Covering Utah's Children

CHIP

Children's Health Insurance Program

Annual Report | 2009

"I wish private health care providers would make insurance policies more affordable for people in difficult circumstances and/or small business owners like me. The CHIP program has taken a huge burden off our backs. We are very thankful that there is a program able to provide low-cost health insurance for our children."

- Shawn Toohey, CHIP Parent

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Background

The Utah Department of Health (Department) manages CHIP through the Division of Medicaid and Health Financing, the same division that manages Utah's Medicaid Program. All eligibility actions are handled through the Department of Workforce Services (DWS). CHIP is a state-sponsored, health insurance plan for uninsured children whose parents' income is less than 200 percent of the federal poverty level (FPL). In 2009, this limit is equal to $44,100 in annual income for a family of four.

Since being signed into law in 1998, CHIP has covered more than 155,000 Utah children, making it possible for them to get preventive care to stay healthy and medical services when they get sick or injured.

In accordance with Section 26-40-106, Utah Code Annotated, CHIP benefits are actuarially equivalent to benefits received by enrollees in the commercial plan with the largest enrollment in the State, Select Health's Small Business Account plan. CHIP currently contracts with two HMO plans to provide medical services, Molina Healthcare of Utah (Molina) and the Public Employee's Health Plan (PEHP). All dental services are provided through PEHP's dental plan.

Year in Review

In January 2009, CHIP moved to a full risk contract for services provided through Molina. This change meant that CHIP's capitated premium payments to Molina would serve as full payment for all services provided to clients enrolled with Molina and that Molina would accept full risk for expenditures that exceed premium payments.

In February 2009, Congress passed the Children's Health Insurance Program Reauthorization Act (CHIPRA), which extended federal funding for CHIP through September 2013. CHIPRA placed many new requirements on CHIP:

- Mental health parity
- Mandatory dental benefit
- Application of most Medicaid managed care regulations
- Special contracting with Federally Qualified Health Centers

In February 2009, the Department was awarded a grant from the Robert Wood Johnson Foundation, Maximizing Enrollment for Kids. Utah is one of only eight states that were awarded the grant and is the only state to receive the grant west of the Mississippi. This grant aims to increase enrollment and retention of eligible children in Medicaid and CHIP by helping states streamline their systems, policies and procedures and to measure the impact of changes. The Department will be conducting surveys and focus groups with clients and eligibility staff to determine where the greatest barriers are in the enrollment and renewal processes. The Department will also be working with school districts to obtain information regarding uninsured children receiving Free or Reduced Price School Meals.

In the latter part of the fiscal year, CHIP prepared for significant changes in July including:

- Annual re-benchmarking of benefits and co-payments to be actuarially equivalent to private plan benefits
- Publishing of a Request for Proposal (RFP) seeking bids from Health Plans interested in providing CHIP medical benefits for a network that received no bids in response to the 2008 medical benefits RFP
- As required by CHIPRA, matching the service limits and the cost sharing requirements for mental health benefits with CHIP's

Private Insurance Option

Utah's Premium Partnership for Health Insurance (UPP)

In an effort to create private health insurance opportunities for individuals that qualify for CHIP, the Department obtained federal approval to offer families the ability to purchase their employer-sponsored health insurance rather than enroll their children in CHIP. Beginning November 1, 2006, qualified families were eligible to receive a rebate of up to $100 per month per child when they purchased health coverage through their work. In addition, qualified families also receive an additional rebate of $20 per month per child if they purchase dental coverage through their work. If the family does not purchase dental coverage for their children through their work, the children can be enrolled in CHIP dental coverage, which is provided through PEHP.

In August 2009, there were 503 children enrolled in UPP. Of the 503 enrollees, 404 received both the medical and dental subsidy and 99 received the medical subsidy and enrolled in the CHIP dental plan.

On September 9, 2008, the Department submitted an 1115 waiver amendment to the Centers for Medicare and Medicaid Services (CMS) in order to make changes to UPP. The amendment requested the following changes:

- Expand UPP to individual policies
- Expand UPP to cover individuals going into HIPUtah
- Expand UPP to cover individuals going into COBRA
- Prohibit children from enrolling in CHIP if their parents qualify for UPP
- Extend CHIP and UPP crowd out requirement from 90 days to 6 months
- Access a portion of Disproportionate Share Hospital (DSH) allotment if necessary to meet federal budget neutrality requirements

CMS has not approved any of these requests to date. Current discussions with CMS indicate that approval of the COBRA request will likely happen before November 2009. CMS has indicated that it is willing to consider the changes to allow coverage of individual policies and HIPUtah within the next 12 months. CMS has expressed serious concerns about the other elements of the amendment.

Financial

CHIP receives approximately 80 percent of its funding from the federal government under Title XXI of the Social Security Act with the other 20 percent coming from state matching funds. From FY 2001 to FY 2007, state funds came exclusively from the proceeds of the Master Settlement Agreement between the State and Tobacco companies. In FY 2008 and FY 2009, the state funding also included an appropriation from the General Fund.

- For FY 2001, the Legislature appropriated $5.5 million from Tobacco Settlement funds in State match.
- For FY 2004, the Legislature increased CHIP funding to $7.0 million to cover more children on the program and to restore dental services.
- For FY 2006, the Legislature increased the state share of CHIP funding to $10.3 million to cover more children on the program.
- For FY 2008, the Legislature added $2.0 million in ongoing General Fund and $2.0 million in one-time Tobacco Settlement Restricted Fund to cover more children on the program. For FY 2008 the total appropriation of state funds was $14.3 million ($12.3 million in Tobacco Settlement Restricted Fund and $2.0 million in General Fund.)
- For FY 2009, the total appropriation in state funds was $14.3 million ($10.3 million in Tobacco Settlement Restricted Fund, $2.0 million in General Fund and an expected $2.0 million in carryover from FY2008).
- For FY 2010, the Legislature decreased the ongoing General Fund to $0.5 million and increased the Tobacco Settlement Restricted Fund to $14.1 million to cover the loss in the General Fund. The program also has $1.9 million in carryover from FY2009.

For FY 2009, CHIP spent $63.8 million on health plan premiums and $6.0 million on administration. The majority of the administrative costs came from eligibility determination. With an average monthly enrollment of 38,029 in FY 2009, the average cost per child was $1,835 per year, or $153 per month.

Cost Sharing & Benefits

In FY 2009, families paid quarterly premiums up to $60 per quarter for enrollment in CHIP. The amount of premium varies depending upon family income. As of July 1, 2009 premiums for families from 151 to 200 percent FPL increased from $60 to $75. Families with incomes from 101 to 150 percent FPL continue to pay premiums of $30 per quarter. As directed by federal guidelines, families whose incomes are at or below 100 percent FPL and Native American families do not pay quarterly premiums. In FY 2009, CHIP collected $1,749,354 in quarterly premiums. Premiums are used to fund CHIP services and are appropriated as dedicated credits in the annual CHIP budget. On July 1, 2009, CHIP implemented a $15 late fee for families that fail to pay their premium on time.

Nearly all CHIP families pay co-payments when they receive services. Federal regulations limit co-payments for families at or below 150 percent FPL and prohibit co-payments for Native American children. As established in federal regulations, no family on CHIP is required to spend more than five percent of their family's annual gross income on premiums, co-payments and other cost sharing over the course of a plan year.

Federal guidelines allow states to select from several options in creating a benchmark for CHIP coverage. As of July 1, 2008, CHIP moved to a commercial health plan benefit for its benchmark.

Eligibility

As required by House Bill 326 (2008), CHIP does not close enrollment and continuously accepts new applications. Applications for CHIP and UPP can be submitted through the mail, in-person, and online. A simplified renewal form and process has been implemented to reduce unnecessary barriers for the families being served.

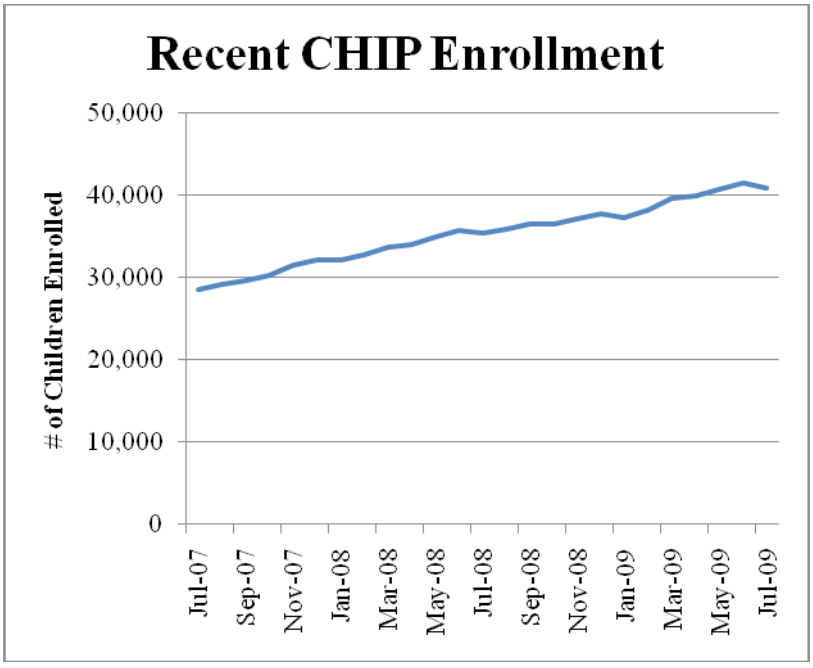
Basic eligibility criteria:

1. Gross family income cannot be higher than 200 percent FPL (for a family of four, 200 percent FPL is $44,100).
2. The child must be a resident of the state of Utah, and a U.S. citizen or legal alien.
3. The child must be 18 years of age or younger.
4. The child must be uninsured and not eligible for Medicaid.

CHIP children are enrolled in the program for a twelve-month period.

Enrollment

The following chart shows enrollment since CHIP was re-opened in July 2007:



Enrollment

As of August 2009, there were 40,245 children enrolled in CHIP. Of the current enrollees, the ethnicity, race, age and income breakdowns are as follows:

Ethnicity (as of August 2009)	
Hispanic	10,355
Non-Hispanic	29,890

Race (as of August 2009)	
White	38,259
Asian	694
Native American/Alaska Native	523
Black	436
Native Hawaiian/Pacific Islander	245
Multiple Races	88

Age (as of August 2009)	
Less than 10	21,568
10 to 19	18,670

Income (as of August 2009)	
Less than 100% FPL	14,088
101% to 150% FPL	15,747
151% to 200% FPL	10,245

Sixty-seven percent of CHIP children are residents of Davis, Salt Lake, Weber, and Utah counties. Thirty-three percent are residents of other counties.

Strategic Objectives & Performance Goals

The 2008 Consumer Assessment of Health Plans Survey (CAHPS) measured what parents thought about the care and services their children received from their CHIP health plan in the past year. A survey was mailed to CHIP parents in February 2008 and follow-up telephone surveys were conducted in April 2008. A total of 1,327 CHIP parents responded to the survey.

Goal #1: Improve access to health care services for children enrolled in CHIP.

- 85.4% of children ages 1 to 11 had a visit with a primary care practitioner in 2007
- 84.6% of parents said that getting necessary care for their child was "Not a problem"

Goal #2: Ensure CHIP enrolled children receive high quality health care services.

- 79.2% of parents rated their child's health plan as an 8, 9, or 10
- 89.1% rated their health care received as an 8, 9, or 10
- 87.6% rated their person doctor or nurse as 8, 9, or 10
- 78.4% rated their specialist as an 8, 9, or 10

Note: Above ratings were done on a scale of 0 to 10, with 10 being the highest rating and 0 being the lowest.

Goal #3: Ensure that children enrolled in CHIP receive timely and comprehensive preventive health care services.

- 83.9% of parents surveyed said they "Always" or "Usually" got timely care

Core Performance Measures

The 2008 Health Plan Employer Data and Information Set (HEDIS) measurements are a core subset of the full HEDIS dataset reported by Utah's CHIP health plans to the Department based on information from patient visits in 2007. HEDIS consists of a set of performance measures that compare how well health plans perform in key areas: quality of care, access to care and member satisfaction with the health plan and doctors.

Measure #1: Well-child visits in the first 15 months of life.

- 79.7% of CHIP enrolled children who turned 15 months old during 2007 and who had been continuously enrolled from 31 days of age, received at least 5 well-child visits

Measure #2: Well-child visit in children the 3rd, 4th, 5th and 6th years of life.

- 47.8% of the CHIP enrollees ages 3-6 had one or more well-child visits with a primary care practitioner in 2007

Measure #3: Children's access to primary care practitioners.

- 87.7% of CHIP enrollees had one or more visits with a primary care practitioner in 2007

Future

As we look forward to FY 2010, CHIP faces the following opportunities and challenges:

- Responding to and implementing new requirements resulting from the passage of CHIPRA
- Issuing an RFP and awarding contracts to Health Plans to provide CHIP medical benefits
- Issuing an RFP and awarding contracts to Dental Plans to provide CHIP dental services
- Planning and implementing steps to reach the goals set out in the Maximizing Enrollment for Kids grant

"We seemed to be right in the income bracket where we made too much to get Medicaid coverage, but too little to afford anything for ourselves. We felt like we would be stranded without anything. I can't tell you how relieved I am to have insurance for my kids. It's so nice to know they can go to the doctor and the dentist. I don't have to worry about how I will pay because the premium and the co-pays are very reasonable. We need this program."

- Amanda Peterson, CHIP Parent

CHIP

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UTAH DEPARTMENT OF HEALTH