

**Covering Utah's Children**

**CHIP**

**Children's Health Insurance Program**



**Annual Report | 2011**

"It is so reassuring to know that whatever happens, we can handle it financially. The co-pays are in the range that we can pay them immediately, even for larger health problems. When my son had scarlet fever, I knew he would get the best care possible because we have CHIP. I may have waited too long to take him in without coverage. Thank you for this amazing program. I don't know what our family would do without it."

- Jennifer Lee Brysen, CHIP Parent



## **Table of Contents**

<b>Background</b>	<b>4</b>
<b>Year in Review</b>	<b>5</b>
<b>Private Insurance Option</b>	<b>6</b>
<b>Financial</b>	<b>7</b>
<b>Cost Sharing &amp; Benefits</b>	<b>8</b>
<b>Eligibility</b>	<b>9</b>
<b>Enrollment</b>	<b>10</b>
<b>Strategic Objectives &amp; Performance Goals</b>	<b>12</b>
<b>Core Performance Measures</b>	<b>13</b>
<b>Future</b>	<b>14</b>

# Background

The Utah Department of Health (Department) manages the Children's Health Insurance Program (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 200 percent or less of the federal poverty level (FPL). In 2011, this limit is equal to \$44,700 in annual income for a family of four.

Since being signed into law in 1998, CHIP has covered more than 237,000 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 were actuarially equivalent during fiscal year (FY) 2011 to benefits received by enrollees in Select Health's Small Business Account plan, the commercial plan with the largest enrollment in the State. In FY 2011 CHIP contracted with two HMO plans to provide medical services, Molina Healthcare of Utah and SelectHealth. Dental services were provided through Premier Access and DentaQuest.

# Year in Review

In July 2009, the Department issued two Requests for Proposal (RFP) seeking bids from health and dental plans interested in providing CHIP medical/dental benefits as a full risk contractor. This change meant that CHIP's capitated premium payments would serve as full payment for all services provided to clients enrolled in the plan and the successful bidder would accept full risk for expenditures that exceeded premium payments. In May 2010, the Department awarded the following successful bidders with contracts:

- SelectHealth (health plan for the statewide network that covers Intermountain Healthcare hospitals)
- DentaQuest (dental plan available in Salt Lake, Utah, Weber and Davis counties)
- Premier Access (dental plan available statewide)

These providers began serving enrollees on July 1, 2010. Molina also continued to be a statewide health plan choice.

As a grantee of the Robert Wood Johnson Foundation, Maximizing Enrollment for Kids project, the Department endeavored to identify ways to streamline systems, policies and procedures that would reduce barriers to enrollment and retention of eligible children in Medicaid and CHIP. During the third year of the four year grant, the Department collaborated with the Utah State Tax Commission and DWS to implement House Bill 260 (2010) which allows DWS to use adjusted gross income from Utah taxes as income verification for CHIP renewals. During the 2011 General Session, House Bill 256S01 passed which expanded the use of state tax adjusted gross income to CHIP applications.

Finally in conjunction with the Utah Indian Health Advisory Board, the Department developed culturally appropriate American Indian CHIP and Medicaid outreach materials for the tribes to use as a resource for educating their tribal members.

As part of the 2009 Children's Health Insurance Program Reauthorization Act (CHIPRA), the Department implemented new requirements including:

- External Quality Review– CHIP is required to complete an annual external review of the quality of care provided by the health plans
- Mental Health Parity – CHIP is required to eliminate the service limits on mental health inpatient and outpatient benefits and match the cost sharing requirements to be equivalent to physical health benefits

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

- Annual re-benchmarking of medical benefits and cost sharing to be actuarially equivalent to private plan benefits
- Annual re-benchmarking of dental benefits and cost sharing to be equivalent to private dental plan benefits

In addition, the Department:

- Implemented newly contracted health and dental plans
- Transitioned CHIP premium payments to rolling quarters based on each client's enrollment date and transferred responsibility for the collection of premium payments to the DWS Business Office

# Private Insurance Option

In September 2011, there were 393 children enrolled in Utah's Premium Partnership for Health Insurance (UPP). Of the 393 enrollees, 321 received both the medical and dental subsidy, and 72 received the medical subsidy and enrolled in the CHIP dental plan.

In December 2009, UPP was given approval by the Centers for Medicare and Medicaid Services (CMS) to help low-income individuals and families pay for their COBRA coverage. Now families either COBRA eligible or already enrolled in COBRA may qualify to receive up to \$150 per adult each month and up to \$140 per child each month to help subsidize their monthly COBRA premium payment.

As directed by state law, the Department pushed the federal government to approve an amendment that would allow UPP to provide rebates to families that purchase private, non-group coverage. This amendment was originally submitted in September 2008. The Department also included this amendment request in a 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.

# 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. From FY 2008 to FY 2011, 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 is \$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 had \$2.9 million in carryover from FY 2009.
- For FY 2011, the Legislature kept the General Fund appropriation at \$0.5 million and the appropriation from the Tobacco Settlement Restricted Fund to \$14.1 million. The program also had \$0.6 million in carryover from FY 2010.

CHIP spent \$68.7 million on health plan premiums and \$6.7 million on administration. The majority of the administrative costs are for eligibility determinations made by DWS. With an average monthly enrollment of 39,045 in FY 2011, the average weighted cost per child was \$134 per month or \$1,606 per year.

# Cost Sharing & Benefits

In FY 2011, families paid a premium of up to \$75 per quarter for enrollment in CHIP. The amount of premium varies depending upon a family's income. Native American families and families with incomes below 100 percent FPL do not pay quarterly premiums. As of July 1, 2009, premiums for families from 151-200 percent FPL increased from \$60 to \$75. In addition, the Department began charging a \$15 late fee if families failed to pay their premiums on time. In FY 2011, CHIP collected \$2 million in premiums and late fees. Premiums are used to fund the CHIP program and are appropriated as dedicated credit in the annual CHIP budget.

In FY 2011, most CHIP families paid co-payments in addition to their quarterly premiums. Native American families do not pay co-payments. 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 out of pocket costs during their eligibility certification period.

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. In addition, as of July 1, 2010, CHIP adopted the commercial benefit for its dental 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 is used 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 \$44,700).
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.

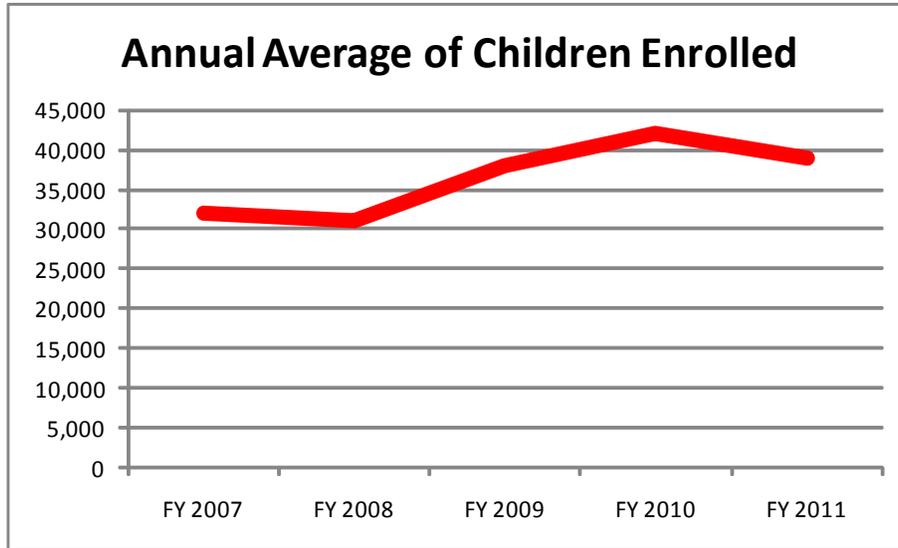
CHIP children are enrolled in the program for a twelve-month period. CHIP contracted with two health plans in FY 2011 to provide medical service for enrollees:

1. Molina
2. SelectHealth

CHIP contracted with the Premier Access and DentaQuest in FY 2011 to provide dental services for all enrollees. Premier Access is available statewide. DentaQuest is available in Salt Lake, Weber, Davis and Utah counties.

# Enrollment

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



# Enrollment

As of August 2011, there were 39,045 children enrolled in CHIP. Of the current enrollees, the ethnicity, race, age and income breakdowns are as follows:

## **Ethnicity (as of August 2011)**

Hispanic	9,023
Non-Hispanic	29,529

## **Race (as of August 2011)**

White	30,605
Multiple Races	6,113
Asian	529
Native American/Alaska Native	502
Black	416
Native Hawaiian/Pacific Islander	387

## **Age (as of August 2011)**

Less than 10	19,437
10 to 19	19,115

## **Income (as of August 2011)**

Less than 100% FPL	16,021
101% to 150% FPL	14,509
151% to 200% FPL	8,023

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

After a period of steady enrollment increases, enrollment in CHIP declined in FY 2011. Data indicates that approximately 33 percent of children who were eligible for CHIP became eligible for Medicaid in 2011. This can be attributed to the downturn in the economy. It is unclear what also caused the enrollment to decrease, however, the following may have contributed to the decline:

1. Transfer of the premium collection process to the DWS.
2. Parents of children from mixed immigration households are hesitant to apply for CHIP or renew their children's CHIP case.
3. The Department of Workforce Services (DWS) eligibility business model may be a barrier to enrollment, premium payment and retention.

# Strategic Objectives & Performance Goals

The 2010 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.

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

- 91.12% of children ages 1 to 11 had a visit with a primary care practitioner in 2010
- 86.1% 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.

- 80.85% of parents rated their child’s health plan as an 8, 9, or 10
- 83.98% rated their health care received as an 8, 9, or 10
- 91.10% rated their personal doctor or nurse as 8, 9, or 10
- 82.68% 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.

- 86.10% of parents surveyed said they “Always” or “Usually” got timely care

# Core Performance Measures

The 2010 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 2010. 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.

- 59.7% of CHIP enrolled children who turned 15 months old during 2010 and who had been continuously enrolled from 31 days of age, received at least 6 well child visits.

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

- 52.6% of the CHIP enrollees ages 3-6 had one or more well-child visits with a primary care practitioner in 2010.

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

- 89% of all CHIP enrollees had one or more visits with a primary care practitioner in 2010. This compares to the national average of children from twelve months to 19 years of age at 85.15%.

# Future

As we look forward, CHIP faces a number of opportunities and challenges:

- Continuing implementation of requirements resulting from the passage of CHIPRA.
- Conducting a survey of CHIP families, at the request of the Centers for Medicare and Medicaid (CMS), to determine if the level of cost sharing in Utah's CHIP program is a barrier to enrollment, retention and access to care.
- Planning and implementing steps to reach the goals set out in the Maximizing Enrollment for Kids grant.
- Working with Medicaid and DWS to implement business processes that eliminate barriers to enrollment and retention and decrease administrative costs.
- Working to assure CHIP is adequately funded in the current and future years; shortfalls in the Tobacco Settlement fund may result in a decrease in available funding for the program.
- Strategic planning for the transition of CHIP under Health Care Reform.

"CHIP has meant peace of mind. It has been all the difference in the world to our family. We know there is help when we really need it. I sleep better at night knowing my children have somewhere to turn in a crisis and can receive preventive care as needed."

- Mandy Gittins, CHIP Parent



# CHIP

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