**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. The program receives approximately 80 percent of its funding from Federal Funds, but requires a state match, which, beginning in FY 2001, comes from proceeds from the Master Settlement Agreement between the State and tobacco companies.

**OBJECTIVE**

The objective of the CHIP access expansion is to reduce the number of medically uninsured children in Utah.

**DISCUSSION AND ANALYSIS**

More than 70,000 children in Utah are uninsured. The Utah Department of Health has worked with a number of state and private organizations to expand health care coverage in Utah.

**Program Funding**

The current funding for CHIP is from Tobacco Settlement Funds and Federal Funds. The match rate is approximately 4:1.

The 2003 Legislature increased the funding from the Tobacco Settlement Account from $5.5 million to $7 million to allow for the expansion of the program to cover more children and to restore dental services. The appropriations for FY 2006 were increased again to $10.3 million. Enrollment continued until September 2006 when it was closed. The current program enrollment is 35,706.

In November 2006, Utah’s Premium Partnership for Health Insurance (UPP) was created to enable families to take CHIP funds as a voucher to purchase their employer’s health care coverage.

**Federal Match**

The major portion of the funding for CHIP comes from Federal Funds. The authorized level of Federal Funds is tied to the State's Medicaid rate, but at an enriched level. Because the State of Utah has a relatively high Medicaid rate, the CHIP services match rate is also fairly high (approximately 80 percent), with the State putting up the balance of 20 percent.

Providing additional State funding, enables Utah to expand its efforts with federal funds.

**Current Enrollment**

Through October 2006, there were 35,706 children enrolled - about 64 percent of whom are in families with incomes below 150 percent of poverty (Plan A), with the other 36 percent from families with incomes between 150 and 200 percent (Plan B). Approximately 36 percent of the enrolled children come from rural areas and 64 percent from urban areas.

Since the inception of CHIP, 110,612 children have been enrolled. The difference between this figure and the current enrollment of 35,706 indicates that a significant number are enrolled only temporarily – until other medical insurance coverage is obtained for the family. Approximately 1/2 of the children leaving CHIP do so after enrolling in an employer-sponsored insurance plan, 18 percent were enrolled in Medicaid, 3 percent moved or could not be located, and 16 percent later exceeded income limitations, with the balance leaving for other reasons.

**LEGISLATIVE ACTION**

The Analyst recommends funding $4,175,000 to expand access to CHIP. It is estimated that these funds will be matched with $17,272,000 Federal Funds. This will open the doors for more than 12,000 children to gain access to health insurance. This is an enrollment increase of more than 33 percent.

Note – Open enrollment for CHIP usually has a side effect. As families apply for CHIP, it is sometimes discovered that the children, the family or both qualify for Medicaid. If this building block is funded, the need for additional Medicaid funds may be created. Utah has a significant gap between the number of people who are eligible for Medicaid and the number who are actually using the program. See Issue Brief IB DOH 08-17.