



State of Utah

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**Utah Department of Health
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Health Care Financing

Michael T. Hales
Division Director

September 3, 2008

Members of the Legislative Executive Appropriations Committee and the Legislative Health and Human Services Appropriations Subcommittee
State Capitol
Salt Lake City, Utah

Dear Members:

Utah Code Section 26-18-3(3)(a) directs the Utah Department of Health (Department) to report to the Legislative Executive Appropriations Committee or the Legislative Health and Human Services Appropriations Subcommittee when the Department initiates an amendment to an existing Medicaid waiver. This report notifies the committees that the Department will be submitting a waiver amendment to the State's current 1115 waiver to modify Utah's Premium Partnership for Health Insurance (UPP).

UPP currently provides a subsidy to qualified low-income individuals and families when they purchase their employer-sponsored health insurance. House Bill 133 (2008) directed the Department to request approval from the federal government to expand this program to individual policies and to prevent children from enrolling in the Children's Health Insurance Program (CHIP) if they can enroll in a parent's policy through UPP. In addition, the Department has also included coverage under COBRA and HIPUtah (the State's high-risk pool) in the waiver amendment because these subsidies also further the goal of promoting coverage among these low-income individuals and families through insurance models.

- The main elements of the amendment include the following:
- Prohibit children from enrolling in CHIP if their parents qualify for UPP [required by House Bill 133]
- Expand UPP to individual policies [required by House Bill 133]
- Expand UPP to cover individuals going into HIPUtah
- Expand UPP to cover individuals going into COBRA
- Extend CHIP and UPP crowd out requirement from 90 days to 6 months
- Access a portion of Disproportionate Share Hospital (DSH) allotment if necessary to meet federal budget neutrality requirements

Uninsured individuals and families that do not have access to employer-sponsored health insurance will benefit from these changes. They will now be able to receive assistance to pay the cost of their premiums when they enroll in one of these options for coverage. The amendment will not result in cost shifting to more expensive health or human services programs, but will instead reduce the amount of charity care needed from health care providers.

Enrollment in UPP is limited by available state funding. In 2006, the Legislature appropriated funding to cover 1,000 adults on this program. This appropriation of \$267,500 in General Fund was paired with some existing funding for the Primary Care Network (PCN) and federal matching funds to cover program expenditures. Enrollment in UPP can be closed once the 1,000 slots have been filled. Therefore, this amendment will not require additional appropriations. To the extent that this amendment increases enrollment within the existing 1,000 slots, the amount of General Fund and federal matching funds used by UPP will increase. This increase will reduce the amount of unspent appropriated UPP funds, which in the prior two fiscal years lapsed into the Medicaid Restricted Account.

If you have any questions, please let me know. My number is 801-538-6689.

Sincerely,



Michael Hales, Director
Division of Health Care Financing
Utah Department of Health

Enclosure