

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

As Engrossed: H2/26/01

A Bill

Act 724 of 2001
SENATE BILL 362

5 By: Senators Fitch, P. Malone, B. Walker, Argue, Critcher, Gullett, Horn
6 By: Representatives Allison, Bevis, Biggs, Bolin, Bond, Bookout, Boyd, Bradford, Cleveland,
7 Creekmore, Dangeau, Dees, Eason, J. Elliott, Files, Fite, Gillespie, Goss, Hathorn, House, Jacobs,
8 Johnson, Jones, Judy, King, Ledbetter, Lendall, Lewellen, Lowery, Milligan, Minton, Moore, Salmon,
9 Scrimshire, Seawel, M. Steele, T. Steele, Stovall, Thomas, Trammell, White, Willis

For An Act To Be Entitled

10
11
12 AN ACT TO REMOVE THE ASSETS TEST FOR CHILDREN TO BE
13 ELIGIBLE FOR MEDICAID; AND FOR OTHER PURPOSES.
14

Subtitle

15
16 AN ACT TO REMOVE THE ASSETS TEST FOR
17 CHILDREN TO BE ELIGIBLE FOR MEDICAID.
18

19
20
21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1 Arkansas Code 20-77-107(a), authorizing the Department of
24 Human Services to establish and maintain an indigent medical care program, is
25 amended to read as follows:

26 (a)(1) The appropriate division of the Department of Human Services is
27 authorized to establish and maintain an indigent medical care program.

28 (2) However, eligibility regulations for ARKids shall not include
29 an assets or a resource test for children or families of children eighteen
30 (18) years of age or younger.

31 /s/ Fitch, et al.
32
33

34 APPROVED: BECAME LAW ON 3/12/2001, WITHOUT THE GOVERNOR'S SIGNATURE.
35
36

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

As Engrossed: H3/21/01

A Bill

HOUSE BILL 2629

5 By: Representatives Haak, French, Napper
6
7

For An Act To Be Entitled

9 AN ACT TO RAISE THE ASSETS LIMIT FOR ARKIDS FIRST
10 A ELIGIBILITY TO FIVE THOUSAND DOLLARS (\$5,000);
11 TO EXEMPT ONE (1) VEHICLE PER HOUSEHOLD FROM THE
12 ASSETS ELIGIBILITY LIMIT FOR ARKIDS FIRST A; AND
13 FOR OTHER PURPOSES.
14

Subtitle

15 AN ACT TO RAISE TO FIVE THOUSAND DOLLARS
16 (\$5,000) THE ASSETS LIMIT FOR, AND TO
17 ALLOW EACH HOUSEHOLD ONE (1) VEHICLE
18 UNCOUNTED FOR ARKIDS FIRST A
19 ELIGIBILITY.
20
21
22
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code 20-77-107, concerning rules and regulations
27 for the program for indigent medical care, is amended by adding the following
28 additional subsection:

29 (c)(1) Rules and regulations regarding eligibility for ARKIDS First A
30 shall not include any asset test that limits aggregate countable household
31 assets to less than five thousand dollars (\$5,000), or treats as a countable
32 asset the equity in one (1) vehicle owned by the household.

33 (2) For purposes of this subsection, "ARKIDS First A" medical
34 assistance eligibility is established under 42 U.S.C. 1396(1)(B), (C), and
35 (D).
36

/s/ Haak, et al.

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Copyright 2000 Little Rock Newspapers, Inc.
Arkansas Democrat-Gazette (Little Rock, AR)

August 04, 2000, Friday

SECTION: NEWS; Pg. B1**LENGTH:** 1118 words**HEADLINE:** Assets test for kids' health insurance draws fire**BYLINE:** MICHAEL ROWETT, ARKANSAS DEMOCRAT-GAZETTE**BODY:**

The state's requirement that families pass an assets test to get the no-cost version of state health insurance for their children provoked complaints Thursday from legislators and a community group. Both contended that the test discriminates against low-income families.

The Legislative Council's Committee on Rules and Regulations reviewed the state Department of Human Services' new joint application for both versions of the children's insurance program.

One version has been known as the basic or traditional Medicaid program, the other has been known as ARKids First. Effective today, both will be labeled as ARKids, with one being called Version A (the traditional version) and the other Version B.

With this change, applicants for the more generous version (A) will no longer have to visit a state office and fill out long forms to document their assets. They will instead be asked to list assets on a mail-in application, and the state will take their word that they're telling the truth, department spokesman Joe Quinn said.

"We're going to take it for granted that we're dealing with honest Arkansans," Quinn said.

The higher-income families that qualify for ARKids First aren't required to pass the asset test. Both programs are funded through the state and federal Medicaid programs. The federal government contributes \$ 3 for each \$ 1 the state spends on Medicaid.

ARKids B requires a nominal co-payment for each service and doesn't cover 21 services offered by ARKids A. These services include hearing aids, physical therapy, specialized wheelchairs, hospice care and other things.

The fact that providing information for the assets test will be easier didn't satisfy Sen. Jon Fitch, D-Hindsville, and Reps. Gary Biggs, D-Paragould, and Jim Milum, R-Harrison. They said they would support legislation to make it easier for applicants to get past the assets test, or perhaps abolish the test altogether.

Most states don't impose an assets test for children's health care. Arkansas and eight other states do.

"In today's world, the [asset value] of the automobile they drive to get them to the doctor means they may not qualify," Biggs said. "I'd like to see it done away with."

The assets limit in Arkansas starts at a base level of \$ 2,000 and increases to \$ 3,300 for a five-member household, with \$ 100 for each additional household member, said Sandra Miller of Conway, deputy director of the department's Division of County Operations.

Exempt from determining a family's assets are the home, household and personal goods, student loans and grants and one burial plot per family member. The family also is allowed to have up to \$ 1,500 equity in a single vehicle before the assets level is applied.

Fitch said even with these exemptions, the assets test is still "severe."

Ruth Whitney of Little Rock, director of the division, defended the assets test to the committee as a necessary "second level" of accountability for families who want the no-cost benefits of the more generous version of Medicaid. Biggs didn't buy that argument.

"Accountability is good, but we're talking about people who are living below the poverty level here," Biggs said.

Later Thursday, Arkansas Community Organizations for Reform Now issued a survey of 38 people's experiences under the previous application system for general Medicaid. The survey participants who were at a news conference said they faced continual delays, conflicting directions from department caseworkers and a maze of paperwork.

Assets test for kids' health insurance draws fire Arkansas Democrat-Gazette (Little Rock, AR) August 04, 2000, Friday

Betty Ford of Little Rock said she was so frustrated by what she saw as barriers to applying for general Medicaid that she gave up and decided to enroll her son in ARKids First, even though she suspected her income level might qualify him for the more generous package.

Mary Humphrey of College Station complained that unless one provides every single document requested by the department, applicants are sent notices telling them that their application has been rejected and that their file will be closed soon without the documents. Humphrey said she's spent three months trying to get general Medicaid for one of her children.

Quinn said the department strives to improve its procedures. He said ACORN is erroneously focusing on requirements that have been phased out with the new "seamless" application. "We've dealt with almost all of their concerns through the changes we'll be implementing," Quinn said.

In recent months, the two Medicaid programs have been the subject of contention. ARKids First was marketed to the General Assembly in 1997 as a way to help families who were poor but who had more income than families who have income at or below the poverty level, for whom the basic Medicaid program was designed.

The controversy has been largely about whether the application process was skewed to raise the number of people enrolled in the ARKids version. Critics, including ACORN, raised allegations -- regularly denied by the state -- that there was an effort to make ARKids look good, perhaps for political reasons benefiting Gov. Mike Huckabee, even if it meant steering children into ARKids when they were eligible for the greater number of services available at no cost in the basic program.

The federal Health Care Financing Administration has complimented the state for the changes it is implementing as of today but remains at loggerheads over the state's allowing parents to choose between the two programs even when their children are eligible for the greater services at lower cost of Version A. The federal agency on July 21 ordered the state to place all children eligible for general Medicaid into that program. As of September 1999, about half of the state's 55,000 ARKids enrollees were eligible for Medicaid, at least on an income basis.

Huckabee has said the state will continue to allow parents to choose, even if the federal agency takes away money for ARKids, something it hasn't threatened to do. He has said some parents don't like to sign up for general Medicaid out of "pride" because they say it carries a stigma.

Several of the participants at Thursday's ACORN conference said they don't buy the governor's argument. They said pride wouldn't keep them from getting the best health care possible for their children, and if parents would let that happen, that's another argument supporting the federal position that parents shouldn't be given a choice between the two programs.

"Pride should never come before the health of a child," said Mable House of Little Rock.

Arkansas has been given until Jan. 1 to implement a plan to transfer all general Medicaid-eligible children now in ARKids First to the general Medicaid program.

LOAD-DATE: August 21, 2000

Bill would end Medicaid assets test Measure removes \$ 3,000 maximum required for a family to qualify for care
Arkansas Democrat-Gazette (Little Rock, AR) February 02, 2001, Friday

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Arkansas Democrat-Gazette (Little Rock, AR)

February 02, 2001, Friday

SECTION: NEWS; Pg. A10

LENGTH: 559 words

HEADLINE: Bill would end Medicaid assets test Measure removes \$ 3,000 maximum required for a family to qualify for care

BYLINE: SETH BLOMELEY, ARKANSAS DEMOCRAT-GAZETTE

BODY:

Arkansas' much-debated assets test for children seeking Medicaid coverage will end if a bill sponsored by seven senators and a House member passes.

Sen. Jon Fitch, D-Hindsville, filed Senate Bill 362 late Wednesday.

It would remove the \$ 3,000 maximum value of certain assets before a single-parent, one-child household can receive Medicaid.

Federal officials urged the state last year to eliminate the assets test for Medicaid. The state doesn't require proof of assets when signing up children for the alternative version of Medicaid, ARKids First.

Rep. Gary Biggs, D-Paragould, House sponsor of the legislation, said Thursday he may be satisfied if the Department of Human Services raises the assets limit, which was set in 1987. With 14 years of inflation, a \$ 3,000 limit is awfully tough to meet, Biggs said.

Gov. Mike Huckabee and state Medicaid director, Ray Hanley, defended the assets test during the debate with the federal government. Critics argued that the use of the test was one of the things that steered Medicaid applicants out of the basic Medicaid health insurance program to the Huckabee-promoted ARKids version, which offered fewer benefits and imposed a charge that basic Medicaid did not impose.

Thursday, Huckabee said he wanted to look at the financial impact of the bill, especially given his top priority of seeking a \$ 3,000 raise for teachers is projected to cost \$ 122 million a year.

He said he wanted to make sure Medicaid recipients didn't have luxuries, such as fancy boats. Depending on the revenue impact, Huckabee said he'd consider raising the limit.

Hanley said the department hasn't taken a position on the bill but has considered raising the limit, depending on in-progress analysis of the cost.

With the current asset policy, some assets are exempt from the test. Those are the home, household and personal goods, student loans and grants and one burial plot per family member.

The family also is allowed to have up to \$ 1,500 equity in a single vehicle before the assets level is applied.

Biggs said some of his low-income constituents have complained that they can only receive the ARKids First version of Medicaid because of their assets.

The department has renamed the two programs. General Medicaid now is called ARKids A, and what formerly was known as ARKids First now is called ARKids B. Both are funded with \$ 3 of federal tax funds for each \$ 1 in state tax funds spent in the program.

Raising or eliminating the test would allow more people to qualify for the more generous program, which would cost the state more money.

Other sponsors of SB362 are Sens. Percy Malone, D-Arkadelphia; Bill Walker, D-Little Rock; Jim Argue, D-Little Rock; Jack Critcher, D-Grubbs; Brenda Gullett, D-Pine Bluff; and Barbara Horn, D-Foreman.

Biggs said he will carry the bill in the House if it passes the Senate. He said he may amend the bill to allow the test as long as it is raised to a level above \$ 3,000.

Huckabee and the Clinton administration clashed last year over Arkansas allowing Medicaid-eligible children to enroll in ARKids. Huckabee defended this practice, saying some parents with pride liked the ARKids co-payment and wanted to contribute to their children's medical coverage.

Bill would end Medicaid assets test Measure removes \$ 3,000 maximum required for a family to qualify for care
Arkansas Democrat-Gazette (Little Rock, AR) February 02, 2001, Friday

The administration of President Bush hasn't indicated how it will handle the ARKids situation.

LOAD-DATE: February 7, 2001

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Copyright 2001 Little Rock Newspapers, Inc.
Arkansas Democrat-Gazette (Little Rock, AR)

February 21, 2001, Wednesday

SECTION: NEWS; Pg. A9

LENGTH: 267 words

HEADLINE: HB1105 raises assets limit for Medicaid Panel favors lifting the qualification cap

BYLINE: MICHAEL R. WICKLINE, ARKANSAS DEMOCRAT-GAZETTE

BODY:

The House Public Health, Welfare and Labor Committee endorsed a bill Tuesday that would allow low-income Arkansans 65 or older to qualify for Medicaid benefits when they have twice as much in assets as they now are allowed. House Bill 1105 by Rep. Barbara King, D-Helena, would increase the assets limit of \$ 2,000 to \$ 4,000 for single individuals 65 and older and from \$ 3,000 to \$ 6,000 for a married couple 65 and older. Some assets are exempt, including a home and household and personal goods.

However, the change would apply only if the state can afford the change. King said the limit hasn't been increased in more than 20 years.

State Medicaid Director Ray Hanley said King's bill would cost several million dollars, but no final estimate has been made. He said he would be hard-pressed to say the money will be available for changing the limit during the next two fiscal years, which start July 1.

Rep. Jim Lendall, D-Mabelvale, said it's critical to expand Medicaid eligibility for senior citizens because Social Security recipients receive less in benefits in Arkansas than their peers across the country.

King also sponsors HB1613, which would require the Department of Human Services to give the assets increase the first priority when the Medicaid program expansion financed with tobacco settlement funds takes place. But the committee held that bill at her request. She said she would ask the committee to consider the bill after the House members in each congressional caucus finish this week's meetings on a dozen appropriation bills that involve the tobacco settlement.

LOAD-DATE: February 22, 2001

4 of 7 DOCUMENTS

Copyright 2001 Little Rock Newspapers, Inc.
Arkansas Democrat-Gazette (Little Rock, AR)

February 28, 2001, Wednesday

SECTION: NEWS; Pg. A8

LENGTH: 1056 words

HEADLINE: House OKs lifting Medicaid-assets lid Bill lets children qualify for basic health insurance no matter what family's income is

BYLINE: MICHAEL ROWETT, AND MICHAEL R. WICKLINE, ARKANSAS DEMOCRAT-GAZETTE

BODY:

****STATE EDITION****

Children of low-income families could qualify for the state's basic Medicaid health insurance program regardless of the family's assets under a bill approved Tuesday by the Arkansas House of Representatives.

Senate Bill 362 by Sen. Jon Fitch, D-Hindsville, would put these families on the same footing regarding assets as applicants for Gov. Mike Huckabee's pet ARKids First version of Medicaid, although ARKids First admits families with even higher incomes than are allowed in the basic program.

ARKids First, which charges a small co-payment, now is known as ARKids B; and the traditional Medicaid program, which doesn't impose a co-payment and offers more services, now is called ARKids A.

The bill, approved 73-15 by the House, was approved 26-7 by the Senate this month but goes back to the Senate for concurrence in a House amendment that added sponsors to the measure. After the Senate accepts that amendment, the bill will go to Huckabee for his signature.

Proponents of SB362 said the assets limit that the state has been imposing discriminates against families with negligible incomes and assets that aren't substantial. Rep. Gary Biggs, D-Paragould, lead House sponsor of SB362, told the House that a family of four below the poverty level who owned a car worth as little as \$ 5,000 couldn't qualify for traditional Medicaid because of the limit.

"That's not much of an asset," Biggs said. "This is not revenue-neutral. It will cost some money. But it's a small price to pay to give the children of low-income families a level playing field."

Opponents of the bill agreed with the state Department of Human Services' contention that the assets limit is a necessary step to ensure that poor families who apply for the wider package of benefits truly deserve them.

The department, which has supported Huckabee's contention that imposing the assets limit on one part of the Medicaid program but not the other is legitimate, has said the bill would cost the state \$ 600,000 in general revenue the first year and \$ 1.5 million the second year of the coming biennium.

"Since this bill got out of committee last Thursday, it's been like a bad enchilada sitting in my stomach," said Rep.

David Haak, R-Texarkana. "We need to raise the assets limit, which would net out folks trying to abuse the system.

Keep [ARKids A] reserved for those who do need the help," he said.

Haak repeated the example cited by the department last week of one family that had \$ 340,000 in certificates of deposit who attempted to qualify for traditional Medicaid but were denied. Fitch and Biggs have said that's an isolated, egregious example and that most families with low incomes have modest assets. The department hasn't performed a scientific study to determine compliance with assets limits.

ARKids A covers 21 services not covered under the ARKids B package, including hearing aids, hospice care and specialized wheelchairs.

Arkansas is one of nine states that impose an assets limit on the traditional program. The limit varies with the size of the family. For a single-parent, one-child family, the limit is \$ 3,000. For each additional child, \$ 100 is added to the limit. The family also is allowed to have up to \$ 1,500 equity in a single vehicle that does not count against the limit.

House OKs lifting Medicaid-assets lid Bill lets children qualify for basic health insurance no matter what family's income is Arkansas Democrat-Gazette (Little Rock, AR) February 28, 2001, Wednes

An estimated 2,340 children per year are in families that would qualify for ARKids A except for the assets limit, the department said last week. As of December of last year, 59,651 children were in the ARKids First (or ARKids B) version, compared to 87,677 in the traditional or ARKids A version.

The department argued last week that if the limit is removed, many families would choose the free, better-benefits version.

Since the department instituted a joint application process for the two programs last August that some critics of ARKids First describe as less tilted in favor of putting children in ARKids First, the number of families that qualified for the traditional version has increased by 36 percent.

In other legislative business Tuesday, the Senate defeated 10-15 a bill to allow the full powers of Arkansas law enforcement officers to be given to investigators for the Workers Compensation Fraud Investigation Unit and Insurance Fraud Investigation Division.

These investigators would have to meet the qualifications established by the Arkansas Commission on Law Enforcement and Standards to be given full powers of law enforcement officers under House Bill 1361 by Rep. Bob Adams, D-Sheridan.

Sen. Percy Malone, D-Arkadelphia, said these investigators are in personal danger in some cases. The Senate Insurance and Commerce Committee was convinced that they need the full powers of Arkansas law enforcement officers, he said. But Sen. Mike Everett, D-Marked Tree, said investigators for the fraud unit go into businesses and banks to look at records to determine whether fraud was committed. They aren't dealing with dangerous hard-core criminals and don't need the power to arrest people, he said. He lamented that Arkansas is turning into "a police state."

In other business Tuesday, the Senate approved:

HB1465 by Rep. Steve Jones, D-Marion, 35-0, to allow hospitals to videotape what goes on in rooms where they suspect parents are harming children. The bill goes to the governor.

SB547 by Sen. Doyle Webb, R-Benton, 31-0, to increase the maximum number of people on prerelease and work-release programs who can be held at the Arkansas Health Center at Benton from 325 to 425. Webb said one of the vacant buildings at the center will be used to hold the extra people on work release. The bill goes to the House.

The House defeated HB1740 by Rep. Mary Anne Salmon, D-North Little Rock, which would increase the number of residents needed on a petition for communities to incorporate as cities and eliminate the option of such incorporations within five miles of another city.

The vote was 46-39, leaving the bill short of the 51 favorable votes needed for approval in the House. Several lawmakers contended that the bill would trample on the rights of small communities.

"We really need to be careful when we continue to erode the rights of the people in this state," said Rep. Kim Hendren, R-Gravette. "The only thing it does is take away more and more rights of the little fellow."

LOAD-DATE: March 1, 2001

Copyright 2001 Little Rock Newspapers, Inc.
Arkansas Democrat-Gazette (Little Rock, AR)

April 03, 2001, Tuesday

SECTION: NEWS; Pg. A8

LENGTH: 1350 words

HEADLINE: Bill to set Medicaid assets cap fails House vote keeps families seeking complete coverage on par with those in ARKids First

BYLINE: MICHAEL ROWETT, AND MICHAEL R. WICKLINE, ARKANSAS DEMOCRAT-GAZETTE,
@Private:, @Caption:, @Correction:

BODY:

The Arkansas House on Monday rejected a bill that would impose an assets limit for poor families to qualify their children for comprehensive Medicaid health insurance.

House Bill 2629, sponsored by Rep. David Haak, R-Texarkana, and backed by Gov. Mike Huckabee, would have undone Act 724 of 2001, which removed the assets test. HB2629, which would have raised the assets limit to \$ 5,000 and allowed families to omit an automobile from their assets, received 40 favorable votes and 48 votes in opposition.

Although it has yet to go into effect, Act 724 is law because Huckabee allowed Senate Bill 362 by Sen. Jon Fitch, D-Hindsville, to become law without the governor's signature. But he also urged lawmakers to consider Haak's bill as a more reasonable alternative.

Act 724 puts low-income families on the same footing regarding assets as applicants for Huckabee's pet ARKids First version of Medicaid, although ARKids First admits families with even higher incomes than are allowed in the basic program.

Haak in his speech echoed the points raised by Huckabee: that the assets limit is a necessary step to ensure that poor families who apply for the wider package of benefits truly deserve them. Arkansas is among eight states that impose an assets test for the traditional version of children's Medicaid.

"It is reasonable to have a somewhat higher standard when families are asking for completely free medical coverage that goes far beyond what the average person in Arkansas gets," Haak said.

ARKids First, which charges a small co-payment (often no more than \$ 5), now is known as ARKids B. The traditional Medicaid program, which doesn't impose a co-payment and offers more services, now is called ARKids A.

In urging passage of HB2629, Haak also cited the cost to the state of removing the assets test as determined by the state Department of Human Services: \$ 600,000 in general revenue the first year and \$ 1.5 million the second year of the coming biennium. That cost is expected to double by 2003, as more families learn about the removal of the assets test. Haak said his bill, in contrast, would cost \$ 475,000 the first year and \$ 858,000 the second year. This would make eligible for ARKids A about 55 percent of the estimated 2,340 children per year who are in families that would qualify except for the current assets limit.

The state's policy is to place children in ARKids B if they fail the assets test, which Haak said is a "safety net" to provide some coverage for children whose families have too much.

As of December, 59,651 children were in the ARKids First (or ARKids B) version, compared with 87,677 in the traditional or ARKids A version.

The department has supported Huckabee's contention that imposing the assets limit on one part of the Medicaid program but not the other is legitimate.

Rep. Gary Biggs, D-Paragould, lead House sponsor of Act 724, said the main question for House members to ponder when considering Haak's bill was the fairness of leaving 45 percent of those 2,340 children without comprehensive medical coverage they deserve.

"Do we want to help all the children or help 55 percent of them?" Biggs asked the House. "Vote your conscience. My conscience tells me to help all the children."

Assets test for kids' health insurance draws fire Arkansas Democrat-Gazette (Little Rock, AR) August 04, 2000, Friday

Betty Ford of Little Rock said she was so frustrated by what she saw as barriers to applying for general Medicaid that she gave up and decided to enroll her son in ARKids First, even though she suspected her income level might qualify him for the more generous package.

Mary Humphrey of College Station complained that unless one provides every single document requested by the department, applicants are sent notices telling them that their application has been rejected and that their file will be closed soon without the documents. Humphrey said she's spent three months trying to get general Medicaid for one of her children.

Quinn said the department strives to improve its procedures. He said ACORN is erroneously focusing on requirements that have been phased out with the new "seamless" application. "We've dealt with almost all of their concerns through the changes we'll be implementing," Quinn said.

In recent months, the two Medicaid programs have been the subject of contention. ARKids First was marketed to the General Assembly in 1997 as a way to help families who were poor but who had more income than families who have income at or below the poverty level, for whom the basic Medicaid program was designed.

The controversy has been largely about whether the application process was skewed to raise the number of people enrolled in the ARKids version. Critics, including ACORN, raised allegations -- regularly denied by the state -- that there was an effort to make ARKids look good, perhaps for political reasons benefiting Gov. Mike Huckabee, even if it meant steering children into ARKids when they were eligible for the greater number of services available at no cost in the basic program.

The federal Health Care Financing Administration has complimented the state for the changes it is implementing as of today but remains at loggerheads over the state's allowing parents to choose between the two programs even when their children are eligible for the greater services at lower cost of Version A. The federal agency on July 21 ordered the state to place all children eligible for general Medicaid into that program. As of September 1999, about half of the state's 55,000 ARKids enrollees were eligible for Medicaid, at least on an income basis.

Huckabee has said the state will continue to allow parents to choose, even if the federal agency takes away money for ARKids, something it hasn't threatened to do. He has said some parents don't like to sign up for general Medicaid out of "pride" because they say it carries a stigma.

Several of the participants at Thursday's ACORN conference said they don't buy the governor's argument. They said pride wouldn't keep them from getting the best health care possible for their children, and if parents would let that happen, that's another argument supporting the federal position that parents shouldn't be given a choice between the two programs.

"Pride should never come before the health of a child," said Mable House of Little Rock.

Arkansas has been given until Jan. 1 to implement a plan to transfer all general Medicaid-eligible children now in ARKids First to the general Medicaid program.

LOAD-DATE: August 21, 2000

Impact of new Medicare drug law on low-income elderly still unclear Arkansas Democrat-Gazette (Little Rock) January 2, 2004 Friday

1 of 2 DOCUMENTS

Copyright 2004 Little Rock Newspapers, Inc.
Arkansas Democrat-Gazette (Little Rock)

January 2, 2004 Friday

SECTION: NORTHWEST ARKANSAS

LENGTH: 1116 words

HEADLINE: Impact of new Medicare drug law on low-income elderly still unclear

BYLINE: BY NELL SMITH ARKANSAS DEMOCRAT-GAZETTE

BODY:

Elderly Arkansans who are too poor to pay for their prescription drugs have long relied on the state's Medicaid program to buy their medicine.

But when the new Medicare prescription drug benefit takes effect in 2006, the federal government - not the state - will pay for their medicine.

That switch, some say, could cause headaches for consumers as they try to navigate a new Medicare system. Even worse, Medicare may not cover all the prescription drugs that the state Medicaid program currently covers. And changing responsibilities could saddle state Medicaid budgets with some new costs. Others say the change is good news.

"Medicare drug coverage will be much more reliable than Medicaid drug coverage," Cecil Malone, president of AARP Arkansas, wrote in an e-mail. "Medicaid has been unstable and threatened with cuts because of state budget problems."

Nearly 112,500 poor Arkansans use both Medicare and Medicaid to pay for health care.

For these "dual eligibles," Medicaid, the state and federal health insurance for the poor, pays for the prescription drugs that Medicare, the federal health insurance for the elderly and disabled, does not cover. Medicaid also covers deductibles, co-pays and the monthly Medicare premiums for the poorest beneficiaries.

Arkansas' Medicaid currently provides full coverage for impoverished senior citizens - those who made \$6,624 or less in 2003, according to Arkansas' Medicaid figures. The insurance program covers drugs as well as other health-care costs.

Arkansas senior citizens whose income is slightly higher receive more limited Medicaid benefits.

Beginning in 2006, their prescription drug benefit will be administered by Medicare.

Under the new federal plan, Medicare beneficiaries whose annual income is at or below the poverty level - \$8,980 for a single person in 2003 - will pay only \$1 for generic drugs and \$3 for brand-name prescriptions. They won't pay any Medicare premiums, deductibles or co-pays.

Other senior citizens whose income is slightly higher receive more limited Medicare benefits. State officials say it is too soon to tell how that change will affect elderly or disabled people covered by both Medicare and Medicaid. Many decisions about the administration of the Medicare drug benefit - including what drugs will be covered - haven't been made.

"Even in the conference calls [with federal authorities], there hasn't been enough detail even to be able to weigh any sort of impact to the consumer," said Julie Munsell, spokesman for the Arkansas Department of Human Services, which runs the Medicaid program.

Still a number of concerns remain. Chief among them is whether the drug benefit under Medicare will be as good as it has been under Medicaid.

The benefit under Medicare appears to be financially comparable to that offered to Arkansas Medicaid beneficiaries, but some people worry the federal plan won't cover all the medicines available under the state plan.

Mental health advocates say this is particularly worrisome for patients with mental illnesses.

"Arkansas' Medicaid program has been pretty comprehensive in terms of prescription drugs," said Kenny Whitlock, executive vice president of the Mental Health Council of Arkansas. "And for those Medicaid eligibles, we've been able to pretty much access the drugs that we need."

Whitlock said he worries that the Medicare plan could follow a trend started by other budgetcrunched states. To save money, some states have limited the number of prescriptions covered to treat mental illness.

"My fear is ... the access to those drugs [under Medicare] is going to be difficult," he said.

The right drug combination for people with mental illness is a delicate balance, Whitlock said. States that have limited coverage for people with mental illness have seen their hospitalizations increase, he said.

"I'm hoping that [Medicare officials] will realize that the appropriate medications with persons with mental illness is essential to their treatment," Whitlock said.

Some critics of the Medicare bill worry that senior citizens - especially those in poor health or with diminished mental capabilities - may have a difficult time switching from one complicated health-care system to another.

Others worry that some low-income senior citizens will no longer be eligible for as much coverage as they have been under Medicaid. The asset limits defined in the Medicare plan may be stricter than those in many states' Medicaid programs, said Michelle Kitchman, a senior analyst for the Henry J. Kaiser Family Foundation, a nonprofit, philanthropic organization focused on health policy.

"This applies very much so in a state like Arkansas where you have so many rural areas," she said. "People could be extremely poor, but they might have a farm with a pig. That pig could be worth more than the asset limit and knock them out of eligibility."

But the poorest senior citizens now enrolled in Medicaid and Medicare will qualify for low-income subsidies regardless of the property they own, noted Maria Reynolds-Diaz, AARP Arkansas state director. There is no asset limit for senior citizens with income less than the poverty level. "They're going to receive full coverage, so they're coming out very well under the bill," said Herb Sanderson, director of the Arkansas Aging and Adult Services Division.

Still others worry about the impact on state Medicaid budgets. Some state governments anticipated some financial relief once the federal Medicare program took over drug coverage for poor senior citizens. According to the Kaiser Family Foundation's analysis of Congressional Budget Office estimates, states are expected to save \$115 billion over 10 years, beginning in fiscal 2004.

But a provision included in the Medicare legislation requires states to pay the federal government an amount similar to what they would have paid in drug costs for their poor senior citizens.

"So in other words, [states] have to pay the federal government for taking on this responsibility," Kitchman said.

That payment, together with new administrative costs, could mean states will wind up paying more than they will save, according to the analysis.

"There's some concern that they're going to take more money back than they're going to pay into the system," said state Sen. Percy Malone, D-Arkadelphia.

Malone has requested more information from the state Department of Human Services and asked that the impact on the state's dual eligibles be a topic for a future legislative meeting.

In the meantime, state officials are awaiting more guidance from the federal government.

"Once the regulations are in place," Munsell said, "we will have a better idea of how it will impact Arkansas."

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Impact of new Medicare drug law on low-income elderly still unclear Arkansas Democrat-Gazette (Little Rock) January 2, 2004 Friday

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