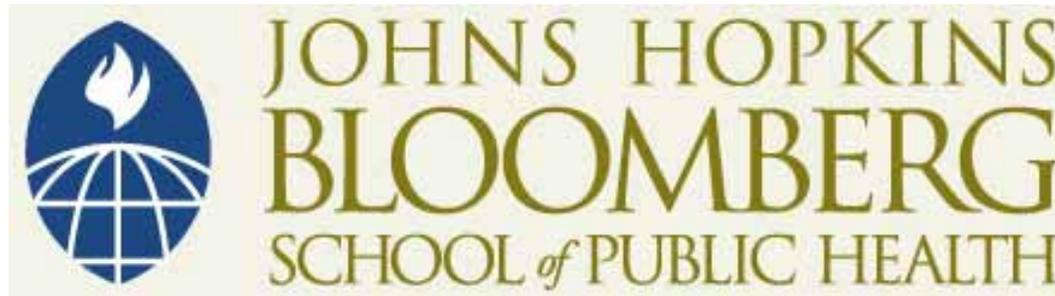


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Ethical Issues in Public Health
Session 3: State MCHP Policy

Faced with a budget crisis in the state of Maryland, state health officials recently decided to direct budget cuts to the Maryland Children's Health Program (MCHP). MCHP is a program that provides care and treatment for children from low/moderate-income families who earn too much to qualify for Medicaid. There are two primary policy changes. First, as of July 1, 2003, enrollment in MCHP was closed to families with a household income above 200% of the Federal Poverty Level (FPL). This lowered the number of families eligible for services. Second, as of Fall 2003, families with children enrolled in MCHP whose income ranges between 185%-200% FPL will be required to pay a new premium of \$37 per month, per household. Families unable or unwilling to pay premiums on time will be dropped from the program, but may reapply.

Proponents of these changes argue that the new premium will reduce the public costs of the program because the beneficiaries will be forced to shoulder some of the expense. In addition, proponents claim that instituting a premium will make the program seem less like 'welfare', thus reducing stigma surrounding the program, and potentially increasing the number of children who benefit. Proponents also argue that this \$37 premium only counts for 1.5% of the annual income of most of these families; this is a great bargain compared to what exists in the private market. As Maryland Health Secretary Sabatini wrote in an editorial in the Baltimore Sun, "Since MCHP participation is voluntary, the decision is up to the parents. . . it is entirely appropriate to expect parents in this income bracket to contribute to the costs of providing health insurance for their children."

Opponents of these changes argue that there will be an increased burden on children and their families, especially those with chronic disease, since in addition to the premiums, there will also be co-pays for services such as transportation and drugs. Furthermore, for many low-income families, the burden of a monthly premium may be too great. This policy may force some parents to choose between using \$37 to pay for transportation to their day jobs or for groceries rather than their children's MCHP premium. There seems to be agreement on both sides of the issue that new premiums will certainly force some families to drop out of the program, leaving their children uninsured. Opponents question whether it is fair to target children's care for budget cuts, particularly when they cannot make any health decisions for themselves and take up relatively little of the percentage of state health expenditures. Opponents also argue that the state has an obligation to protect the interests and well-being of children, a duty some feel would be abrogated by this new Medicaid policy that creates a disincentive for parental provision of healthcare.

While most Medicaid patients are children, most of the Medicaid money is spent on care for the elderly or disabled. Twenty percent of Maryland's total state budget, or \$4.5 billion, goes to Medicaid, but of this amount only \$154 million goes to MCHP.

Please discuss the following:

1) Should the \$37 premium be repealed? Why or why not?

2) Assume that there is a defined amount of money in the health care budget for Maryland and that a certain fraction of Medicaid budget needs to be cut in order to stay within this budget. Rather than targeting children in MCHP, some lobbyists propose a policy targeted at the elderly. They propose that elderly patients on Medicaid pay a \$45 monthly premium, leaving MCHP children with no premium. The state Health Secretary needs to decide between budget cuts targeted at children (the \$37 premium) or the elderly (the \$45 premium). You are the ethicist advising the state legislators on this policy. What are the ethical arguments for and against the two options? What would you advise?