

# HIP Utah

COMMERCE AND WORKFORCE SERVICES APPROPRIATIONS SUBCOMMITTEE

BUDGET BRIEF

## SUMMARY

Created in 1991, the Utah Comprehensive Health Insurance Pool (CHIP, now called HIP Utah to avoid confusion with the Health Department’s Children’s Health Insurance Program CHIP) provides access to health insurance coverage to people who are considered uninsurable. The Pool is funded by appropriations from the Legislature, premiums by those insured and by employers, and interest and dividends.

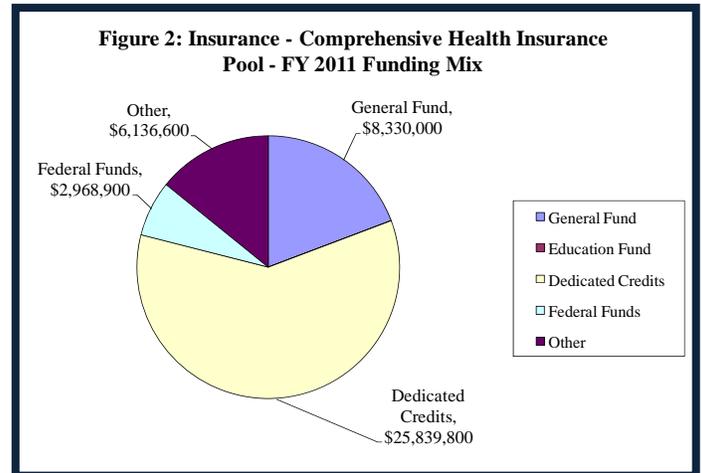
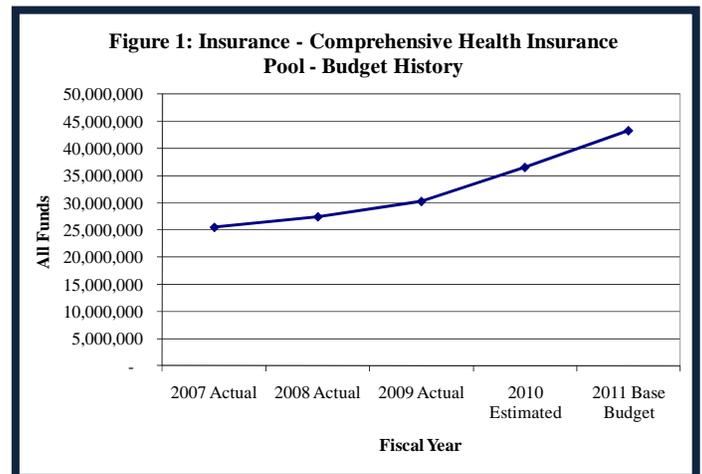
## ISSUES AND RECOMMENDATIONS

The Executive Appropriations Committee (EAC) has made base budget allocations to the various appropriations subcommittees. The budget detail table reflects the allocation for the Comprehensive Health Insurance Pool, but does not include funding for the recommendations presented in this brief or other budget priorities the subcommittee may wish to consider. The co-chairs of the EAC recommend that the subcommittee complete the following tasks: review agency base budgets; reallocate revenue where possible within the base budget to meet new subcommittee budget priorities; and, develop a priority list, to be submitted to the EAC, of new budget priorities not completed through budgetary reallocations.

### *Issue Briefs*

One Issue Brief provides the subcommittee with additional information on FY 2011 HIP Utah budget issues. Please refer to this Issue Brief for additional information on the following topics:

- Federal Funds provides information on all federal funds received by agencies.



**FY 2010 and FY 2011 Agency Budget Requests**

None

**Reductions**

Reduce HIP Reserve Balance by \$425,000 – This would reduce reserve level to 6.78 months. The HIP Board tries to maintain a 6 month reserve in order for the risk pool to remain actuarially sound.

**BUDGET DETAIL**

The HIP Budget receives an \$8.5 million appropriation from the General Fund. The other amounts made up of Dedicated Credit Revenue that is collected from participants in the insurance pool. There is also a small portion of the HIP Utah budget that is federal funds which assist some individuals with their premium payments.

**BUDGET TABLE**

<b>Insurance - Comprehensive Health Insurance Pool</b>						
<b>Sources of Finance</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Appropriated</b>	<b>Changes</b>	<b>FY 2010 Revised</b>	<b>Changes</b>	<b>FY 2011* Base Budget</b>
General Fund	8,500,000	8,500,000	0	8,500,000	(170,000)	8,330,000
General Fund, One-time	800,000	0	0	0	0	0
Federal Funds	1,440,800	865,000	1,100,200	1,965,200	1,003,700	2,968,900
Dedicated Credits Revenue	20,013,000	25,466,400	(2,969,000)	22,497,400	3,342,400	25,839,800
Beginning Nonlapsing	31,042,600	32,887,600	(1,366,600)	31,521,000	(3,569,500)	27,951,500
Closing Nonlapsing	(31,521,000)	(30,932,900)	2,981,400	(27,951,500)	6,136,600	(21,814,900)
<b>Total</b>	<b>\$30,275,400</b>	<b>\$36,786,100</b>	<b>(\$254,000)</b>	<b>\$36,532,100</b>	<b>\$6,743,200</b>	<b>\$43,275,300</b>
<b>Programs</b>						
Comprehensive Health Insurance Pool	30,275,400	36,786,100	(254,000)	36,532,100	6,743,200	43,275,300
<b>Total</b>	<b>\$30,275,400</b>	<b>\$36,786,100</b>	<b>(\$254,000)</b>	<b>\$36,532,100</b>	<b>\$6,743,200</b>	<b>\$43,275,300</b>
<b>Categories of Expenditure</b>						
In-state Travel	3,700	0	6,300	6,300	(6,300)	0
Current Expense	30,262,900	36,786,100	(260,400)	36,525,700	6,749,500	43,268,300
DP Current Expense	0	0	100	100	0	100
Other Charges/Pass Thru	8,800	0	0	0	0	0
<b>Total</b>	<b>\$30,275,400</b>	<b>\$36,786,100</b>	<b>(\$254,000)</b>	<b>\$36,532,100</b>	<b>\$6,743,200</b>	<b>\$43,275,300</b>

\*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 adopted FY 2011 General and Education Fund revenue estimates that are 98% of the original FY 2010 ongoing appropriations. The FY 2011 base budget bills (S.B. 1 and H.B. 1) reduce appropriations for all line items and programs proportionately to match revenues. However, the Executive Appropriations Committee allocated 95% of original FY 2010 ongoing appropriations to each subcommittee and directed the subcommittees to compile a list of options equal to a 5% ongoing cut. The Executive Appropriations Committee will use these options to make final adjustments to the FY 2011 budget.

This section summarizes what actions might be taken if the Legislature wishes to adopt the recommendations presented in this brief. The Analyst recommends that the Legislature consider:

1. Adopt the base budget amount of \$43,275,300 for the HIP Utah budget detailed above.
2. Consider the budget issues raised in the Issue Brief mentioned in this brief. The subcommittee may wish to include these items in its prioritized recommendations to the executive committee.