percent while the national average fell to 11 percent.

Beginning in July 2005, the state gradually reinstated parent enrollment. Legislation passed last year enabled the current policy of enrolling parents up to 200 percent of federal poverty level. The new law also mandated that all New Jersey children have health insurance coverage. New Jersey legislators deserve credit for this farsighted law.

To reach its goal of covering all children, the state needs to maintain enrollment of parents up to 200 percent of the poverty level. Any move to reduce participation of eligible parents would restrict the state's ability to fulfill the mandate of the 2008 law.

## **Proposed Medicaid co-payments**

The budget also proposes \$2 co-pays for prescription drugs (with a \$10 cap per recipient) for Medicaid beneficiaries. ACNJ opposes this unwise and counterproductive proposal. Imposing co-payments on Medicaid beneficiaries would harm the most vulnerable residents of our state and would force them to choose between health care and other necessities such as rent, food, and heating. It is also questionable whether co-payments would result in actual savings to the state. National research has consistently shown that co-payments cause low-income people to forgo health care services, including essential services. That can have costly consequences such as increased use of emergency rooms. The governor's Budget states that New Jersey will receive over \$1 billion in Enhanced Medicaid Funding this fiscal year. With this infusion of federal Medicaid funding, co-payments should not be necessary.