

General Assistance Medical Care: Unique program serves a unique population

*GAMC serves
Minnesota adults
living in extreme
poverty*

General Assistance Medical Care targets a challenging population

General Assistance Medical Care (GAMC) was initially established in 1975 to provide health care coverage for very low-income adults without dependent children. It is a state-funded program that fills in the gap for adults, aged 21 to 64, who do not qualify for other public health care programs. In 2008, an average of 28,000 Minnesotans were enrolled in GAMC each month, or 70,000 over the course of the year. More than 40 percent of enrollees are people of color.

To qualify for GAMC, an individual must have an income below 75 percent of the federal poverty guideline, less than \$677 a month.¹ The Department of Human Services, however, reports that in 2008, more than 90 percent of GAMC enrollees had incomes below 25 percent of federal poverty guidelines (about \$203 a month).²

In addition to being extremely low-income, these individuals face other significant challenges. About one out of every four GAMC enrollees is homeless, 30 percent have one or more chronic medical conditions and 60 percent suffer from a mental health problem and/or chemical dependency.³

GAMC was designed with several unique features that serve the special needs of this population.

- Considering their extremely low incomes, there are no premiums for GAMC. There are copayments for some services and prescription drugs, but copayments for prescriptions are capped at \$7 a month.
- GAMC eligibility starts from the date of application. This is important because many individuals that are eligible for GAMC do not apply for coverage until they are facing a health care crisis. Once an individual is approved for GAMC, coverage is retroactive to the date of application, ensuring that health care providers receive payment for health services already provided.
- GAMC has no annual limit on inpatient hospital services, which is very important for a population with significant health issues.

*Health coverage
helps stabilize lives
and reduce costs to
the community*

Access to health care that is both affordable and sufficient to cover one's health care needs is not just beneficial for the individual, it benefits the community. When people with chronic health care conditions do not get reliable care, they rely more heavily on emergency room visits to manage their day-to-day health – lengthening waits for others needing emergency services and increasing costs in the health care system for everyone. And when individuals with mental health or chemical dependency issues do not receive medications or treatment, they can place a strain on other public safety and social services and divert resources from other important community needs. GAMC, however, helps stabilize the lives of many vulnerable Minnesotans, allowing them to make positive contributions in their families and communities.

GAMC was eliminated during the 2009 Legislative Session

Governor's line-item veto leaves vulnerable Minnesotans with few health care options

Near the end of the 2009 Legislative Session, the Governor signed the omnibus health and human services bill into law, but he line-item vetoed funds for GAMC, effectively eliminating the program in FY 2011 (which begins July 1, 2010). The Governor followed up by making further cuts to GAMC through the unallotment process in the summer of 2009, moving up the ending date to March 31, 2010.⁴

In November 2009, Minnesota's Department of Human Services (DHS) announced that former GAMC enrollees would be automatically enrolled in Transitional MinnesotaCare for a limited time. Within six months, all enrollees would be required to apply for regular MinnesotaCare. MinnesotaCare was created in 1992 to provide low-cost health insurance for working Minnesotans, a very different population from GAMC enrollees. It is funded through the Health Care Access Fund, which receives revenue from health care provider taxes and premiums from enrollees in MinnesotaCare.

MinnesotaCare is not a permanent solution

Although switching GAMC enrollees to Transitional MinnesotaCare provides some temporary coverage, it is not a permanent solution.

- MinnesotaCare charges premiums and does not cap copayments for prescription drugs. Although these premiums are minimal (as low as \$4 a month) and counties will be required to pick up the cost during a transitional period of up to six months, this would be a barrier over the long term. For individuals with incomes less than \$203 a month – the income of the vast majority of GAMC recipients – paying premiums and unlimited copayments could quickly present a significant financial burden to receiving needed health care.
- MinnesotaCare has a \$10,000 yearly limit on inpatient hospital stays. This limit will apply immediately to all GAMC enrollees being moved onto either Transitional MinnesotaCare or regular MinnesotaCare. Many GAMC recipients, however, have significant health issues and require inpatient treatment for their conditions. They will quickly exceed the \$10,000 limit.
- The automatic enrollment in Transitional MinnesotaCare only applies to individuals enrolled in GAMC on March 31, 2010. Starting on April 1, any person who would have been eligible for GAMC will be enrolled in Transitional MinnesotaCare. Although GAMC offered retroactive coverage, Transitional MinnesotaCare coverage does not take effect until after the application has been processed, the first premium paid and an individual is enrolled in a managed care plan – all of which could take three to four months, during which time the person has no coverage. This will result in an increase in uncompensated care for health care providers.

Health Care Access Fund cannot afford to cover costs of GAMC

There is another important reason why transferring GAMC enrollees to MinnesotaCare is not a long-term solution. The state currently projects that moving GAMC recipients to MinnesotaCare will cause the Health Care Access Fund (HCAF), which funds MinnesotaCare, to begin running a deficit in FY 2011. The general fund is required to keep the HCAF solvent through the end of FY 2011. Starting in FY 2012, however, the HCAF will start showing a deficit. By the end of the FY 2012-13 biennium, the HCAF is

projected to face a \$839 million deficit.

If GAMC had not been eliminated, and these adults without children not shifted to MinnesotaCare, the HCAF would not begin running a deficit until FY 2012, and the total deficit would only have been \$223 million by the end of the FY 2012-13 biennium.⁵

More than 92,000 adults without children could lose their health care coverage under MinnesotaCare

Once the HCAF runs a deficit, DHS is required by law to take actions to bring the fund back into balance. Under current conditions, DHS officials report that they will stop any new enrollments for adults without dependent children in MinnesotaCare starting July 1, 2011. DHS will also need to disenroll 44,000 adults without children from MinnesotaCare to eliminate the HCAF's deficit – that equates to half of all childless adults who receive health care coverage through MinnesotaCare. By FY 2013, nearly all adults without dependent children would need to be disenrolled. In other words, the elimination of GAMC could eventually result in more than 92,000 childless adults losing access to health care coverage.⁶

Legislative proposal would establish a temporary GAMC program

Policymakers propose temporary GAMC program

The 2010 Legislative Session is set to begin February 4, and policymakers and stakeholders have been working to develop an alternative GAMC proposal to ensure that the most vulnerable Minnesotans continue to have access to affordable health care coverage.

One solution has emerged as the leading idea on the table. Senator Linda Berglin, chair of the Senate Health and Human Services Committee, and Representative Erin Murphy have proposed a temporary GAMC program that would take effect April 1, 2010 and end July 1, 2011. The bill:

- Continues the GAMC program with current eligibility levels, with a few exceptions. Some individuals – including those with private health coverage and those who are not permanent Minnesota residents – would not be covered under temporary GAMC. Also, hospital-only coverage for individuals with incomes between 75 and 175 percent of federal poverty guidelines would be discontinued.
- Funds the program through a combination of federal resources and pharmacy rebates, as well as contributions from counties, hospitals and health maintenance organizations (HMOs). The temporary program would not draw on HCAF resources.
- Uses a fee-for-service system, instead of managed care plans. Counties, however, could opt to establish a new care partnership to serve the GAMC population within the county.
- Includes reforms in mental health coverage, expanding a successful pilot program.

This proposal is not without controversy. In a time of tight budgets, requiring the counties, hospitals and HMOs to help pay for the program raises some concerns. However, without a viable program in place to serve these individuals, these entities are likely to experience significantly higher costs.

Quick action needed to help the lowest-income Minnesotans

It is not clear whether the temporary GAMC proposal has the support needed to pass in the early days of the legislative session. Whatever solution does emerge, however, should:

- Provide these extremely low-income adults with access to affordable and comprehensive health coverage
- Meet the unique challenges facing this population, and
- Ensure providers receive sufficient reimbursement for their services.

Policymakers will need to act quickly once the session begins on February 4 – GAMC coverage ends on March 31.

¹ More precisely, to qualify for GAMC, an individual must be receiving General Assistance, be a resident of Group Residential Housing, or be an individual with income below 75 percent of the federal poverty guidelines (less than \$677 a month) and meet another qualifier (such as being homeless or waiting for a disability determination from the Social Security Administration).

² Minnesota House of Representative Research Department, *General Assistance Medical Care*, October 2009.

³ Minnesota House of Representative Research Department, *General Assistance Medical Care*, October 2009.

⁴ Initially, it was estimated that GAMC would end on February 28. However, DHS determined in late January that expenses in the program were below initial projections, so there was enough money to keep the program going through the end of March.

⁵ Minnesota Management and Budget, *November 2009 Economic Forecast*, December 2009.

⁶ Health Care Access Commission hearing, December 16, 2009.