



# **Fiscal Implications of SCHIP Federal Reauthorization**

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**February 18, 2009**

# Key Features of SCHIP Reauthorization

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**Texas' federal allotment increases by 72% from \$549.6 million to \$945.6 million for FY 2009. (It is funded by a 62¢ increase on federal cigarette tax.)**

- **States will have only two years to spend their allotment, rather than three years.**
- **The federal formula determining each state's allotment will utilize historical and projected spending, rather than census data.**
- **CHIP Reauthorization 2009 allows states to qualify for bonus payments if they meet 5 of 8 enrollment and retention strategies.**

# Bonus Payment Qualifications

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- **Elimination of asset test, or simplification of asset verification – allow self-declaration of assets, and use other sources to verify assets instead of requiring parents to provide verification. ✓**
- **Elimination of in person interview at initial application and renewal. ✓**
- **Joint application used for Medicaid and CHIP, and information verification process used to determine eligibility is the same. ✓**
- **12 months continuous eligibility for both Medicaid and CHIP – Texas CHIP has 12 months continuous eligibility, but children’s Medicaid is limited to 6 months.**
- **Automatic renewal – provide a pre-printed form and notice to the parent that the child’s eligibility will be renewed and continued based on information available to the state.**
- **Presumptive eligibility – a child’s eligibility is determined by a qualified entity (provider, WIC, school, Head Start) based on preliminary information. The parent must apply for coverage before the end of the month following the month of determination. Services are covered through the presumptive period.**
- **Premium assistance – provide subsidies for premium assistance.**
- **Express lane – use of information from public agencies to enroll children in Medicaid or CHIP without further action by the Medicaid/CHIP agency.**

# CHIP Reauthorization Decision Points

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## **New Requirements to Current CHIP Program ≤ 200%FPL**

- **Mandatory Federal Law**
  - Mental Health Parity
  - Emergency Dental Coverage (Currently about 1% hit Dental Cap)
  - Prospective Payments to FQHCs & RHCs
  - Citizenship Verification Process Same as Medicaid
- **Mandatory State Law (Health and Safety Code, Sec. 62.105)**
  - Legal Permanent Residents Coverage in Medicaid and in federally-matched CHIP
  - Health and Safety Code, Sec. 62.105: **COVERAGE FOR QUALIFIED ALIENS.** The commission shall provide coverage under the state Medicaid program and under the program established under this chapter to a child who is a qualified alien, as that term is defined by 8 U.S.C. Section 1641(b), if the federal government authorizes the state to provide that coverage. The commission shall comply with any prerequisite imposed under the federal law to providing that coverage.
- **Optional**
  - Pregnant Women between 185-200%FPL

## **Considerations for Expanding Program above 200% FPL**

- Federal Poverty Level up to 300% FPL
- Family Cost Sharing Requirements and/or Impose Buy-In Requirements
- Pregnant Women Coverage
- Expands Coverage in the SKIP Program for children of State Employees (Insurance Code Sec. 1551.159)

# Impact of CHIP Reauthorization on Current Program at 200% FPL

<b>Childrens Health Insurance Program</b>						
<b>Policy Description</b>	<b>Incremental Impact</b>			<b>Cumulative Impact</b>		
	<b>Avg. Caseload</b>		<b>FY 2010-11 Biennial GR Cost (in millions)</b>	<b>Avg. Caseload Impact*</b>		<b>FY 2010-11 Biennial GR Cost* (in millions)</b>
	<b>FY 2010</b>	<b>FY 2011</b>		<b>FY 2010</b>	<b>FY 2011</b>	
Base: Current Program - ≤200% FPL				458,446	466,994	\$ 565.7
Add: Federal Mandatory Requirements - Benefits & Administration	-	-	\$ 6.6	458,446	466,994	\$ 572.3
Add: State Law Mandatory Requirement for Legal Permanent Residents (LPRs)	(6,037)	(6,201)	\$ (50.8)	452,409	460,793	\$ 521.5
<b>Medicaid Program (Client Services Only)</b>						
Add: State Law Mandatory Requirement for Legal Permanent Residents	81,387	82,651	\$ 148.5			
Net GR Impact of Legal Permanent Residents to Medicaid & CHIP			\$ 97.8			

\* Excludes CHIP Perinate Program, which would add \$176.0 million in GR for the biennium with a monthly caseload of 71,897 in FY 2010 and 73,619 in FY 2011.

# Impact of CHIP Reauthorization at 300% FPL

Policy Description	Incremental Impact			Cumulative Impact		
	Avg. Caseload		FY 2010-11 Biennial GR Cost (in millions)	Avg. Caseload Impact		FY 2010-11 Biennial GR Cost (in millions)
	FY 2010	FY 2011		FY 2010	FY 2011	
Updated Current Program ≤200% FPL <u>with</u> Required Changes from SCHIP Reauthorization and State Law				452,409	460,793	\$ 521.5
Current Program with Caseload ≤300% FPL <u>without</u> required changes from SCHIP Reauthorization and State Law	75,947	155,200	\$ 127.6	528,356	615,993	\$ 649.1
Add: Federal Mandatory Benefits & Administration			\$ 1.1	528,356	615,993	650.2

# Summary of the Cumulative Impact of CHIP Reauthorization

<b>Childrens Health Insurance Program</b>						
<b>Policy Description</b>	<b>Incremental Impact</b>			<b>Cumulative Impact</b>		
	<b>Avg. Caseload</b>		<b>FY 2010-11 Biennial GR Cost (in millions)</b>	<b>Avg. Caseload Impact *</b>		<b>FY 2010-11 Biennial GR Cost* (in millions)</b>
	<b>FY 2010</b>	<b>FY 2011</b>		<b>FY 2010</b>	<b>FY 2011</b>	
<b>CHIP ≤ 200% FPL</b>						
Base: Current Program - ≤200% FPL				458,446	466,994	\$ 565.7
Add: Federal Mandatory Requirements - Benefits & Administration	-	-	\$ 6.6	458,446	466,994	\$ 572.3
Add: State Law Mandatory Requirement for Legal Permanent Residents (LPRs)	(6,037)	(6,201)	\$ (50.8)	452,409	460,793	\$ 521.5
<b>CHIP 200-300% FPL</b>						
Add: CHIP 200-300% FPL Caseload	75,947	155,200	\$ 127.6	528,356	615,993	\$ 649.1
Add: Federal Mandatory Benefits & Administration			\$ 1.1	528,356	615,993	\$ 650.2
<b>Medicaid Program</b>						
State Law Mandatory Requirement - for Legal Permanent Residents	81,387	82,651	\$ 148.5			

\* Excludes CHIP Perinate Program, which would add \$176.0 million in GR for the biennium with a monthly caseload of 71,897 in FY 2010 and 73,619 in FY 2011.

# Other Policy Options

Policy Description	Impact				FY 2010-11 Net Biennial GR Cost (in millions)
	Avg. Caseload				
	Type of Client	FY 2010	FY 2011		
Federal Option Coverage of Pregnant Women from 185% to 200% FPL in CHIP	Pregnant Women Newborns Perinates	652 395 (779)	1,328 404 (797)	\$	3.4
Federal Option Coverage of Pregnant Women from 200% to 300% FPL in CHIP	Pregnant Women	4,062	8,272	\$	51.5

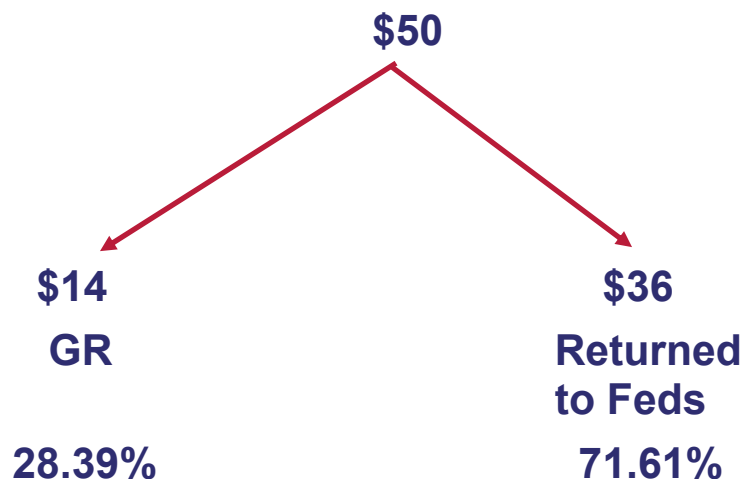
Fiscal Impact of 185%-200% FPL reflects net cost of all impacted client groups.



# Impact of Cost Sharing

## Distribution of Cost Sharing

In FY 2009, for the Current CHIP program, families between 150-185% FPL are required to pay \$30 per year per family and families between 185-200% FPL are required to pay \$50 per year per family. Texas shares these payments with the federal government.



## Method of Finance of 1 CHIP Family & 1 Child

**Average Monthly Cost = \$137.21**

**Average Annual Cost                      \$1,647**

### Method of Finance (MOF):

GR Match for CHIP	\$453
CHIP Cost Sharing	<u>\$14</u>
GR Total	\$467
 Federal Title XXI Total	 <u>\$1,180</u>
 <b>Total MOF</b>	 <b>\$1,647</b>

# Cost Sharing Options up to 300% FPL using FY 2011 Caseload and a Family of Four

Family Cost Sharing Scenarios	Incremental Changes to FY 2011 Caseload	Annual Cost Sharing: Family at 200%	Annual Cost Sharing: Family at 225%	Annual Cost Sharing: Family at 250%	Annual Cost Sharing: Family at 275%	Annual Cost Sharing: Family at 300%
Current Program FY2011 Caseload without Perinates	466,994	N/A	N/A	N/A	N/A	N/A
<u>Incremental Expansion to 300% of FPL</u>						
Annual Enrollment Fee	+ 155,200	\$65/year	\$65/year	\$80/year	\$80/year	\$80/year
1% of family income	+ 85,360	\$397	\$447	\$496	\$546	\$595
2% of family income	+ 62,080	\$794	\$893	\$992	\$1,091	\$1,191
3% of family income	+ 38,800	\$1,191	\$1,340	\$1,488	\$1,786	\$1,786
4% of family income	+ 23,280	\$1,588	\$1,786	\$1,985	\$2,183	\$2,381
5% of family income	+ 12,416	\$1,985	\$2,233	\$2,481	\$2,729	\$2,977

- **Incremental change for each scenario is added separately to the current program caseload.**
- **Federal CHIP Maximum for Cost Sharing is limited to 5 Percent of the annual Family Income.**
- **Cost sharing amounts reflected above exclude any co-payments made to providers.**
- **Cost sharing ranges reflect minimum at 200% FPL to maximum at 300% FPL.**

# Cost Sharing Illustration: Net Impact of Cost Sharing on GR Expenditures

Cost Sharing Scenario	All Funds Client Services Costs	Total Cost-Sharing Collected from Clients	State's Portion of Cost-Sharing Income 28.71%	Remaining GR Expenditures	% GR Costs Paid with Cost Sharing
Expansion to 300%FPL					
1% of family income	\$ 17,479,919	\$ 2,537,611	\$ 728,548	\$ 4,289,937	15%
2% of family income	\$ 17,479,919	\$ 5,075,224	\$ 1,457,097	\$ 3,561,388	29%
3% of family income	\$ 17,479,919	\$ 7,612,840	\$ 2,185,646	\$ 2,832,838	44%
4% of family income	\$ 17,479,919	\$ 10,150,523	\$ 2,914,215	\$ 2,104,270	58%
5% of family income	\$ 17,479,919	\$ 12,122,386	\$ 3,480,337	\$ 1,538,148	69%

- Illustration holds caseload constant at 10,000 clients
- Client Services Costs assume no administrative costs and assumes all clients are federally –matched.