CHILDREN'S HEALTH INSURANCE PROGRAM

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANDSEN

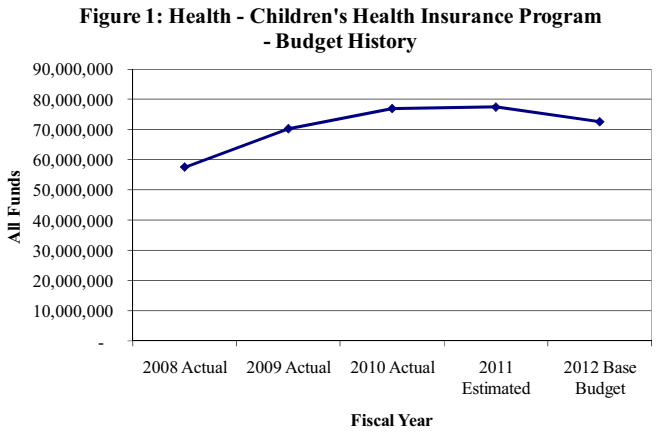
BUDGET BRIEF

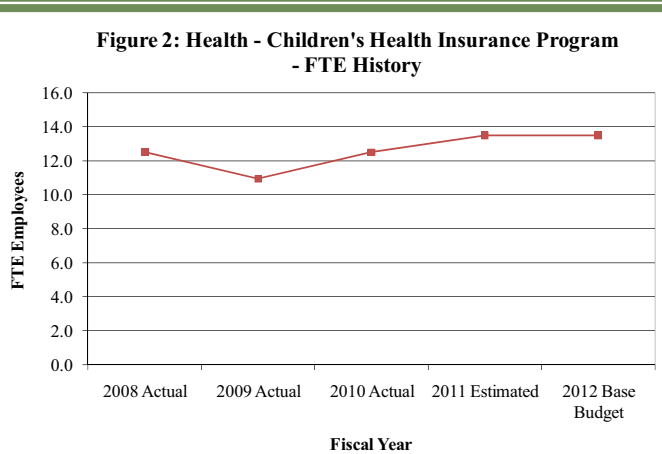
SUMMARY

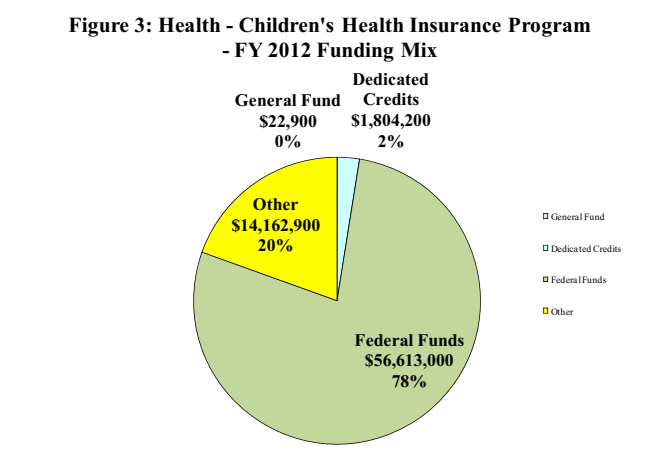
The Children's Health Insurance Program (CHIP) provides health insurance coverage to uninsured children up to age 19 living in families with incomes less than 200 percent of the Federal Poverty Levels (FPL). Additionally, eligible children must: (1) not be currently covered by health insurance, (2) not 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.

CHIP provides three cost sharing plans based on income, which had the following enrollments as of October 2010: Plan A (17, 000 enrollees) up to 100% of FPL, Plan B (15,400 enrollees) between 101% and 150% of FPL and Plan C (9,000 enrollees) between 151% and 200% of FPL.

Federal law limits total cost sharing from clients to 5% of gross income. For more information on cost sharing please visit: http://health.utah.gov/chip/Adobe%20PDF%20Files/Copaysummary.pdf. 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 2011 General Session at http://le.utah.gov/lfa/reports/cobi2011/LI_LPA.htm. Additionally, the annual statutorily-required (UCA 26-40-109(2)) report submitted by the agency, http://health.utah.gov/chip/Adobe%20PDF%20Files/2010LegislativeReport.pdf, may provide additional helpful information. This line item also contains funding for children in Utah's Premium Partnership for Health Insurance Program.







ISSUES AND RECOMMENDATIONS

The Analyst FY 2012 base budget recommendation is $72,603,000. This funding level supports 14 FTEs. The three tables to the right detail budget history for CHIP since FY 2008 as well as the current sources of funding for the program.

How did the 2009 Federal Children's Health Insurance Program Reauthorization Act Affect CHIP?

1. **External Quality Review**– new annual requirement to conduct an external review of the

quality of care being provided. CHIP modified contracts to incorporate the new requirements for 2011. CHIP estimates the cost of this provision for FY 2011 at $74,300 increase.

2. **Mental Health Parity** – elimination of service limits on mental health benefits and cost sharing must be equivalent to physical health benefits effective FY 2010. This change has been included in the current contracted plan requirements.
3. **CHIPRA Quality Demonstration Grant** – the State received $1,600,000 in FY 2010 and used the grant to encourage meaningful use and integration of electronic health information between the State of Idaho, University of Utah Pediatrics, and Intermountain Health Care as well as the implementation of medical homes for chronically ill children on Medicaid & CHIP.

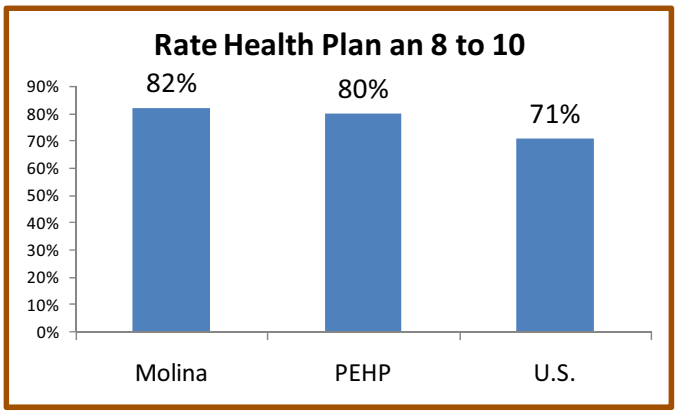
Building Block Request included in the Governor's Budget

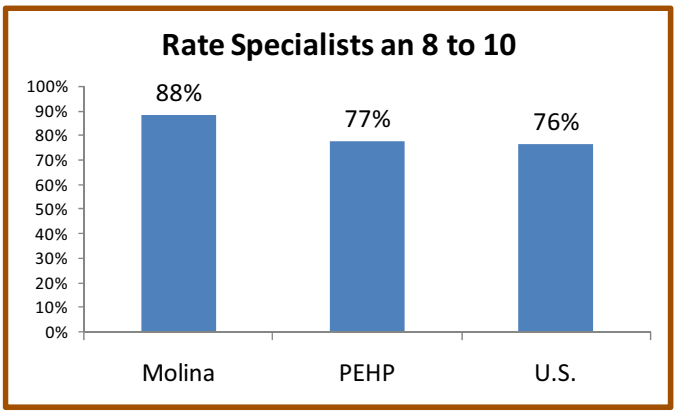
- **Caseload Growth/Inflation** - $678,600 General Fund ($3,374,000 total funds) in FY 2011 and $2,438,800 ($12,025,600 total funds) in FY 2012 for estimated caseload growth at 2% as well as annual per member per month cost increases of 8%.

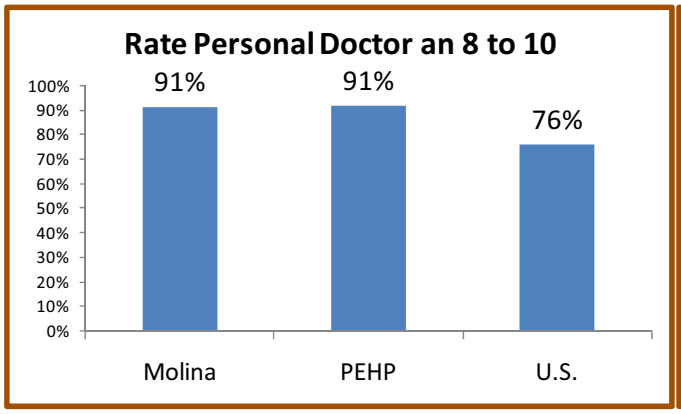
ACCOUNTABILITY DETAIL

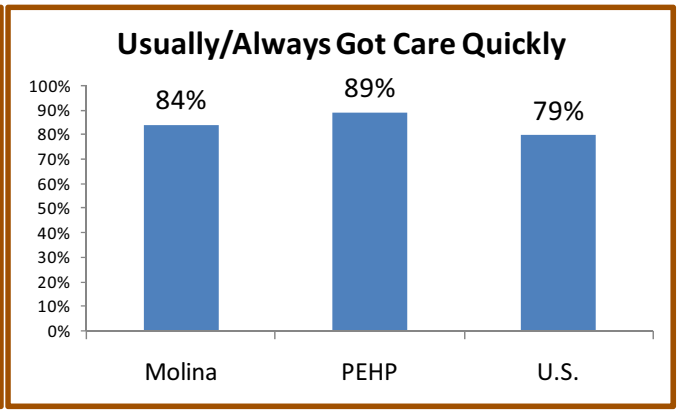
CHIP Delivery System – New Providers in FY 2011 and Less Risk for the State

Effective FY 2011, SelectHealth and Molina are the medical services providers. Both plans are at a full-risk, capitated contract. DentaQuest and Premier Access provide dental services and are also on a full-risk, capitated contract. Beginning FY 2011, PEHP (Public Employees Health Plan) is no longer a provider for CHIP.



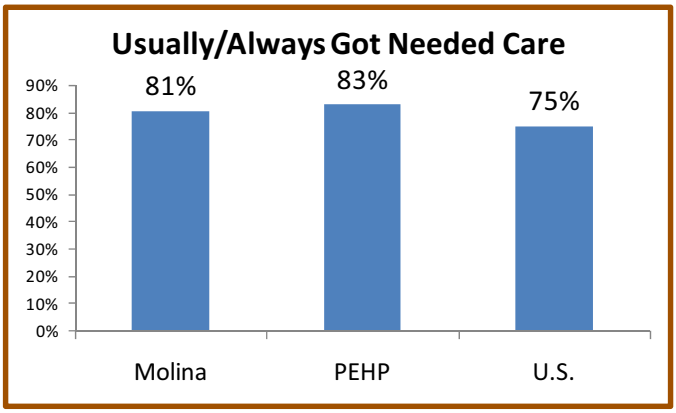






As of December 2010 CHIP had 37,900 clients in one of two health plans. SelectHealth had 21,900 or 58% of clients and Molina had 16,000 or 42% of clients on a full-risk contract. Above and below are some performance measures from client surveys of FY 2010 CHIP providers as compared to national averages. The full reports can

be found at http://health.utah.gov/myhealthcare/report/cahps/2010/. 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.



Follow up on HB 260 Children's Health Insurance Plan Simplified Renewal

HB 260 "Children's Health Insurance Plan Simplified Renewal" (Newbold) from the 2010 General Session allows confirmation of gross income via State tax records for determining CHIP eligibility. Thus far 13 cases have given permission for CHIP to access their tax records for determining eligibility.

Follow up on HB 461 Children's Health Insurance Program

HB 461 "Children's Health Insurance Program" (Dougall) from the 2010 General Session removes the requirement that providers offer access to different provider networks. For FY 2011 the request for proposal has already been issued before this bill became effective.

CHIP FY 2009 Expenditure Overview

In FY 2010, the average monthly cost per child was $151. The information below details expenditures in the CHIP program during FY 2008. The data analysis is from the Department of Health. FY 2010 data was not used because of delays in receiving expenditure information from PEHP, which served about 60% of CHIP's clients.

- About 74% of all clients received medical and/or dental services
- Over 0.2M claims were paid totaling $47M in total funds expended
- 0.2% or 132 clients accounted for 25% of all expenditures
- 1.9% or 1,140 clients accounted for 50% of all expenditures
- 12 clients had expenditures over $200,000
- 22 clients had expenditures over $100,000
- Cost per client with claims ranged from $0 to $468,000 with an average cost of $1,100 and median of $220
- Claims per client averaged 5 and ranged from 0 to 320 with a median of 4 claims

Caseloads in Utah's Premium Partnership for Health Insurance

Caseloads for Utah's Premium Partnership for Health Insurance went from 432 in FY 2009 to 502 children in FY 2010, an increase of 16%. The program has ongoing efforts to encourage people to apply for the program. This program pays monthly up to $120 per child to pay the premiums of qualifying employee-sponsored health insurance. Additionally, another $20 per month per child can be obtained for employee-sponsored dental coverage. About 80% of participating children receive both subsidies. 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).

End of Nonlapsing Balances for CHIP

In FY 2008 and FY 2009, the CHIP Program received nonlapsing authority via statute to retain its unspent balances. For FY 2010 the statute was changed and CHIP no longer had nonlapsing authority. At the close of FY 2010 CHIP lapsed $1.9 million into the Tobacco Settlement Restricted Account. The agency has requested nonlapsing authority via intent language discussed below.

Intent Language – New Request

The intent language statement below provides nonlapsing authority that previous to HB 391 from the 2009 General Session was in statute:

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for the Children's Health Insurance Program in Item 104 of Chapter 2 Laws of Utah 2010 not lapse at the close of Fiscal Year 2011. The use of any nonlapsing funds is limited to caseload and utilization increases.

BUDGET DETAIL

The budget listed in the table below details the budget allocations in the base budget bill. As noted in the FY 2010, CHIP spends $0.10 of every $1 on administration. Premiums, shown as Dedicated Credit Revenue, covered 3% of the program's total costs in FY 2010.

Health - Children's Health Insurance Program

Sources of Finance	FY 2010 Actual	FY 2011 Appropriated	Changes	FY 2011 Revised	Changes	FY 2012* Base Budget
General Fund	510,700	493,000	0	493,000	(470,100)	22,900
General Fund, One-time	(16,900)	0	2,376,800	2,376,800	(2,376,800)	0
Federal Funds	59,790,900	62,596,100	(1,764,200)	60,831,900	(4,218,900)	56,613,000
Dedicated Credits Revenue	2,116,700	2,570,100	(627,800)	1,942,300	(138,100)	1,804,200
GFR - Tobacco Settlement	14,097,000	14,096,800	(2,376,800)	11,720,000	2,327,500	14,047,500
Transfers - Within Agency	0	90,100	(90,100)	0	0	0
Transfers - Workforce Services	474,400	25,300	90,100	115,400	0	115,400
Beginning Nonlapsing	1,935,000	0	0	0	0	0
Lapsing Balance	(1,906,200)	0	0	0	0	0
Total	$77,001,600	$79,871,400	($2,392,000)	$77,479,400	($4,876,400)	$72,603,000
Programs						
Children's Health Insurance Program	77,001,600	79,871,400	(2,392,000)	77,479,400	(4,876,400)	72,603,000
Total	$77,001,600	$79,871,400	($2,392,000)	$77,479,400	($4,876,400)	$72,603,000
Categories of Expenditure						
Personnel Services	998,900	992,000	115,500	1,107,500	0	1,107,500
In-state Travel	6,500	12,200	(5,000)	7,200	13,300	20,500
Out-of-state Travel	11,800	3,000	9,000	12,000	0	12,000
Current Expense	802,900	1,734,700	(535,900)	1,198,800	0	1,198,800
DP Current Expense	18,000	27,600	(12,900)	14,700	0	14,700
Other Charges/Pass Thru	75,163,500	77,101,900	(1,962,700)	75,139,200	(4,889,700)	70,249,500
Total	$77,001,600	$79,871,400	($2,392,000)	$77,479,400	($4,876,400)	$72,603,000
Other Data						
Budgeted FTE	13	13	1	14	0	14
Actual FTE	13	0	0	0	0	0

LEGISLATIVE ACTION

The Analyst recommends that the Health and Human Services Appropriations Subcommittee approve a base budget for FY 2012 for Children's Health Insurance Program in the amount of $72,603,000 with funding as listed in the Budget Detail Table.