

Budget Brief – Children’s Health Insurance Program

DEPARTMENT OF HEALTH

DOH BB 08-09

SUMMARY

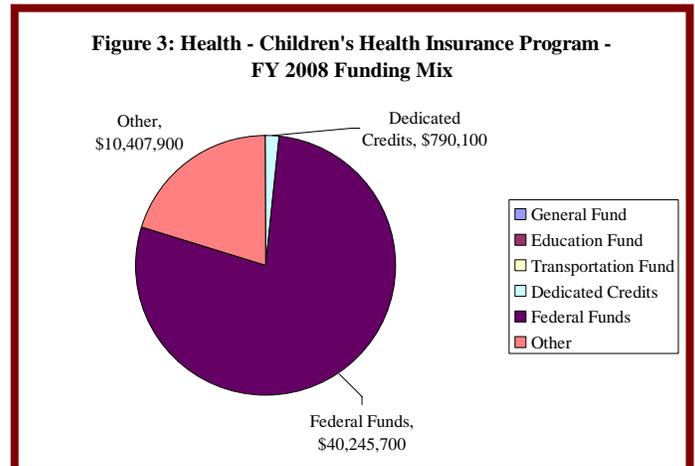
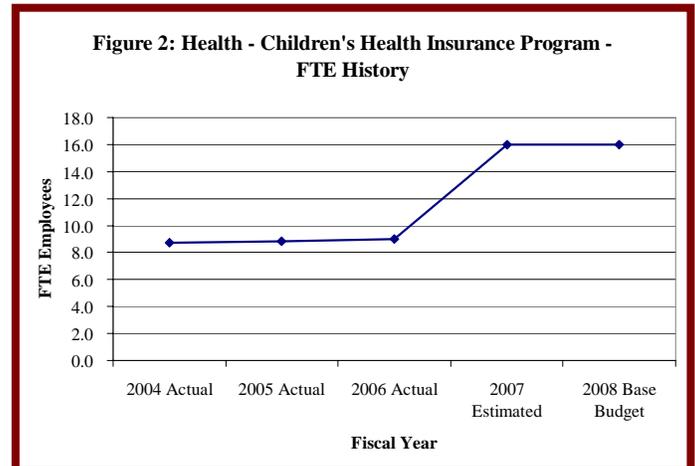
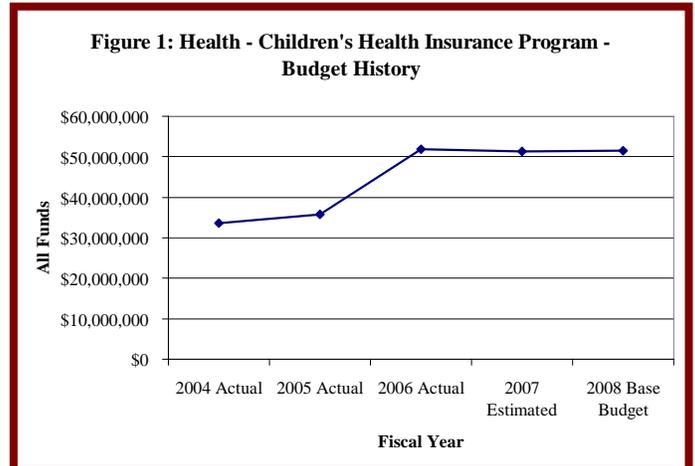
The Children’s Health Insurance Program (CHIP) provides health insurance to children who (1) are age 18 or under, (2) live in families with incomes below 200 percent of the Federal Poverty Level, (3) are not eligible for Medicaid, and (4) are uninsured.

ISSUES AND RECOMMENDATIONS

The Analyst’s FY 2008 recommendation as listed in the base budget bill is \$51,443,700. This budget has no State General Fund, though the Governor has requested General Fund to supplement the program. The funding sources are primarily from Federal Funds and the tobacco settlement distributions. The funding as listed covers the administrative portion of CHIP, which is approximately \$1 million, and the service portion, which pays for the CHIP benefits. The administrative portion includes 16.0 FTE positions.

Tobacco Settlement Funding

The cap on CHIP enrollment has been removed for the present time due to income revenue from the federal government, tobacco distributions and the current enrollment utilization. This could be impacted by litigation regarding the Master Settlement Agreement (MSA) with the tobacco companies. Utah received a reduced payment in FY 2006 by approximately \$3 million. Current litigation may result in a reduced payment for FY 2008 as well. This would have a significant impact on CHIP and other Utah programs if the tobacco settlement distribution were significantly reduced or eliminated. An Issue Brief has been prepared which gives more details about the current situation.



ACCOUNTABILITY DETAIL

Enrollment in CHIP opened in August 1998. As the numbers have increased and approached the level that the funding would support, enrollment was capped. Over the span of several months, natural attrition reduced the numbers so a short window of open enrollment could take place. Enrollment has been reopened a couple of times each year for the last few years. Currently, Utah is in a period of open enrollment. Utah has two major enrollment plans. Plan A is for children in families with incomes below 150 percent of poverty and Plan B is for children in families with incomes between 150 and 200 percent of poverty.

On July 1, 2005 (FY 2006) House Bill 114, Children's Health Care Coverage Amendments, increased CHIP funding, which would allow the State to cover 40,000 children on average. Through October 2006, there were 5,706 children enrolled in the program. Approximately ½ of the children leaving CHIP do so after enrolling in an employer-sponsored insurance plan.

Since the inception of CHIP, the program has served more than 110,612 children.

BUDGET DETAIL

The budget for CHIP is 78.2 percent Federal Funds and 20.1 percent from GFR - Tobacco Settlement Funds. The budget recommendation is currently based on the original estimate for GFR – Tobacco Settlement Funds.

Budget Recommendation

The Analyst recommends total funding of \$51,443,700 for the FY 2008 Children's Health Insurance Program. Of this amount, \$40,245,700 is from Federal Funds, \$10,321,500 from GFR – Tobacco Settlement Account, \$790,100 from Dedicated Credit Revenue, and \$86,400 from Transfers.

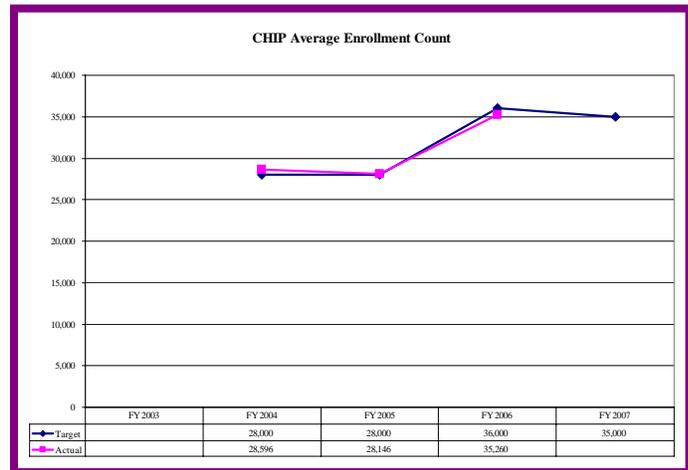
The allocation from the GFR – Tobacco Settlement Account may need to be adjusted during the Session based on additional information related to the follow-up litigation and audit reports.

Intent Language

No intent language is recommended for this budget line item.

LEGISLATIVE ACTION

The Executive Appropriations Committee requests that the Subcommittee adopt base budgets for each agency under the Subcommittee's purview, fund Subcommittee priorities, first by reallocating revenue among programs, and provide a prioritized list of desired items for funding. An Issue Brief (DOH IB 08-18) has been prepared to address the details of the Governor's request for funding to increase enrollment. Adoption of this base budget as listed in this document enables the programs to continue for the next fiscal year at relatively the same level as the current fiscal year. Some changes in the base budgets may occur, namely with the GFR – Tobaccos Settlement Account, Federal Funds and additional General Fund, depending on the actions of the Legislature.



BUDGET DETAIL TABLE

Health - Children's Health Insurance Program						
	FY 2006	FY 2007		FY 2007		FY 2008*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	0	0	0	0	0	0
Federal Funds	40,698,600	40,034,900	172,300	40,207,200	38,500	40,245,700
Dedicated Credits Revenue	790,100	929,700	(139,600)	790,100	0	790,100
GFR - Tobacco Settlement	10,312,200	10,321,100	0	10,321,100	400	10,321,500
Transfers - Other Agencies	61,700	56,200	5,500	61,700	0	61,700
Transfers - Within Agency	24,700	0	24,700	24,700	0	24,700
Lapsing Balance	(39,800)	0	0	0	0	0
Total	\$51,847,500	\$51,341,900	\$62,900	\$51,404,800	\$38,900	\$51,443,700
Programs						
Children's Health Insurance Program	51,847,500	51,341,900	62,900	51,404,800	38,900	51,443,700
Total	\$51,847,500	\$51,341,900	\$62,900	\$51,404,800	\$38,900	\$51,443,700
Categories of Expenditure						
Personal Services	519,100	626,700	427,500	1,054,200	700	1,054,900
In-State Travel	1,000	900	1,100	2,000	0	2,000
Out of State Travel	1,600	2,000	500	2,500	0	2,500
Current Expense	276,100	407,200	(89,500)	317,700	(20,000)	297,700
DP Current Expense	48,900	21,500	31,200	52,700	0	52,700
DP Capital Outlay	300	0	0	0	0	0
Other Charges/Pass Thru	51,000,500	50,283,600	(307,900)	49,975,700	58,200	50,033,900
Total	\$51,847,500	\$51,341,900	\$62,900	\$51,404,800	\$38,900	\$51,443,700
Other Data						
Budgeted FTE	9.0	9.0	7.0	16.0	0.0	16.0

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