



# CHILDREN'S HEALTH INSURANCE PROGRAM

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: RUSSELL FRANDBEN

BUDGET BRIEF

## SUMMARY

The Analyst's base budget recommendation is \$82,771,700 for Children's Health Insurance Program in FY 2013. This recommendation is \$3,205,200 lower than the base budget. This includes a \$1,488,800 General Fund increase in FY 2012 and \$1,557,000 ongoing General Fund increase in FY 2013 for a projected shortfall in Tobacco Settlement funding. This funding level supports 12 FTE. This brief highlights some issues in Children's Health Insurance Program as well as some uses of the funding provided. The Subcommittee annually reviews each base budget to propose any changes and to vote to approve it. The Analyst recommends that the Subcommittee approve the \$82,771,700 base budget and the proposed intent language statement.

## Overview

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 December 2011: Plan A (14,700 enrollees) up to 100% of FPL, Plan B (14,300 enrollees) between 101% and 150% of FPL and Plan C (8,300 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 2012 General Session at

[http://le.utah.gov/lfa/reports/cobi2012/LI\\_LPA.htm](http://le.utah.gov/lfa/reports/cobi2012/LI_LPA.htm).

Additionally, the annual statutorily-required (UCA 26-40-109(2)) report submitted by the agency,

Figure 1: Health - Children's Health Insurance Program - Budget History

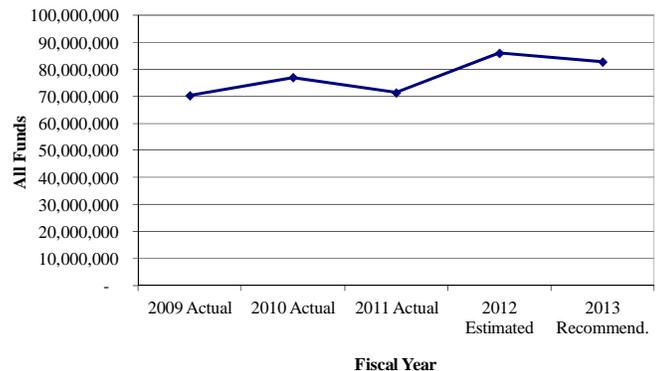


Figure 2: Health - Children's Health Insurance Program - FTE History

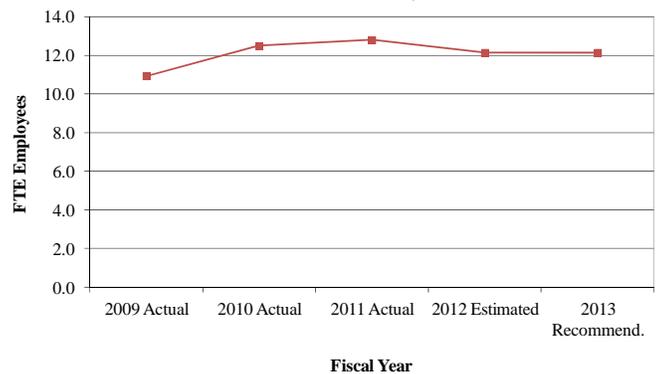
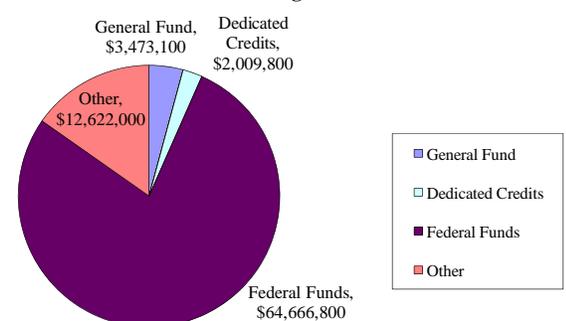


Figure 3: Health - Children's Health Insurance Program - FY 2013 Funding Mix



[http://health.utah.gov/medicaid/stplan/LegReports/CHIP\\_Annual\\_Report2011.pdf](http://health.utah.gov/medicaid/stplan/LegReports/CHIP_Annual_Report2011.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 2013 base budget recommendation is \$82,771,700. This funding level supports 12 FTEs. The three tables above detail budget history for CHIP since FY 2009 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. The cost of this provision for FY 2011 was \$21,100 total funds.
2. **Dental Benefits Benchmark** – dental benefits must be benchmarked to the plan in the state that has the largest insured, commercial, non-Medicaid enrollment of covered lives.
3. **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.
4. **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 12 medical homes for chronically ill children on Medicaid & CHIP.

#### ***Analyst-recommended Changes***

The Analyst recommends using savings from Medicaid of \$1,488,800 General Fund in FY 2012 and \$1,557,000 ongoing General Fund in FY 2013 to replace some of the shortfall in Tobacco Settlement funding. The budget table on the last page includes these changes.

#### ***Building Block Request included in the Governor's Budget***

1. **Caseload Growth/Inflation** - \$10,461,200 total funds (\$2,200,000 ongoing General Fund) for estimated caseload growth at 2% as well as annual per member per month cost increases of 8%. *The Fiscal Analyst recommends that the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$2,200,000 ongoing with a one-time reduction of \$431,800 from the General Fund for this purpose.*
2. **Tobacco Settlement Restricted Account** - one-time General Fund of \$2,421,000 in FY 2012 and \$1,700,000 in FY 2013 to replace an estimated shortfall in the General Fund Restricted – Tobacco Settlement Restricted Account for this program. *The Fiscal Analyst recommends that the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$1,495,600 in FY 2012 and \$1,059,800 General Fund ongoing beginning in FY 2013 for this purpose. An additional increase in General Fund of \$1,489,100 in FY 2012 and \$1,557,300 ongoing beginning in FY 2013 comes from internal reallocations recommended by the Analyst (as discussed above and the in the Budget Brief entitled "Department of Health").*

#### ***Utah Ranks 23<sup>rd</sup> Nationally for Child Health Scorecard***

The 2011 Commonwealth Fund State Scorecard on Child Health System Performance

(<http://www.commonwealthfund.org/Maps-and-Data/State-Data-Center/Child-Health.aspx>) ranks Utah 23<sup>rd</sup>

nationally. The scorecard has 20 criteria in three categories. These categories are listed below as well as Utah's national rank in that category:

1. Potential to lead healthy lives – 5th
2. Access and Affordability – 17th
3. Prevention and Treatment – 25<sup>th</sup>

Utah has two criteria where it is best in the nation: percent of children ages 10-17 who are overweight or obese and percent of high school students who currently smoked cigarettes. Utah ranks worst in the nation on percent of children with special health care needs whose families received all needed family support services. The Commonwealth Fund data for the 2011 rankings comes from 2006 through 2009.

### **ACCOUNTABILITY DETAIL**

#### ***Use of Recent Appropriations***

- **Caseload Growth/Inflation:** \$7,114,000 ongoing (\$1,422,800 General Fund) in FY 2012 for estimated caseload growth at 2% as well as annual per member per month cost increases of 9%.

#### ***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 2011 CHIP had 37,300 clients in one of two health plans. SelectHealth had 21,300 or 57% of clients and Molina had 16,000 or 43% of clients on a full-risk contract.

#### ***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. Through October 2011 75 cases have given permission for CHIP to access their tax records for determining eligibility.

#### ***CHIP FY 2011 Expenditure and Enrollment Overview***

In FY 2011, the average monthly cost per child was \$134. Sixty-eight percent of CHIP children live in Davis, Salt Lake, Weber, and Utah counties. Approximately 33 percent of children eligible for CHIP became eligible for Medicaid in 2011.

#### ***Caseloads in Utah's Premium Partnership for Health Insurance***

Caseloads for Utah's Premium Partnership for Health Insurance went from 506 in FY 2010 to 410 children in FY 2011, a decrease of 19%. 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).

#### ***Intent Language – Similar to Last Year***

*Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for the Children's Health Insurance Program in Item 82 of Chapter 379 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to caseload and utilization increases.*

# CHILDREN'S HEALTH INSURANCE PROGRAM

## BUDGET DETAIL

The budget listed in the table below details the budget allocations in the base budget bill. In FY 2011 CHIP spent \$0.08 of every \$1 on administration for the costs of the Departments of Health and Workforce Services. Premiums, shown as dedicated credit revenue, covered 3% of the program's total costs in FY 2011.

<b>Health - Children's Health Insurance Program</b>						
<b>Sources of Finance</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Appropriated</b>	<b>Changes</b>	<b>FY 2012 Revised</b>	<b>Changes</b>	<b>FY 2013* Recommended</b>
General Fund	493,000	1,915,800	0	1,915,800	1,557,300	3,473,100
General Fund, One-time	2,416,100	0	1,489,100	1,489,100	(1,489,100)	0
Federal Funds	55,523,000	64,183,000	3,039,700	67,222,700	(2,555,900)	64,666,800
Dedicated Credits Revenue	2,121,700	1,804,200	205,600	2,009,800	0	2,009,800
GFR - Tobacco Settlement	11,371,500	14,097,200	(1,489,100)	12,608,100	(68,200)	12,539,900
Transfers - Within Agency	82,100	0	82,100	82,100	0	82,100
Transfers - Workforce Services	0	115,400	(115,400)	0	0	0
Beginning Nonlapsing	0	0	649,300	649,300	(649,300)	0
Closing Nonlapsing	(649,300)	0	0	0	0	0
<b>Total</b>	<b>\$71,358,100</b>	<b>\$82,115,600</b>	<b>\$3,861,300</b>	<b>\$85,976,900</b>	<b>(\$3,205,200)</b>	<b>\$82,771,700</b>
<b>Programs</b>						
Children's Health Insurance Program	71,358,100	82,115,600	3,861,300	85,976,900	(3,205,200)	82,771,700
<b>Total</b>	<b>\$71,358,100</b>	<b>\$82,115,600</b>	<b>\$3,861,300</b>	<b>\$85,976,900</b>	<b>(\$3,205,200)</b>	<b>\$82,771,700</b>
<b>Categories of Expenditure</b>						
Personnel Services	924,800	1,104,900	(12,200)	1,092,700	0	1,092,700
In-state Travel	4,200	20,500	(16,300)	4,200	0	4,200
Out-of-state Travel	16,000	12,000	4,100	16,100	0	16,100
Current Expense	252,800	1,200,200	(934,000)	266,200	0	266,200
DP Current Expense	18,400	14,700	3,700	18,400	0	18,400
DP Capital Outlay	21,400	0	0	0	0	0
Other Charges/Pass Thru	70,120,500	79,763,300	4,816,000	84,579,300	(3,205,200)	81,374,100
<b>Total</b>	<b>\$71,358,100</b>	<b>\$82,115,600</b>	<b>\$3,861,300</b>	<b>\$85,976,900</b>	<b>(\$3,205,200)</b>	<b>\$82,771,700</b>
<b>Other Data</b>						
Budgeted FTE	12.8	13.5	(1.4)	12.2	0.0	12.2
Actual FTE	10.0	0.0	0.0	0.0	0.0	0.0

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

## LEGISLATIVE ACTION

The Analyst recommends that the Social Services Appropriations Subcommittee do the following:

1. Approve a base budget for FY 2013 for Children's Health Insurance Program in the amount of \$82,771,700 with funding as listed in the Budget Detail Table. This includes the Analyst-recommended changes from internal reallocations.
2. Approve the intent language included in the brief.
3. Forward to the Executive Appropriations Committee the Analyst-recommended items for further consideration as discussed in this brief.