State of Utah

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November 15, 2011

Members of the Health and Human Services Interim Committee
State Capitol
Salt Lake City, Utah 84114

Dear Members:

Utah Code Annotated Section 31A-252-633 directs the Utah Department of Health (Department) to provide an annual report on Medicaid waiver programs that offer less that the state's defined "basic benefit" for health insurance. The Primary Care Network (PCN) program is the State's limited benefit Medicaid program. The Department submits the following report as directed by statute:

- **Requirement 1- Number of Lives Covered by PCN in FY 2011**
  The average monthly enrollment in PCN was **18,126.**

- **Requirement 2- Claims Experienced by PCN in FY 2011**
  Total PCN claims were **$20,219,686**. This figure does not include some gross adjustments including pharmacy rebates.

- **Requirement 3- Cost Shifting for Services not Covered by PCN in FY 2011**
  PCN does not cover two major medical benefits- inpatient hospital and specialty care.

  Although PCN does not pay for specialty care, the program continues to be committed to finding and arranging for specialized care for PCN enrollees when possible. If a PCN client needs to see a specialist they must first get a referral from their primary care provider. The referral is sent to one of two PCN specialty care coordinators in the Department. The specialty care coordinator will try to arrange to have these services provided to the client at either no cost or at a discounted cost. In some cases the client

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may need to pay a nominal amount for these services. In FY 2011, the Department received **2,016** referrals for specialty care and arranged **696** specialty care visits. The Department has been unable to calculate PCN cost shifting for specialty care services because it does not know how many specialty care services clients obtain on their own through other means nor do we know if clients paid directly for specialty care services.

During FY 2011, enrollment for the PCN was open from November 8-22, 2010 for all adults with children and childless adults. As a result of the overwhelming response, enrollment for the program stayed closed for the remainder of FY 2011.

At the onset of PCN, the hospitals agreed to donate $10 million in inpatient care to PCN clients in consideration for an increase in inpatient rates for Medicaid clients. However, as of July 1, 2007, the hospitals decided to no longer participate in this donated arrangement. Effective FY 2008, individual hospitals either directly waive fees to PCN clients through their regular charity care processes or charge PCN clients directly for their hospital stay. The Department does not calculate cost shifting for inpatient services because these costs are no longer reported to the Department by the hospitals. For additional information regarding PCN benefits and other aspects of the program, please see the PCN website at www.health.utah.gov/pcn.

- **Requirement 4 – Efforts to Combine Public and Private, Employer Based Coverage to increase benefits and health coverage**

On November 1, 2006, the Department implemented Utah's Premium Partnership for Health Insurance, (UPP). The program pays up to $150.00 per month per adult and up to $140 per month per child when they are enrolled in a qualified employer–sponsored health plan. The subsidy helps to offset the employee's share of the premium cost. The program covers adults up to 150 percent of the federal poverty level (FPL) and children up to 200 percent of FPL.

In January 2010, UPP was given approval by the Centers for Medicare and Medicaid Services (CMS) to help low income individuals and families pay the COBRA continuation coverage. Now families who are eligible for COBRA may qualify to receive up to $150 per adult per month and up to $140 per child each month to help subsidize their monthly COBRA Premium payment.

As directed by state law, the Department submitted a waiver amendment request to CMS in September 2008 to allow UPP to subsidize the purchase of private non-group coverage. Due to lack of response from CMS, the Department also included this amendment request in the 1115 PCN Demonstration waiver renewal request submitted in

February 2010. In spite of an aggressive three year effort to obtain approval for this amendment, CMS rejected the Department's proposal citing lack of controls in the insurance industry and concerns that low-income families may be taken advantage of in this process.

The Department continues to work with health insurance brokers and businesses to promote the program. The Department continues to provide training on UPP to brokers which also provides a continuing education credit. The Department also provides educational materials to business, and benefit managers regarding UPP.

For additional information, please see the UPP website at www.health.utah.gov/upp.

Sincerely,

Michael Hales
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