

CHILDREN'S HEALTH INSURANCE PROGRAM

HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSDEN

BUDGET BRIEF

SUMMARY

The Children's Health Insurance Program (CHIP) provides health insurance coverage to uninsured children up to age 19 living in families whose income is less than 200 percent of the Federal Poverty Levels (FPL). Additionally, eligible children must: (1) not be currently covered by health insurance, (2) not have voluntarily terminated private health insurance within the last 90 days, and (3) be U.S. citizens or legal residents. There is no asset test for CHIP eligibility. For more information on application criteria please visit:

<http://health.utah.gov/chip/howtoapply.htm>. For more detailed budget information please visit the online Compendium of Budget Information for the 2010 General Session at

http://le.utah.gov/lfa/reports/cobi2010/LI_LPA.htm. This line item also contains funding for children in Utah's Premium Partnership for Health Insurance Program.

ACCOUNTABILITY DETAIL

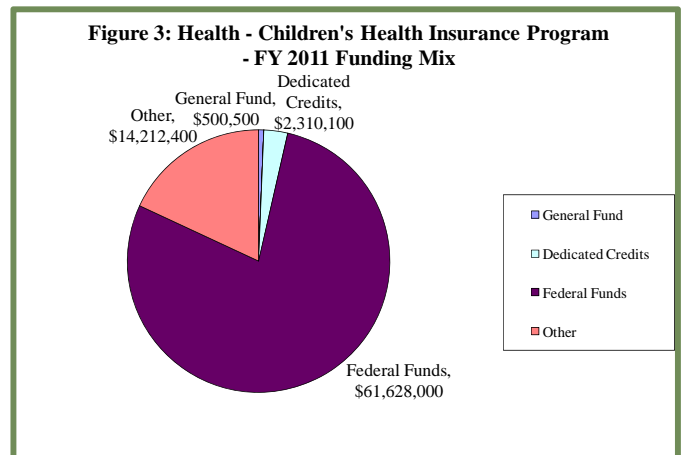
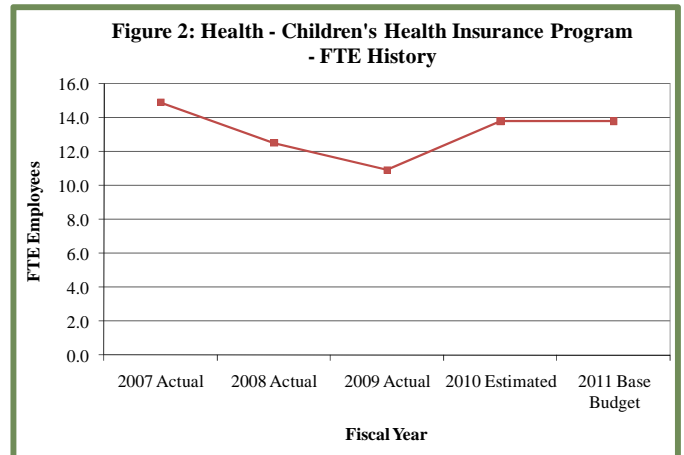
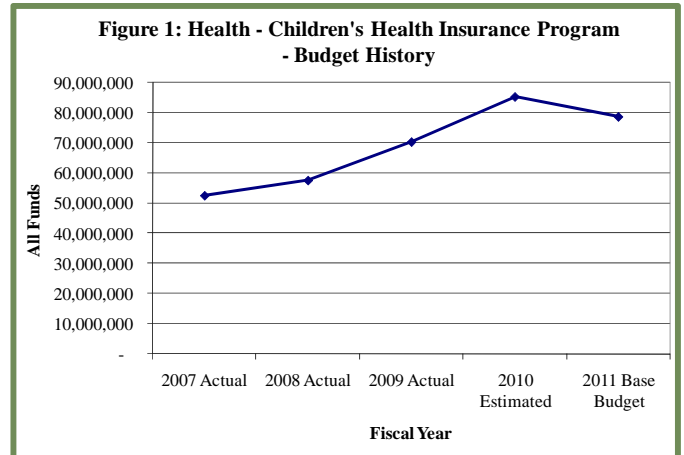
The Analyst FY 2011 base budget recommendation is \$78,651,000. This funding level supports 14 FTEs. The three tables to the right detail budget history for CHIP since FY 2007 as well as the current sources of funding for the program.

The following paragraph discusses a recent appropriation and how it was used by the agency:

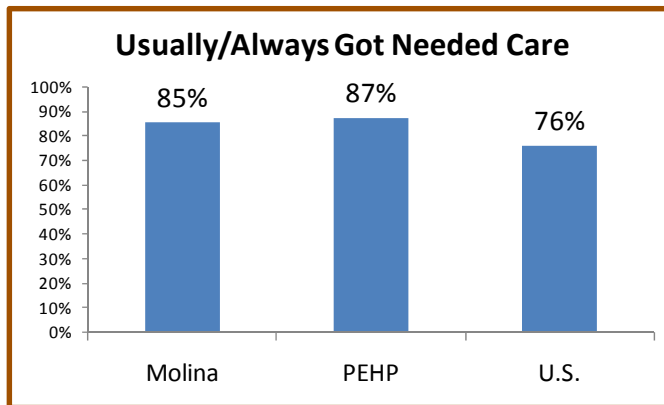
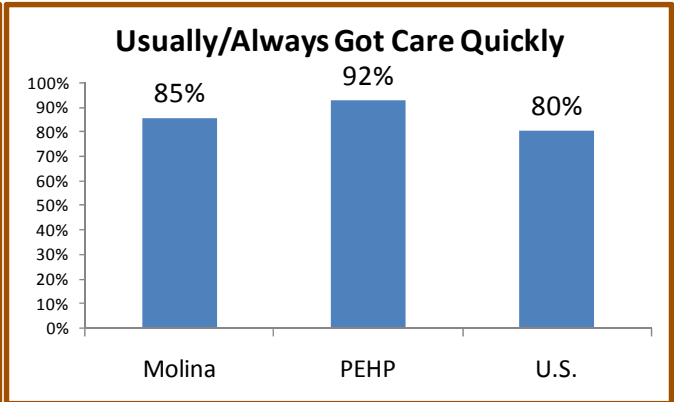
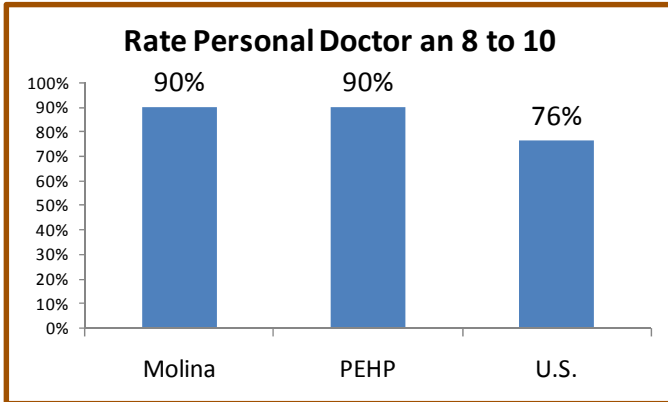
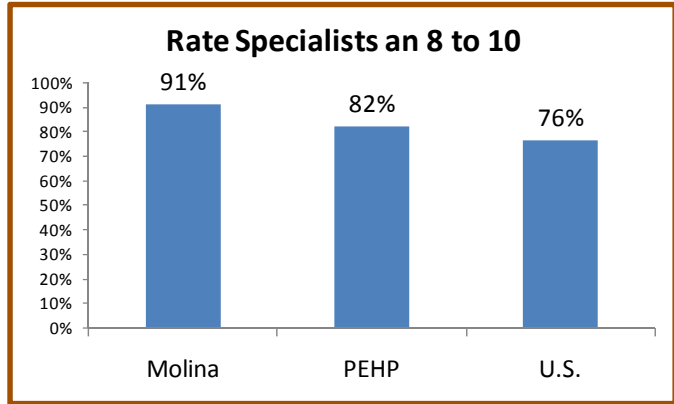
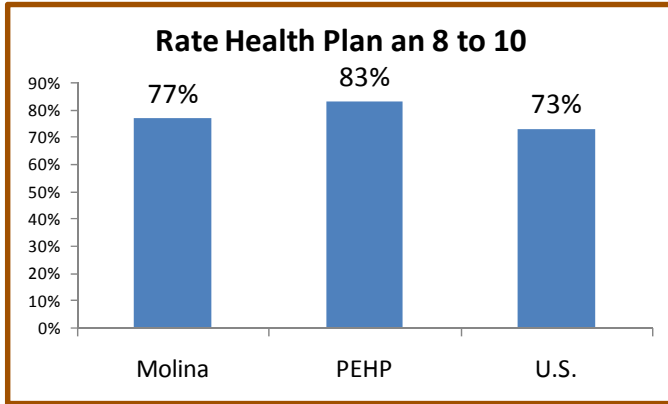
FY 2009 - H.B. 326 "Children's Health Insurance Program - Open Enrollment" provided \$2,700,000 for the FY 2010 base and requires the CHIP program to maintain open enrollment year round and makes the program's appropriations non-lapsing. Prior to this legislation, the CHIP would close the program to new applicants when funding was insufficient for new enrollees. CHIP has had continuous open enrollment since July 2007 and has added 18,000 children through November 2009, which represents a 76% enrollment increase. CHIP lapsed \$1.9 million at the close of FY 2009.

CHIP Delivery System

As of November 2009 CHIP had 41,700 clients all in one of two health plans. PEHP (Public Employees Health Plan) had 25,200 or 60% of clients on a cost-based contract and Molina had 16,500 or 40% of clients on a full-



risk contract. Below are some performance measures from client surveys of these 2 plans as compared to national averages. The full reports can be found at <http://health.utah.gov/myhealthcare/reports/cahps/2009/>. The first three charts where clients rated their service are explained by the report with: "The...survey asked members to rate different characteristics of their health plan on a scale of 0 ("worst plan possible") to 10 ("best plan possible"). The charts show the percentage of members who gave their plan a score of 8, 9, or 10." In all measures noted below both plans were above the national average in client satisfaction.



CHIP FY 2008 Expenditure Overview

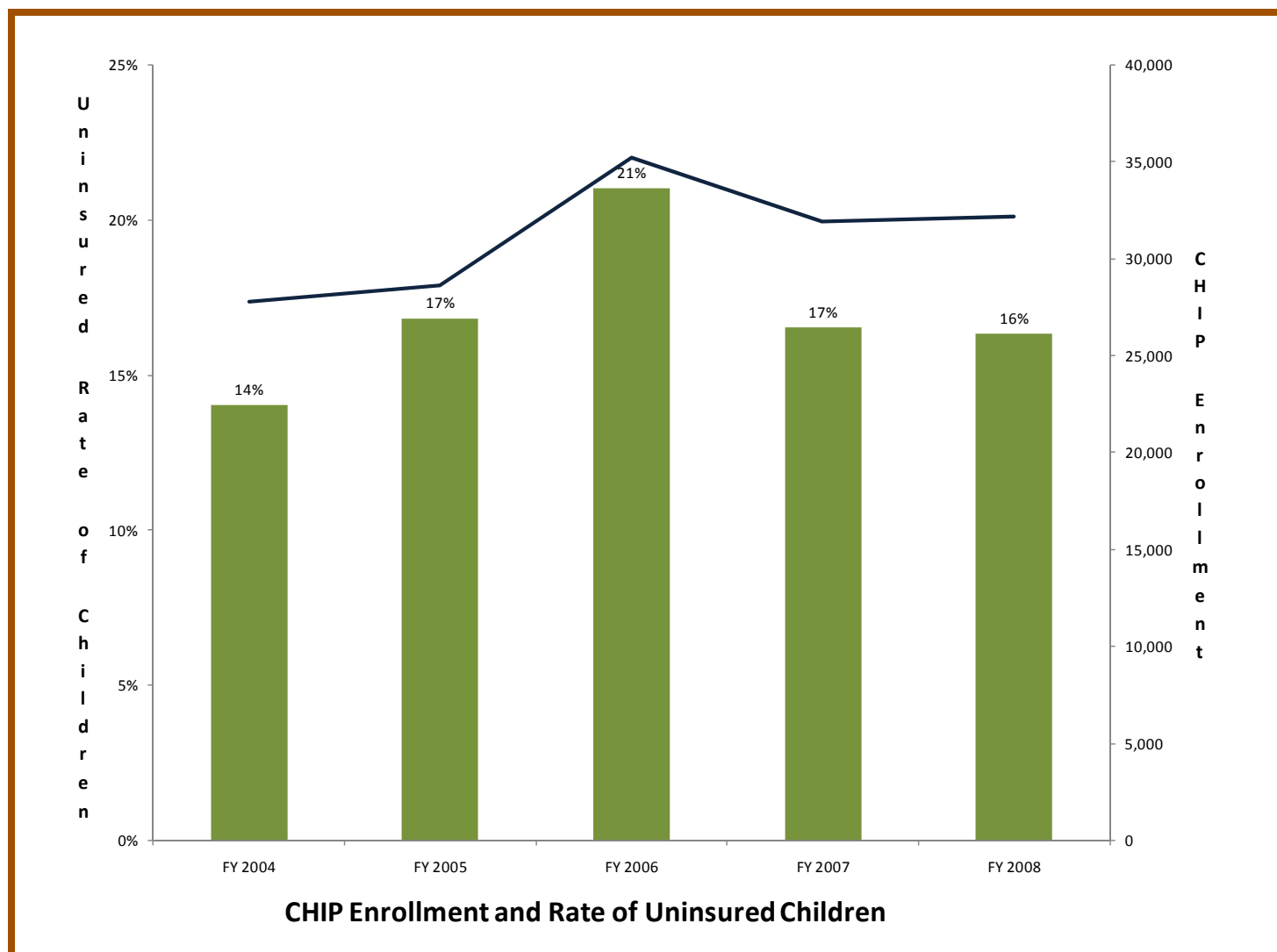
The information below details expenditures in the CHIP program during FY 2008. The data analysis is from the Department of Health. FY 2009 data was not used because of delays in receiving expenditure information from PEHP, which serves about 60% of CHIP's clients.

- About 75% of all clients received medical and/or dental services
- Over 0.6M claims were paid totaling \$43M in total funds expended
- 0.6% or 283 clients accounted for 25% of all expenditures

- 3.9% or 1,980 clients accounted for 50% of all expenditures
- 7 clients had expenditures over \$200,000
- 16 clients had expenditures over \$100,000
- Cost per client with claims ranged from \$0 to \$626,000 with an average cost of \$1,200 and median of \$110
- Claims per client averaged 13 and ranged from 0 to 338 with a median of 6 claims
- 513 client refunds from providers on 2,500 claims totaling \$800,000

CHIP Caseloads

The chart below shows the number of children on CHIP and the percentage of children in the income range for CHIP (0% to 200% FPL) that are uninsured according to the Department of Health's Health Status Survey.



FY 2009 was the first year that CHIP had continuous open enrollment. From FY 2004 to FY 2008 of the 60 months possible, CHIP accepted applications 27 months or 45% of the time possible. The agency originally requested \$4.2 million General Fund for FY 2011 for caseload growth. This need for funding is based on projected enrollment growth of 5,500 or 12% and a 6% increase for medical inflation. Other options to stay within budget include reducing health plan rates by 22 percent. The agency indicates that there are no benefits

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that can be reduced as benefits already match the most common commercial plan, which is a statutory requirement in UCA 26-40-106.

Caseloads in Utah's Premium Partnership for Health Insurance

Caseloads for Utah's Premium Partnership for Health Insurance went from 300 in FY 2008 to 433 children in FY 2009, an increase of 44%. The program has ongoing publicity efforts to encourage people to apply for the program. This program pays monthly up to \$100 per child to pay the premiums of qualifying employee-sponsored health insurance. Children who qualify can live in families that make up to 200% of the Federal Poverty Level (\$3,700 monthly for a family of 4).

BUDGET DETAIL

The budget listed in the table below details the budget allocations in the base budget bill.

Health - Children's Health Insurance Program						
Sources of Finance	FY 2009 Actual	FY 2010 Appropriated	Changes	FY 2010 Revised	Changes	FY 2011* Base Budget
General Fund	4,164,900	510,700	0	510,700	(10,200)	500,500
General Fund, One-time	(2,347,300)	0	0	0	0	0
Federal Funds	54,645,100	58,866,700	7,791,500	66,658,200	(5,030,200)	61,628,000
Dedicated Credits Revenue	1,701,900	2,310,100	(362,100)	1,948,000	362,100	2,310,100
GFR - Tobacco Settlement	10,493,300	14,097,000	0	14,097,000	0	14,097,000
Transfers - Other Agencies	0	150,100	(150,100)	0	0	0
Transfers - Within Agency	90,000	0	90,100	90,100	0	90,100
Transfers - Workforce Services	271,400	0	25,300	25,300	0	25,300
Beginning Nonlapsing	3,214,900	514,900	1,420,100	1,935,000	(1,935,000)	0
Closing Nonlapsing	(1,935,000)	0	0	0	0	0
Total	\$70,299,200	\$76,449,500	\$8,814,800	\$85,264,300	(\$6,613,300)	\$78,651,000
Programs						
Children's Health Insurance Program	70,299,200	76,449,500	8,814,800	85,264,300	(6,613,300)	78,651,000
Total	\$70,299,200	\$76,449,500	\$8,814,800	\$85,264,300	(\$6,613,300)	\$78,651,000
Categories of Expenditure						
Personnel Services	929,200	1,043,300	36,600	1,079,900	(10,200)	1,069,700
In-state Travel	10,400	13,400	(1,200)	12,200	0	12,200
Out-of-state Travel	2,900	3,600	(600)	3,000	0	3,000
Current Expense	576,700	1,028,400	(595,200)	433,200	0	433,200
DP Current Expense	30,600	40,300	(9,300)	31,000	0	31,000
Other Charges/Pass Thru	68,749,400	74,320,500	9,384,500	83,705,000	(6,603,100)	77,101,900
Total	\$70,299,200	\$76,449,500	\$8,814,800	\$85,264,300	(\$6,613,300)	\$78,651,000
Other Data						
Budgeted FTE	10.9	12.5	1.3	13.8	0.0	13.8

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

LEGISLATIVE ACTION

The Executive Appropriations Committee requests that the Subcommittee adopt base budgets for each agency under the Subcommittee's purview, fund Subcommittee priorities, to the extent possible reallocating revenue among programs, and provide a prioritized list of desired items for funding.

- The Analyst recommends that the Health and Human Services Appropriations Subcommittee approve a base budget for FY 2011 for Children's Health Insurance Program in the amount of \$78,651,000 with funding as listed in the Budget Detail Table.