

SB

277



SENATOR KIM ELTON

MEMORANDUM

February 14, 2006

To: The Honorable Fred Dyson
Chairman Senate HESS Committee

From: Kim Elton

I respectfully request a hearing for Senate Bill 277, which restores eligibility for Denali KidCare to the original levels. This is an important measure to restore health care to thousands of Alaska children and pregnant women. Included in the packet is a sponsor statement and several supporting documents.

Thank you for considering this hearing. I look forward to discussing the issue in committee soon.



SENATOR KIM ELTON

Sponsor Statement – SB 277

During the 2002 campaign, both of Alaska's major party candidates for governor expressed support for the state's award-winning Denali KidCare program. The program made children and pregnant women in working families - those earning up to 200 percent of the federal poverty level - eligible for health care.

In 2003, citing budget difficulties, the legislature cut eligibility for this vital health insurance in two ways. The first cut was from 200 down to 175 percent of the poverty line. The second cut is incremental and freezes the income limit at a fixed dollar amount, unhinging it from periodic adjustments. As a result, more than 2200 Alaska children and 200 pregnant women lost their health insurance, and eligibility has slipped to 166 percent of the Federal Poverty Level.

The state's savings came to approximately \$500,000 per year. The cost to Alaska's health care system is far greater, because the federal government matches every state dollar spent on Denali KidCare with three from the federal treasury.

This 'cost saving' measure forced hardworking Alaska families to make terrible decisions. Struggling to get ahead, they were faced with options like getting divorced and giving the low-earning parent sole custody of the children, asking employers for a pay cut, or simply not taking their children to the doctor, dentist, or hospital.

Today Alaska's treasury is flush with windfall receipts from high oil prices. Restoring health care to thousands of Alaska children and pregnant women is the wisest investment we could make of a small piece of that money. Matched three-to-one by the federal government, it would return economic dividends to the state, and is the right thing to do.

I respectfully ask for your support.

ALASKA SENATE

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Title: Medicaid's 'gray zone' - Change in state program leaves girl who needs lifelong care uninsured

Author: ANN POTEPA Anchorage Daily News Staff

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Scott and Cheryl Walker watched last year as the Legislature trimmed the state budget. They knew certain cuts could affect their two children's health insurance. Representatives and senators were talking about changing income eligibility rules for Denali KidCare, the 5-year-old Medicaid program that insures Alaska children and pregnant women in low-income households. More than 22,000 residents are currently enrolled, health officials said.

Last year, the Walkers' daughters were enrolled too.

If cuts came, the Walkers figured, their healthy daughter, 4-year-old Hannah, might lose her coverage. But not their 7-year-old, Jessica. Before her first birthday, she was diagnosed with a life-threatening brain tumor. She was treated but since then has been living with side effects and requires expensive medical care. Scott thought surely she'd be spared.

In August, the Walkers found out that wasn't the case. Both girls lost their coverage, leaving

the Walker family with thousands of dollars in medical bills, uninsured and relying on only one salary.

The Walker family has joined the ranks of the approximately one in five Alaskans who lack health insurance, according to data from the Henry J. Kaiser Family Foundation. Scott Walker said he has worked for 10 years at Northern Lights Avionics, where he installs radios in aircraft. It's a small Anchorage business that used to offer health insurance but no longer does.

Since Jessica's birth, the Walkers have been on and off family insurance policies they paid for themselves. They say they can't afford the \$400-plus monthly premiums. They've been told that private health insurers would cover Jessica but not her pre-existing conditions.

"That's everything she went (to the doctor) for," Scott said.

CHANGING THE LAW

The Walkers' problem stems from KidCare's new eligibility requirements. Last year, Senate Bill 105 lowered the income level at which families qualified, from 200 percent of the federal poverty level to 175 percent. The bill also froze that income level so it won't increase with inflation.

After the change, the Walkers could earn no more than \$3,355 a month to qualify. They missed the cutoff by \$155 a month, according to Denali KidCare paperwork.

Scott Walker said he has considered trying to reduce his salary so his daughter can once again be covered but ultimately decided against it.

"It's a pretty drastic pay cut," he said. "This is a family of four with a house and a mortgage and a daughter with medical needs."

Actually, the Walkers are a family with two mortgages, the second added to help pay for medical costs. The parents say they want to sell their house and move into something with lower monthly payments.

"I knew something like this was going to happen," said Richard Benavides, chief of staff for state Sen. Bettye Davis, an Anchorage Democrat serving the Walkers' district.

Benavides and staff members for state Rep. Harry Crawford, a Democrat who also serves the Walkers' district, have been looking for options for the family.

In fact, many of the senators and representatives in Alaska have likely heard about Jessica. An acquaintance of the Walkers recently mailed legislators a packet of letters from teachers, doctors and specialists vouching for Jessica's need for financial aid.

PUTTING A FACE ON THE BUDGET

The bill to modify Denali KidCare eligibility went before the Legislature last year. Most Democrats in both houses opposed it, including Davis, Crawford and House Minority Leader Ethan Berkowitz, D-Anchorage. A number of Republicans also opposed the change.

"A budget shouldn't be an instrument of cruelty, and that's what it is in this case," Berkowitz said. "This is a clear case of trying to balance the budget on the backs of Alaska's kids."

Senate President Gene Therriault, R-North Pole, said the legislators approved the bill to control the cost of the program. He said federal law allows the state to lower coverage to 100 percent of the poverty level; the bill allows coverage at 175 percent and does not consider a family's assets.

"Where we drew the line is fairly generous," said Therriault, who voted to approve the bill.

He said there will always be children who don't make the cut, no matter where the government draws the line. Therriault said the Legislature can revisit the eligibility requirements, but he doesn't anticipate it doing so this year.

Gov. Frank Murkowski's administration had spoken against lowering the income cutoff, but he signed the bill anyway. At the time, his spokesman, John Manly, acknowledged that KidCare's tougher eligibility requirements would save a substantial amount of money.

Between September 2003, when the new requirements took effect, and summer 2004, an estimated 1,200 to 1,300 people will have lost coverage from Denali KidCare. The majority will be children, said Dwayne Peebles, director of the state's division of Health Care Services. State officials expect more will become ineligible in years to come.

The government will save \$1.5 million to \$1.75 million with the program's cuts, Peebles said. About \$500,000 is state money.

But those are just sterile numbers, Berkowitz said. Budgets, he said, also affect lives.

In this case, it's Jessica Walker, a little girl who needs two hearing aids and glasses. She's in first grade at the Alaska State School for the Deaf and Hard of Hearing at Russian Jack Elementary School.

Jessica will part her brown hair, pulled into two braids, to let you feel the shunt that runs underneath her scalp to drain spinal fluid. She'll show you the wedge she uses when she sleeps to prevent fluid from getting into her lungs. But when she's all done with that, she'll run off to play with her little sister before bedtime.

TREATING THE TUMOR

Jessica was born Jan. 24, 1997, two years before Denali KidCare began with the support of the Legislature and then-Gov. Tony Knowles' administration. It covers doctor visits, hospital stays, medications and more.

About six months after Jessica was born, Scott Walker noticed a big change in her.

"It's like someone hit a switch on Jessica," said Walker, sitting in his East Anchorage kitchen surrounded by his daughter's paperwork. "She went from the happiest girl to this child that did nothing but scream and just threw up."

For months, the family visited doctors who couldn't figure out what was wrong. By the following winter, however, Jessica had worsened. She couldn't pull herself off the floor even though she had been learning how to walk, her parents said.

On Dec. 3, about two months before her first birthday, her doctors diagnosed an ependymoma, a rare type of brain tumor. Two days later in a Seattle hospital, Jessica endured a 13-hour surgery to remove it. Months of chemotherapy, stem cell treatments and radiation followed.

Jessica has been cancer-free for more than five years, but doctors say it might return. Jessica has other problems, however. The cancer and treatment so early in her life caused permanent harm. She can't walk a straight line or ride a two-wheel bicycle due to problems with balance. She needs help when she takes a shower or buttons her clothes. She struggles to pick up small objects on a table.

Beneath her hearing aids are tubes that help Jessica deal with recurring ear infections. Her eye doctor said she needs frequent examinations to correct vision loss from the tumor. Chemotherapy caused hearing loss, so hearing appointments also are frequent. Cheryl Walker said there may be grant money to help buy new hearing aids that would help her daughter focus on important sounds and ignore the rest.

"Without access to hearing services and appropriate amplification to meet her changing hearing needs, Jessica's ability to learn will be severely compromised," wrote Joyce Sexton, her audiologist.

Jessica's neurosurgeon in Seattle summed up her needs: "She is going to require a significant amount of assistance throughout her life."

That assistance is costly. Cheryl Walker called doctors and specialists to get estimates. An MRI scan costs about \$2,000, and Jessica needs at least one each year to monitor her health and determine whether the tumor has returned. A full eye exam costs almost \$300, and hearing visits cost \$150, not including hearing aids and other devices Jessica needs, her mother said. She also needs periodic visits with an ear, nose and throat doctor and a specialist who flies to Anchorage to see her.

"Those are the big ones that just kill us," Cheryl said.

JESSICA'S OPTIONS

When Jessica was an infant, a Medicaid program called TEFRA covered her health care costs. By the time she no longer qualified for TEFRA, Denali KidCare covered much of the expense.

Last fall, the Walkers lost an appeal of Denali KidCare's decision to cut off Jessica's coverage. The state's letter said regulations don't allow for eligibility exceptions. The family has reapplied for TEFRA but has yet to hear an answer. Their last application came back in December with a letter of rejection: "TEFRA requires that a child be at risk for long-term institutionalization, which does not appear to be the case for your daughter."

"She's right in the gray zone," Cheryl Walker said.

"She's in the gray zone for everything," Scott added.

Legislative staff members have told the Walkers that Jessica might qualify for another program. The Alaska Comprehensive Health Insurance Association is a last-resort program for Alaskans who can't find or are denied coverage because of medical conditions. But even if Jessica qualifies, the monthly premiums could add up to hundreds of dollars and the family would pay annual deductibles in the thousands.

In the meantime, the Walkers are cutting costs. In addition to moving to a more affordable home, they've canceled doctor appointments for Jessica. They didn't show up for her last scheduled eye and ear exams, Cheryl Walker said.

"We didn't have the money."

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