



February 19, 2020

**Testimony before the Appropriations Committee
Human Services Public Hearing on the Governor's Proposed FY 21
Budget Adjustments H.B. 5005**

Good afternoon, Senator Osten, Senator Formica, Representative Walker, Representative Lavielle, and Members of the Appropriations Committee.

I am Liz Fraser, Policy Director of the Connecticut Association for Human Services (CAHS). CAHS is a statewide nonprofit agency that works to reduce poverty and promote equity and economic success for children and families through both policy and program initiatives.

I am here to ask this committee to reinstate the eligibility limit for Medicaid A, (the health insurance benefit for parents who have Husky eligible children), from 160% of the FPL back up to the 2015 eligibility level of 201% of the FPL. There will be much testimony about how important this is to from a health and wealth standpoint, including that : Children are more likely to have been signed up for insurance and to see a doctor if their parents are insured; families are less likely to go into debt from medical sources and hospitals will see a decline in uncompensated care; . All of this is the basis for my testimony tonight.

For some time, The Connecticut Association for Human Services has been examining the potential impact that an increase in the minimum wage will have on families receiving benefits. While it is extremely complicated to understand and calculate, we have done some basic analyses, and find that the first benefit cliff that families will fall off of is Medicaid A. While not the sole benefit loss that keep families stable , the way that Husky A eligibility is structured, one dollar over the eligibility limit would end access to this valuable benefit and with it cascading impacts for others . The cliff is steep and fast. Figure 1

In 2016- cuts to CT's Medicaid program resulted in over 11,000 parents losing their health insurance. In 2018 and 2019, CT took the necessary steps ensure that additional cuts were not implemented.

While the much-needed increase in Connecticut's minimum wage is welcomed with it comes new challenges. For those benefits with strict cut-offs some families who will make marginally higher incomes with the increased minimum wage, will no longer be eligible for Medicaid A and will effectively lose more than they will gain. As a result of increased wages, some families will lose Medicaid A eligibility, leaving parents with no health insurance and a decrease in net income after expenses.

Initial analysis shows that the first year of the wage increase in 2019 up to \$11.00 per hour might not have impacted too many families. However, there are indications that this fall, as wages rise to \$12.00 an hour and up, the cliff will hit and more parents who will lose their Husky A coverage. Additionally,

this will most certainly impact parents who already make a little bit over minimum wage and receive a small 50 cent raise to keep their wages proportional to their colleagues whose wages were below the new minimum wage. This new uncertainty of whether these changes will or will not provide an overall benefit, are especially true for part time workers. Because part time workers don't always know their weekly or monthly hours will be, it is difficult to calculate when and if they will lose coverage. Figure 2

Of course, there is the Affordable Care Act Insurance available in CT. However, for under-resourced families, many with very little, if any savings, the added costs and out of pocket expenses associated with the ACA, can potentially be a financial hardship. Figure 1

While other New England states have done research on how cliffs impact families, Connecticut has not yet done intensive research and analysis on this subject. It is very complicated and can be expensive to produce. With each benefit available, there are both federal and state requirements and regulations. Some are in statute; some are regulated by agency policy or federal plans. There are reporting requirements, income eligibility, asset limits, and a myriad of other cumbersome rules- some woefully outdated. It all has to be reviewed and analyzed.

The Two Generation Advisory Council Benefit Cliff sub- group is gathering information on the cliff effect from the increase in minimum wages and considering policy solutions to put forth. There will be some low cost/no cost remedies for the short term brought forward, which CAHS heartily supports. Longer term solutions will follow.

However, families can't wait for long term relief to be determined and implemented. They s will begin to feel the effect soon of cliffs soon. Increasing the eligibility up to 201% of the FPL will give a bit of relief to families as we do more research and look for more comprehensive solutions.

The remainder of this testimony are graphs which give additional context. Attached is a research report, based on information from parent focus groups, which was released by CAHS in 2019.

Thank you for this time

Figure 1: Connecticut Benefits Cliffs Graphs¹

This was presented at the Human Services Benefit Cliff Forum, 2020.

The Husky A cliff is the first drop of the yellow dotted line. Both graphs show a drop where parent eligibility **abruptly** ends, the continuing yellow line reflects children’s continued eligibility. These graphs show other areas of concern as well. However, calculating a long-term fix takes much more research. In the meantime, increasing the Earned Income Tax Credit would replace some of the benefit loss from increased minimum wage, as we work to implement longer term solutions.

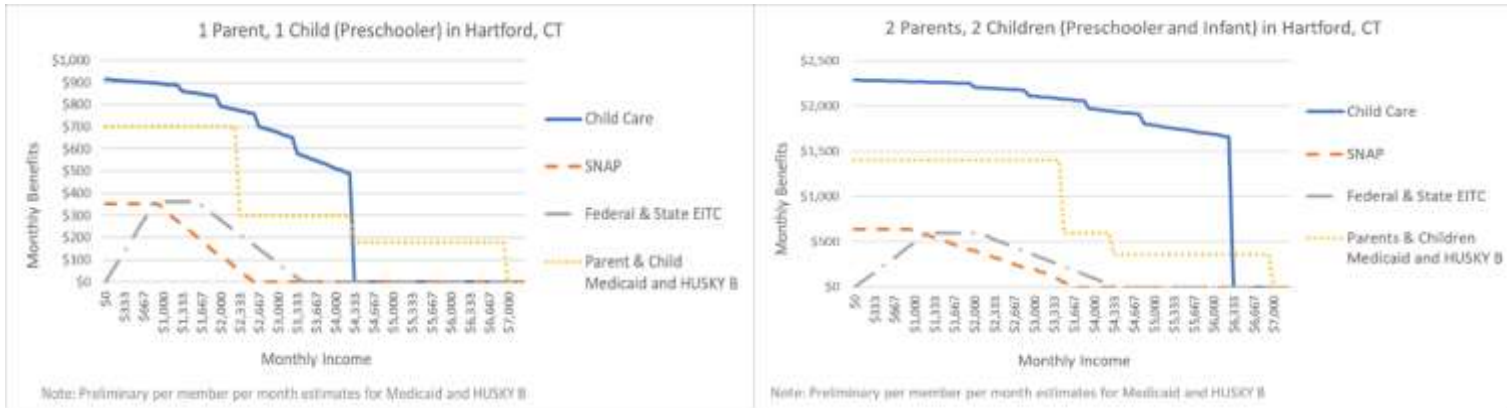
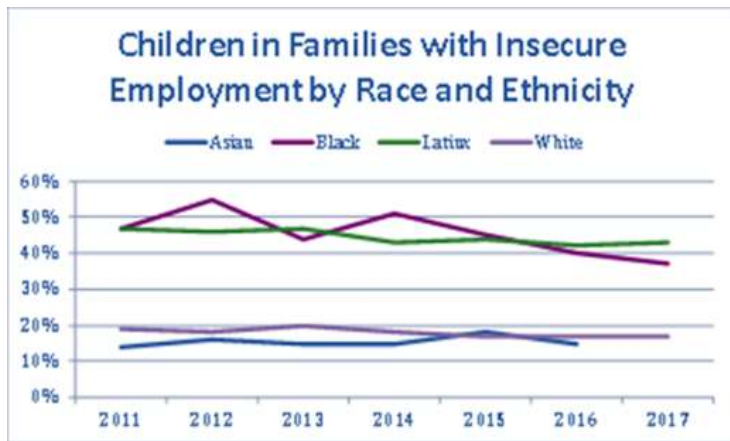


Figure 2: ² Insecure Employment is defined as *no parent has full time, year-round employment*.



Parents, single or a couple, are cobbling together hours, sometimes with several jobs, to make ends meet. A few extra hours that are not expected during a month can put a family over the eligibility limit for benefits, including Medicaid A. Job insecurity disproportionately affects Black and Latinx workers.

¹ Developed by Connecticut Office of Policy and Management (OPM) using: National Center for Children in Poverty Research from Connecticut Association of Human Services; Research Products from School and State Finance Project, Presented at the Human Services Benefit Cliffs Forum, January 2020

² CAHS, Connecticut Kids Count, 2019 Economic wellbeing is negatively impacted by the lack of stable jobs and Connecticut lags behind the nation as a whole, where children living in employment-insecure homes have steadily declined since the recession. In contrast Connecticut’s, *Children Whose Parents Lack Secure Employment* has increased 30 percent since 1990 and our national rank on this indicator has plummeted from the top to the bottom tier.

Figure 3: Connecticut United Way ALICE Report , “Asset Limited, Income Constrained and Employed.” ³

- Note that the hours worked are most likely part- time and under 30 hours per week for each job and/or parent.
- Working 40 hours for 50 wks. is used for the base calculation. This would most likely be either one parent with two jobs, or hours split between two parents.
- Raising the eligibility to 201% of FPL will give families some relief.

Family size	United Way Survival budget	Federal poverty Level 100%	Husky A eligibility at 160% FPL	Husky A eligibility at 201% FPL
Family of 2 1 adult 1infant (1 worker)	\$46,836. \$23.43 hour for 40 hours	\$16,910	\$27,560/ \$13.28 for 40 hours	33,989/ \$17.00 for 40 hours
Family of 3 2 adults 1 child (1 or 2 workers)	\$60,000 estimate	\$21,330	\$34,128 \$ 17.00 for 40 hours	\$42,873 \$21.43 for 40 hours
Family of 4 2 adults 2 children (2 workers)	\$78,000/ \$39.49 for 40 hours	\$25,750	\$41,200 \$21.00 for 40 hours	\$51,757. \$25.87 for 40 hours

Figure 4 Monthly Costs of ACA , ConnectiCare , Silver Plan ⁴

A small increase in minimum wages will not replace the cost of losing Husky A. The cost of the ACA will be burdensome with monthly payments, high deductibles and co-pays. The ACA tax benefit will not make up for the monthly costs. Most families do not have even 400.00 in savings. One illness or accident could easily put a family into medical debt.

Monthly cost \$108.3 (\$1300.00 year, after \$843. yearly tax credit; actual upfront cost is \$178.00 or \$2,136.)

- Maximum out of pocket is \$5,000. Couple/ \$2,500. Single
- Emergency Room \$150.
- Primary care \$20.
- Specialist \$45
- Deductible \$650/ \$1,300.
- Prescriptions \$10 generic, higher depending on category of drug.
- Hospital \$400 per admission

³ <https://alice.ctunitedway.org/>

⁴ Source is access health care.com

Key Takeaways from focus groups which were the basis for: *Pushed Over the Edge with Nowhere to Land; Experiences of the Cliff Effect and an Exploration of Structural Barriers to Two-Generational Economic Stability in Connecticut*

Across the five focus groups and key-informant interview, roughly only one third of respondents indicated that they intentionally moderate their earning to avoid a benefit cliff, either by restricting hours worked or declining potential raises.

Respondents most frequently reported turning down additional work hours or modest wage increases to avoid the cliff effect when childcare (Care4Kids), housing (Section 8 vouchers) and health insurance (HUSKY) benefits were concerned. Many of these respondents had lost eligibility for these benefits before when their earnings were higher, and had found the reduction in net-resources was too large for their families to bear.

Participants felt they had adequate information about the income and asset limits, redetermination periods, and reporting requirements associated with their public benefits. However, the majority of participants reported that they did not know ahead of time how much their benefits would be reduced following increases in their income.

Participants knew that earning more would impact their benefits package, but were often surprised by the extent to which their wage increases were reflected back in a direct cut to their SNAP, WIC, or TFA/TANF benefits.

With each successive focus group, it became clearer that families lacked sufficient information about how their benefits were calculated

In addition to these more tangible two-generational impacts, participants spoke about the ways in which the cliff effect made them more dependent on the public assistance system, entrenching their families further into a cycle of generational poverty.

While participants cited that the cliff effect did reduce their incentive to work harder and earn more, they emphasized that being labeled as “undeserving” more negatively impacted their mental health. Across the focus groups and key-informant interviews, when discussing how the cliff effect harmed their family, respondents consistently emphasized that they did not want to use public benefits.

Parent Quote:

You never see someone in my position getting ahead, do you? You just hear that we’re lazy, we’re ungrateful, or that we’re having more kids to stay on the system. That just makes me so sad, the hate we get for needing help. I just want to show them, the [politicians] who run on cutting welfare, how hard I work and how far back I get pushed for it. You want to call it falling off a cliff? No, cliffs are accidents. This is being beaten down.”

Key take away; cliffs are part of the structure of our benefits system, they are not naturally occurring. The respondents were keenly aware that they are policy solutions out there.