



Utah Children's Health Insurance Program (CHIP) 2007 Annual Evaluation November 2007

Overview

The program experienced two major phases of activity this year. On September 1, 2006, the program closed enrollment in order to maintain expenditures within its FY 2007 budget. Then in the latter part of the fiscal year, the program prepared for significant changes (many were implemented on July 1, 2007) including:

- Transfer of all CHIP eligibility from Utah Department of Health (Department) to the Department of Workforce Services (DWS)
- Rebenchmark of benefits and copayments to the 2007 state employee benefits
- Increase of CHIP family premiums
- Move to a more standardized income determination across medical assistance programs
- Assist congressional staff in questions regarding federal CHIP reauthorization

As we look forward to FY 2008, CHIP faces the following opportunities and challenges:

- Increase outreach and enrollment to match levels set with expansion of funding by Legislature
- Respond to new requirements of CHIP reauthorization when new bill is passed
- Improve health plans' reporting of client data to allow better comparisons with private health plans
- Monitor new relationship with DWS in overseeing eligibility determinations and account management

Background

The Department manages CHIP through its Division of Health Care Financing, the same division that manages Utah's Medicaid program. All eligibility actions are handled through DWS. CHIP is a state-sponsored, health insurance plan for uninsured children whose parents' income is under 200 percent of the federal poverty level (FPL). In 2007, this limit is equal to \$41,300 in annual income for a family of four.

CHIP was initiated on August 1, 1998; and since its inception, CHIP has served 119,166 children in Utah. The CHIP benefit plan has generally been modeled after traditional commercial health insurance plans and has utilized the Public Employee's Health Plan (PEHP) for state employees as the benchmark of coverage. CHIP currently contracts with two HMO plans to provide medical services, Molina Healthcare and PEHP. All dental services are provided through PEHP's dental plan.

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 sought federal approval to offer families the ability to purchase their employer-sponsored health insurance rather than enroll their children in CHIP. The Department received notification on October 25, 2006 that the federal government approved this proposal. Beginning November 1, 2006, qualified families began to receive a rebate of \$100 per month per child when they purchased health coverage through their work.

CHIP 2007 Annual Evaluation

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 June 2007, there were 244 children enrolled in UPP. Of the 244 enrollees, 201 received both the medical and dental reimbursement and 43 received the medical reimbursement and enrolled in CHIP dental.

Financial

CHIP receives approximately 80 percent of its funding from the federal government 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, the state funding will also include General Fund.

- For FY 2001, the Legislature appropriated \$5.5 million for the required 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 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. The program's FY 2008 state funds budget is \$12.3 million in Tobacco Settlement Restricted Fund and \$2.0 million in General Fund.

For FY 2007, CHIP spent \$48.8 million on health plan premiums and \$3.7 million on administration. The majority of the administrative costs came from eligibility determination. With an average enrollment of 32,084 for FY 2007, the average cost per child was \$1,637 per year, or \$136 per month.

Cost Sharing

In FY 2007, families paid quarterly premiums up to \$25 per quarter for enrollment in CHIP. The amount of premium varied depending upon family income. Families whose incomes are below 100 percent FPL and Native American families do not pay quarterly premiums. In FY 2007, CHIP collected \$790,626 in quarterly premiums. Premiums are used to offset the cost of benefits received by CHIP clients.

In the 2007 General Session, CHIP quarterly premiums were increased up to \$60 per quarter. The increased premiums were effective July 2007. However, the program's Dedicated Credits were not increased in conjunction with the fee increase. CHIP's Dedicated Credits will need to be adjusted in the 2008 General Session.

In FY 2007, most CHIP families paid small co-payments in addition to quarterly premiums. Native American families do not pay co-payments. As established in federal guidelines, no family on CHIP

CHIP 2007 Annual Evaluation

is required to spend more than five percent of their family's income on premiums, co-payments, and other covered services over the course of a plan year.

For FY 2008, the Department significantly increased co-payments for families when it rebenchmarked the CHIP coverage to be actuarially equivalent to benefits received by state employees. During this process, CHIP communicated with the federal government to insure that benefits and co-payments were in compliance with federal guidelines and a State Plan Amendment has been submitted. This process will help reduce CHIP expenditures and help offset the rate of growth in expenditures.

Many CHIP clients were not affected by the FY 2008 rebenchmarked benefits, because federal guidelines limit the co-payments that can be charged to some income groups. The greatest impact will be on families from 151-200 percent FPL, who will also face a deductible for certain services. Of the approximately 25,000 children on CHIP on July 1, 2007, the greatest impact will be on approximately 9,500 children whose families have higher incomes (between \$30,975 and \$41,300 for a family of four).

Benefits

Federal guidelines allow states to select from several options in creating a benchmark for CHIP coverage. Since the inception of the program, Utah has elected to benchmark its program to state employee benefits. In the 2007 General Session, the Legislature required that the CHIP program move to a commercial health plan benefit on July 1, 2008. This change will increase co-payments and may place tighter limits on some services, like mental health.

Eligibility

Individuals can only apply for CHIP during periodic open enrollment periods. In July 2005, CHIP opened enrollment for new families. This period continued until September 1, 2006, when CHIP closed to new enrollment based on available funding. CHIP remained closed to new enrollment through the remainder of FY 2007. On July 2, 2007, CHIP opened for new applications based on funding that had been approved in the 2007 General Session. The Department will monitor enrollment to insure that CHIP stays within available funding. Applications for UPP are also being accepted.

When CHIP is open, applications can be submitted through the mail or in-person using a simplified application form. Applicants may also apply online. A simplified renewal form and process has been implemented to reduce unnecessary barriers for the families being served.

In previous years, all CHIP eligibility determinations were done by the Department. Unlike Medicaid, no CHIP determinations had been previously handled by DWS. When the Department transferred eligibility determinations on July 1, 2007, DWS assumed responsibility for CHIP determinations, which it had never done before. CHIP staff worked through the latter part of FY 2007 to ensure that proper training and procedures were going to be in place at DWS in order to properly handle the transition.

CHIP 2007 Annual Evaluation

Basic Eligibility Criteria

1. Gross family income cannot be higher than 200 percent FPL (e.g., for a family of four, 200 percent FPL is \$41,300).
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 twelve-month periods.

CHIP has contracted with two health plans to provide medical services for enrollees:

1. Molina Healthcare
2. Public Employee's Health Plan

CHIP has contracted with the Public Employee's Dental Plan to provide dental services for all enrollees.

Enrollment

Open enrollment periods for CHIP are determined based on available funding. In 2005, House Bill 114, Children's Health Care Coverage Amendments (Rep. Hogue), provided an additional \$3.3 million in tobacco settlement funds to expand enrollment. With this increase, CHIP remained open from July 1, 2005 to September 1, 2006. During that period, CHIP received 29,457 applications and enrolled 28,315 children. In 2007, an additional \$4.0 million in state funds was added to the program for FY 2008. This allowed CHIP to reopen enrollment on July 2, 2007.

Of the current enrollees, the ethnicity, race, age, and income breakdown are as follows:

Ethnicity (as of September 2007)

Hispanic	6,312	(23.2%)
Non-Hispanic	20,942	(76.8%)

Race (as of September 2007)

Asian	364	(1.3%)
Native Hawaiian/Pacific Islander	58	(0.2%)
Black	241	(0.9%)
Native American/Alaska Native	420	(1.5%)
White	26,137	(95.9%)
Multiple Races	34	(0.1%)

Age (as of September 2007)

Less than 10	15,111	(55.5%)
10 to 19	12,133	(44.5%)

Income (as of September 2006)

Less than 100% FPL	6,525	(23.9%)
101% to 150% FPL	11,155	(40.9%)

CHIP 2007 Annual Evaluation

151% to 200% FPL

9,574 (35.1%)

64% of CHIP children are residents of Davis, Salt Lake, Weber, and Utah counties.
36% are residents of other counties.

Strategic Objectives and Performance Goals

The 2006 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 2006 and follow-up telephone surveys were conducted in May 2006. A total of 1,323 parents responded to the survey.

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

- 87.5% of children ages 1 to 11 had a visit with a primary care practitioner in 2005
- 84.0% of parents said that getting necessary care for their child was "Not a Problem"

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

- 83.2% of parents rated their child's health plan as an 8, 9, or 10
- 87.4% rated their health care received as an 8, 9, or 10
- 86.8% rated their personal doctor or nurse as 8, 9, or 10
- 79.3% 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: Insure that children enrolled in CHIP receive timely and comprehensive preventive health care services.

- 84.0% of parents surveyed said that they "Always" or "Usually" got timely care.

Note: In all the above goals except the rating of their health plan, CHIP scored well above national benchmarks.

Core Performance Measures

The 2006 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 2005. 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.

CHIP 2007 Annual Evaluation

- 73.1% of CHIP enrolled children who turned 15 months old during 2005 and had been continuously enrolled from 31 days of age, received at least 5 well child visits.

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

- 45.9% of the CHIP enrollees ages 3-6 had one or more well-child visits with a primary care practitioner in 2005.

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

- 86.3% of CHIP enrollees had a visit with a primary care practitioner in 2005.

CHIP Client Feedback

The following quotes were taken from actual parents of CHIP enrollees:

“In 2004 my husband was diagnosed with Lou Gehrig’s Disease. This terminal illness spread rapidly and my husband was unable to work and required constant care. I worried what would happen after we exhausted the COBRA benefit of our health insurance. I heard about CHIP insurance and was able to enroll my children. Through CHIP I felt like I was being a responsible parent by providing continuous health insurance coverage for my children. We are now no longer on CHIP, but CHIP was a wonderful blessing to my family. It helped us in a time of great need. I encourage anyone facing financial difficulties, medical hardships or anything else, to call and see if they can qualify for CHIP.”

“When I could not afford health insurance from my work, I saw an ad on TV and applied. A few months later my son got in a car accident and was in the hospital for a few weeks. If it wasn’t for the help of CHIP, I don’t know what I would have done. As a single mom, it is hard to make enough money to pay for it on my own. Thanks for the help!”