

Budget Brief – Children’s Health Insurance Program

DEPARTMENT OF HEALTH

DOH-09-09

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, (4) are uninsured, and (5) do not have access to insurance that costs less than 5 percent of household income. For more detailed information please see the Compendium of Budget Information for the 2008 General Session (Utah Department of Health), Chapter 9, pages 129 to 132.

ISSUES AND RECOMMENDATIONS

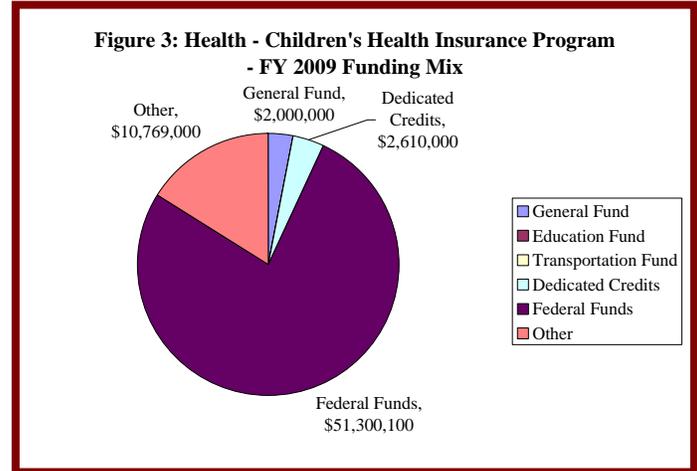
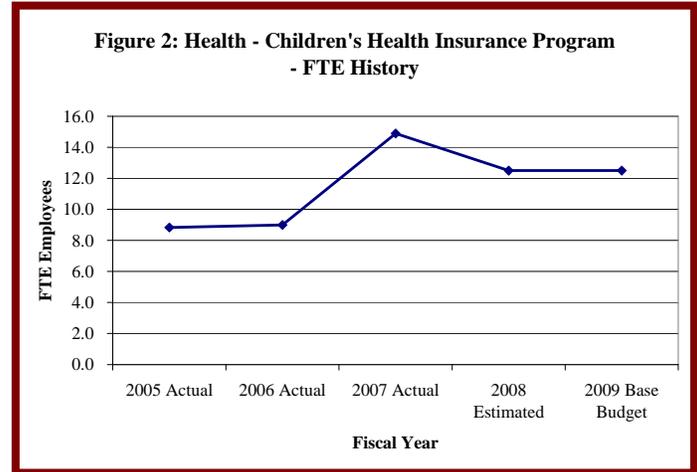
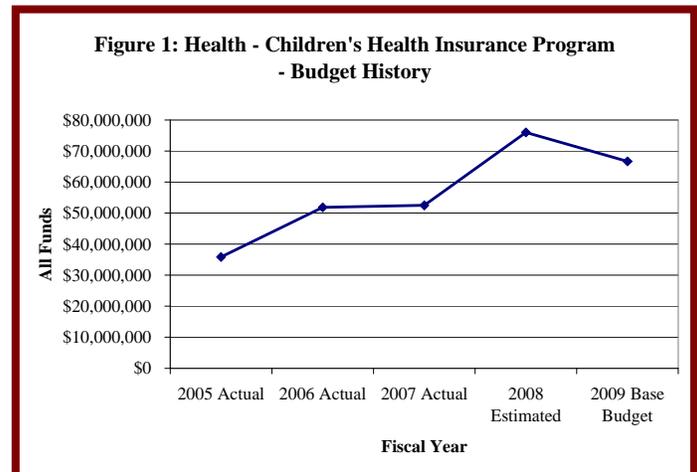
The Analyst’s FY 2009 base budget recommendation is \$66,679,100. This budget has \$2,000,000 State General Fund. The decrease in the base budget from the prior year reflects the removal of \$2,000,000 one-time monies from the GFR – Tobacco Settlement Account with accompanying matching Federal Funds. The funding sources are primarily from Federal Funds and the tobacco settlement distributions. The funding as listed includes the administrative portion of CHIP, which is approximately \$4 million, and the service portion, which pays for the CHIP benefits. The administrative portion includes 13 FTE positions.

Federal Actions – Extension

On December 29, 2007 the President signed the Medicare, Medicaid, SCHIP Extension Act of 2007. This bill extends the CHIP program through March 2009. It is estimated that the State will continue to not use its entire federal allotment for the program. As of September 2007, the State had \$40.4 million of unused federal allotment. Use of these additional federal monies would require an increase in State matching monies.

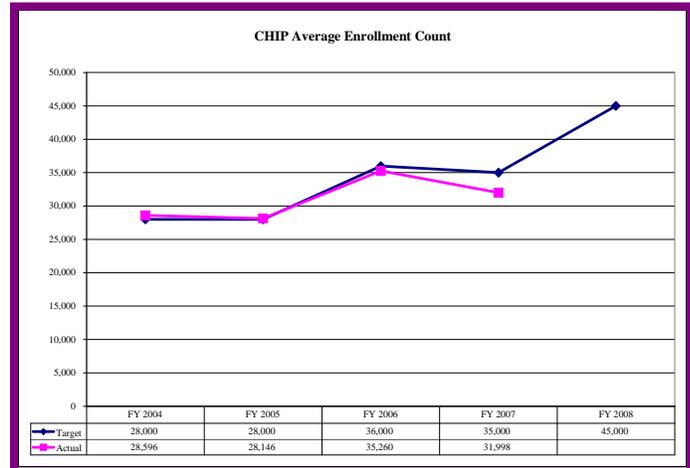
Tobacco Settlement Funding

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 2007 by approximately \$3.3 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. For more information please see Issue Brief DHS-09-09 “Tobacco Settlement Account.”



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 three cost sharing plans. Plan A is for children in families with incomes below 100 percent of poverty whose assets exceed the Medicaid limit test, Plan B is for children in families with incomes between 100 and 150 percent of poverty, and Plan C is for children in families with incomes between 150 and 200 percent of poverty.



Since the inception of CHIP, the program has served more than 113,000 children. Recent enrollment trends are detailed in the chart above and to the right.

Last year the agency received \$4,000,000 (\$2,000,000 ongoing) for CHIP enrollment expansion. CHIP has expanded outreach efforts and will have open enrollment through all of FY 2008. Preliminary estimates show enrollment below budgeted levels. The program will likely lapse funding at the end of FY 2008.

CHIP Eligibility and Utah's Premium Partnership for Health Insurance (UPP)

In November 2006, Utah's Premium Partnership for Health Insurance (UPP) was created to enable families to take CHIP and Medicaid funds as a voucher to purchase their employer's health care coverage. As of January 1, 2008 UPP has 290 children funded through this line item and 195 adults funded through the Medical Assistance line item.

In order to qualify for CHIP or UPP coverage you must have been without health insurance for 90 days and have no access to health insurance that costs less than 5 percent of household income. Eligibility determinations may include requiring verification from non-custodial parents and/or employers affirming that there are no affordable health insurance options available. The UPP program may provide monthly up to \$150 per qualifying adult and up to \$100 per qualifying child to pay for health insurance premiums. CHIP and UPP cover children up to 200% of the Federal Poverty Limit (\$41,300 annually for a family of 4 in 2007) and adults up to 150% of the Federal Poverty Limit (\$30,975 annually for a family of 4 in 2007).

BUDGET DETAIL

The budget for CHIP is 77 percent Federal Funds. Of the over \$12 million in State match monies used, \$2 million comes from the State General Fund with the remainder coming 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 \$66,679,100 for the FY 2009 Children's Health Insurance Program. Of this amount, \$2,000,000 is from the State General Fund, \$51,300,100 from Federal Funds, \$2,610,000 from Dedicated Credit Revenues, \$10,333,100 from GFR - Tobacco Settlement Funds, and \$435,900 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.

BUDGET DETAIL TABLE

Health - Children's Health Insurance Program						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
General Fund	0	2,000,000	0	2,000,000	0	2,000,000
Federal Funds	40,452,600	56,173,000	2,462,400	58,635,400	(7,335,300)	51,300,100
Dedicated Credits Revenue	790,400	790,100	1,819,900	2,610,000	0	2,610,000
GFR - Tobacco Settlement	10,321,000	12,333,100	0	12,333,100	(2,000,000)	10,333,100
Transfers - Other Agencies	428,900	61,700	49,500	111,200	0	111,200
Transfers - Within Agency	685,800	24,700	300,000	324,700	0	324,700
Lapsing Balance	(170,000)	0	0	0	0	0
Total	\$52,508,700	\$71,382,600	\$4,631,800	\$76,014,400	(\$9,335,300)	\$66,679,100
Programs						
Children's Health Insurance Program	52,508,700	71,382,600	4,631,800	76,014,400	(9,335,300)	66,679,100
Total	\$52,508,700	\$71,382,600	\$4,631,800	\$76,014,400	(\$9,335,300)	\$66,679,100
Categories of Expenditure						
Personal Services	1,073,100	1,111,000	(141,900)	969,100	0	969,100
In-State Travel	2,800	2,000	3,100	5,100	0	5,100
Out of State Travel	1,500	2,500	500	3,000	0	3,000
Current Expense	327,400	297,300	559,900	857,200	0	857,200
DP Current Expense	47,800	55,100	(7,300)	47,800	0	47,800
Other Charges/Pass Thru	51,056,100	69,914,700	4,217,500	74,132,200	(9,335,300)	64,796,900
Total	\$52,508,700	\$71,382,600	\$4,631,800	\$76,014,400	(\$9,335,300)	\$66,679,100
Other Data						
Budgeted FTE	14.9	16.0	(3.5)	12.5	0.0	12.5

*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. 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 – Tobacco Settlement Account, Federal Funds and additional General Fund, depending on the actions of the Legislature.

- 1) The Analyst recommends that the Health and Human Services Appropriations Subcommittee approve a base budget for FY 2009 for Children's Health Insurance Program in the amount of \$66,679,100 with funding as listed in the Budget Detail Table.
- 2) Consider Issue Brief DOH-09-11 "CHIP Funding Adjustment"