

# SCHIP 101

## A State's Perspective

### National Health Policy Forum

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California's SCHIP Director



# SCHIP in California Covers Nearly 1.28 million Children

**California covers 1.3 million children with SCHIP funds**

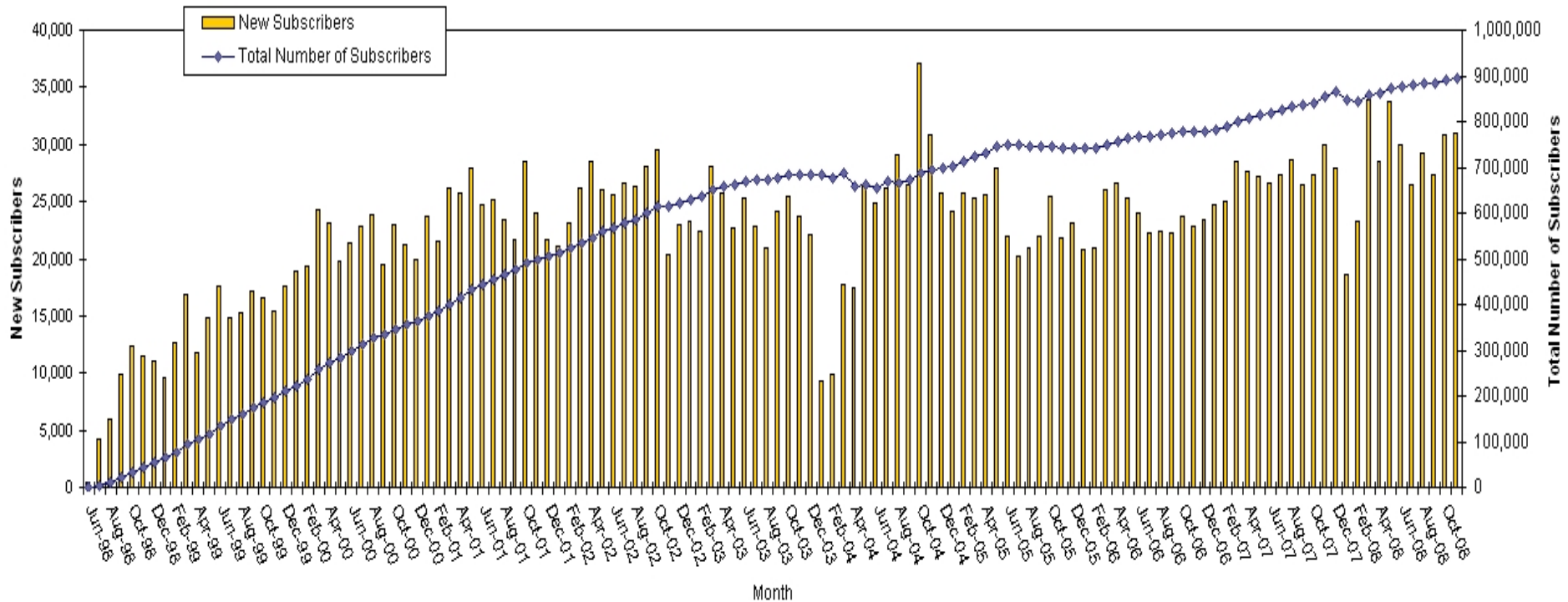
- More than the 2<sup>nd</sup> (New York), 3<sup>rd</sup> (Texas) and 4<sup>th</sup> (Illinois) largest states combined;
- The “Healthy Families Program” (HFP) – covers almost 900,000 children and adolescents;
- Medicaid – covers nearly 385,000 children, most of whom are pending enrollment in the Healthy Families or Medicaid program
- It also funds coverage for pregnant women in AIM and MC.





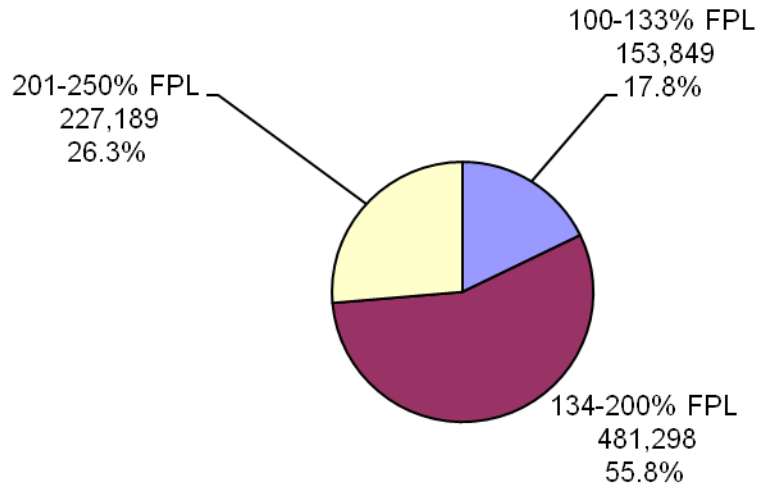
# Enrollment History

Healthy Families Program  
Enrollment History  
Enrollment Data through November 2008



# Income of HFP Subscribers

California SCHIP Subscribers' Income  
Based on Federal Poverty Level (FPL)



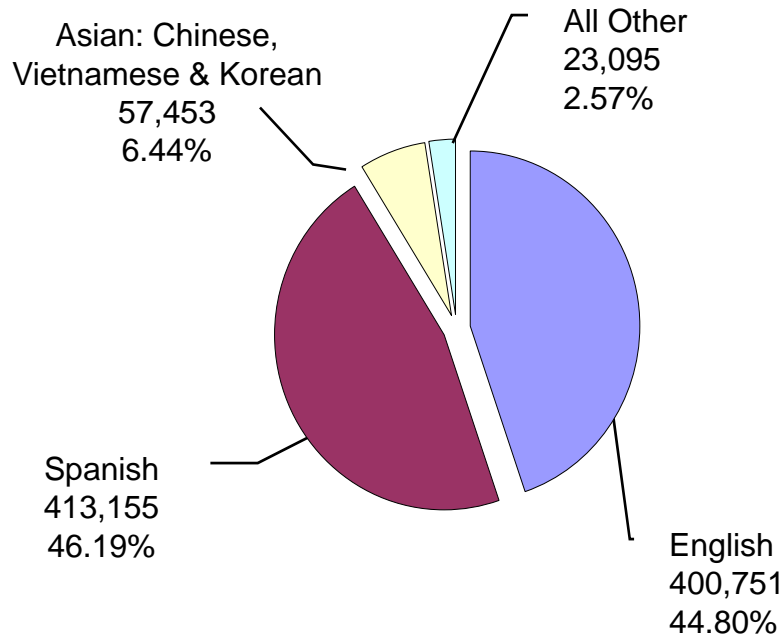
Average Income of  
California SCHIP  
Subscribers:

**164% FPL**

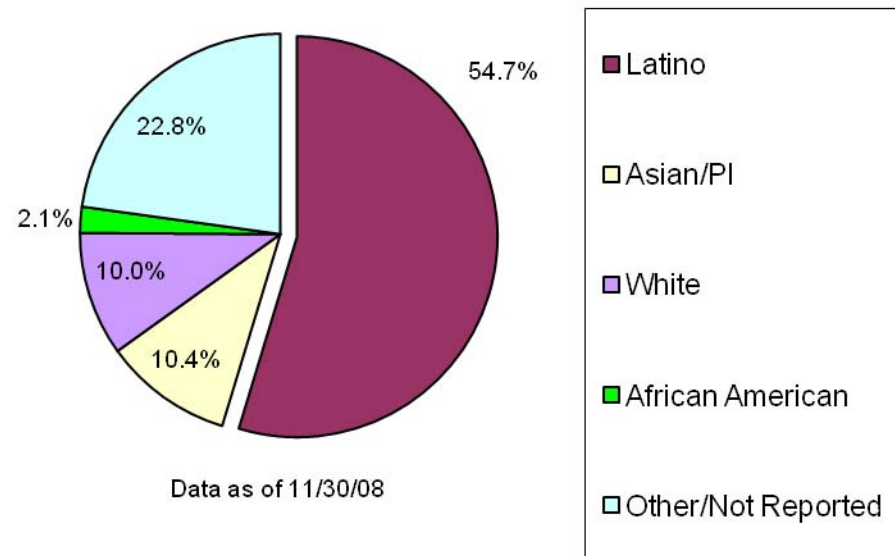
Data as of 8/2008

# HFP Demographics

## Spoken Languages of Applicants



## Subscribers Ethnicity



\*Data on the language spoken and written are statistically the same. Data as of 11/31/08

# Healthy Families Program (HFP)

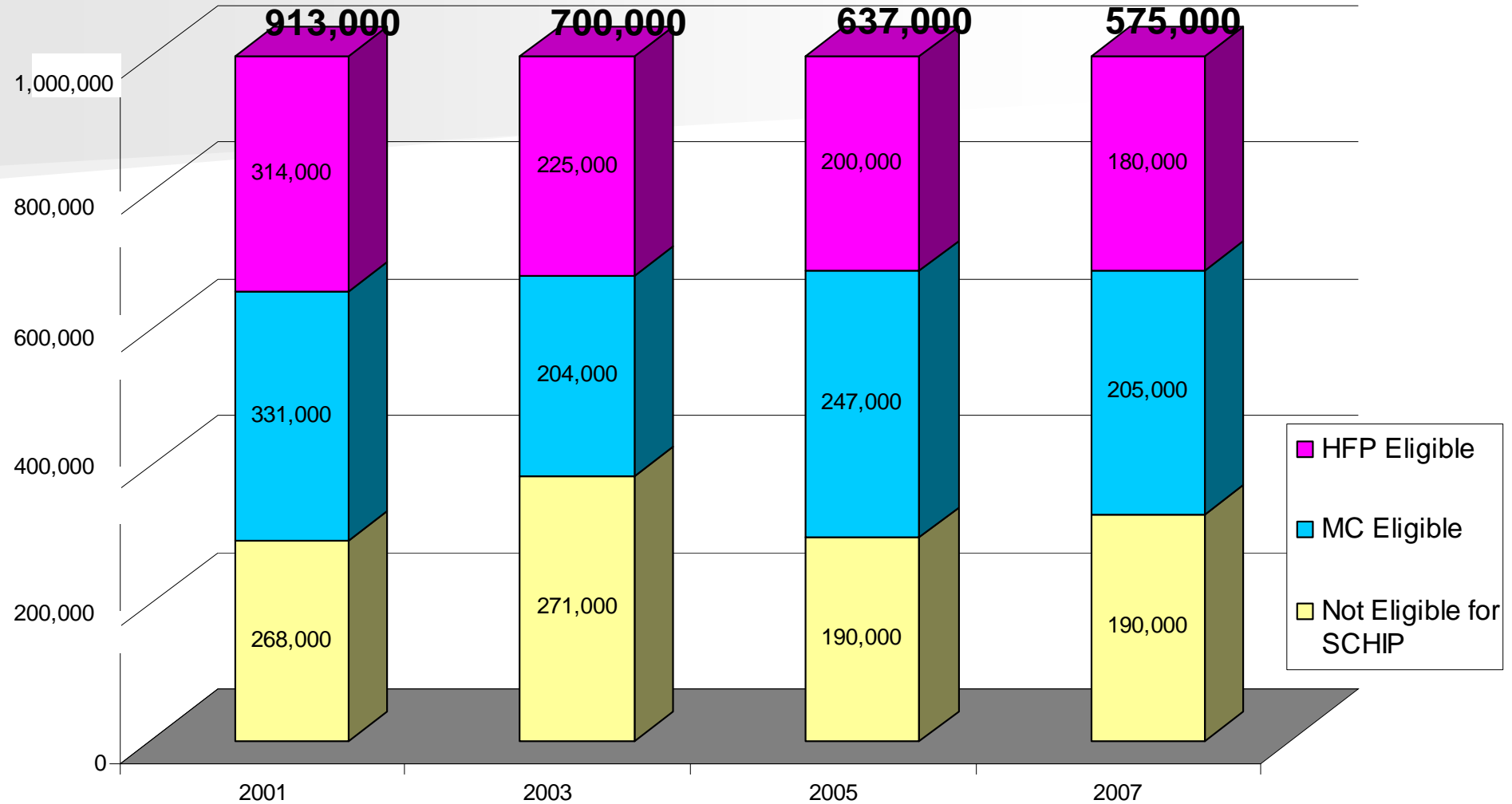
- One joint mail-in application for so families may apply for either program at the same time.
- In process of modifying electronic application to allow public access.
- Uses contracted administrative vendor for eligibility determination and enrollment
  - California in first group of states subject to federal PERM audit to ascertain accuracy of eligibility determinations and payment rates.
  - Inspector General re-audited.
  - California's federal audit findings:
    - HFP error rate of **0.07%**
    - MCC error rate of **2.65%**
- Managed care model
  - Uses commercial HMOs, EPOs and public plans
  - 24 health plans, 6 dental plans and 3 vision plans
    - In 4 large counties, members can choose from up to 7 health plans
    - In 3 medium size counties, members can choose from 3 or more health plans
    - 99.7% of subscribers have choice between at least 2 health plans

# Comment

- The Deficit Reduction Act (DRA) requires families to go to a third party to verify their identification
- This requirement complicates efforts for states with mail-in and electronic applications
- Rules presently applied to Medicaid, but possibility of applying them in SCHIP

# Uninsured Children in California 2001-2007

## Under Age 19 and under 300% federal poverty level



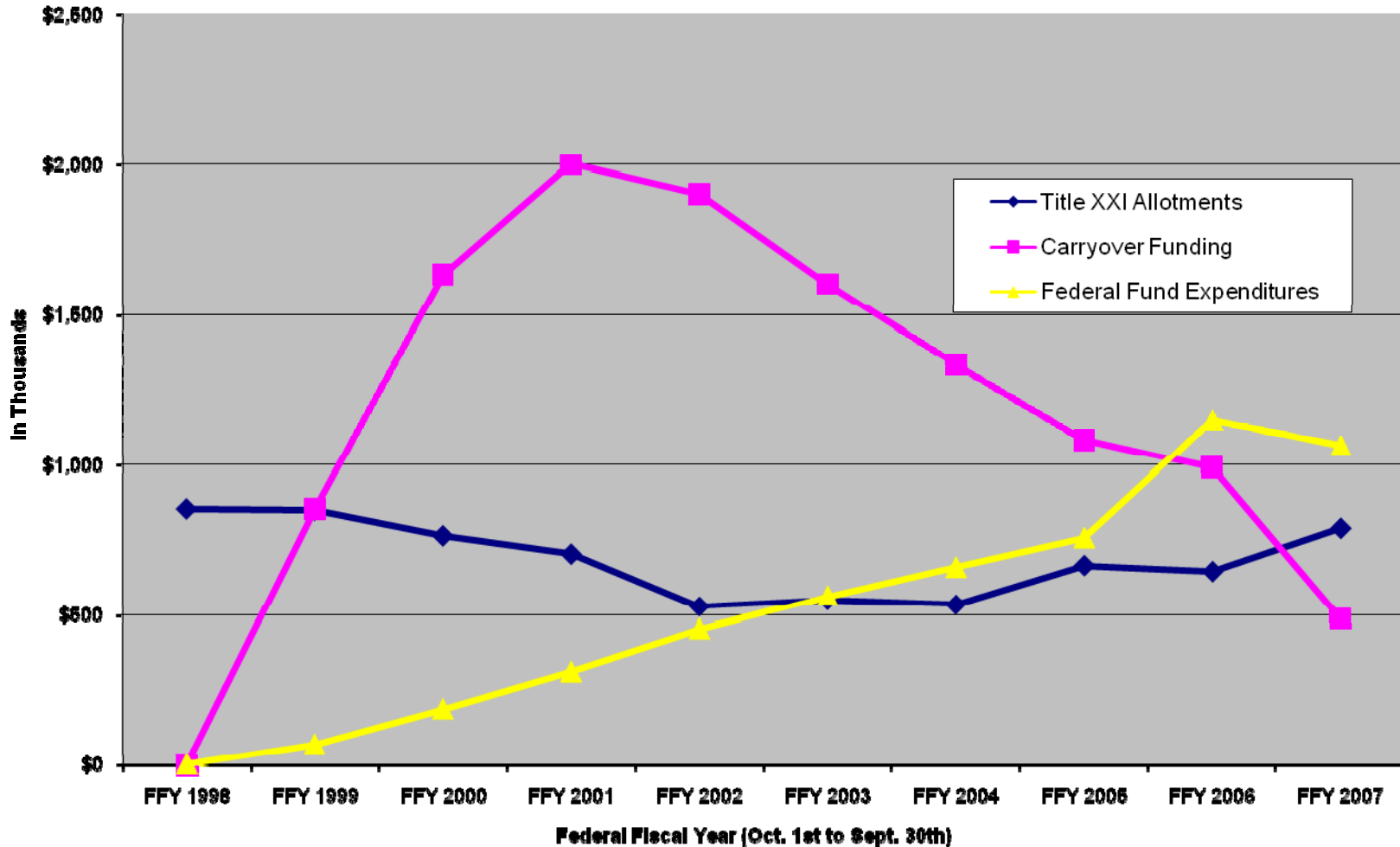
Source: California Health Information Survey (CHIS)

# HFP Funding

- 1/3 HFP funds are from State General Fund. 2/3 from federal SCHIP funds matched 2:1 for each state dollar.
- Federal Funding for SCHIP is a block grant
- Program is NOT an entitlement. Board must manage program within existing funds.
- 2009 HFP budget proposes \$1.297 billion (\$404 million GF)
  - For a projected caseload of 941,786
- Federal funding provided only for the first two quarters of FFY 2009 – funding for the remainder of the year is unknown.

# Federal Funding for California SCHIP

**California SCHIP Federal Funding**  
Allotments, Carryover Funding and Expenditures are based on the Federal Fiscal Year



# SCHIP Funding and California's Needs

- Because of federal funding uncertainties and its obligation to manage within existing funds, Board adopted waiting list and disenrollment regulations a year ago. Ultimately these were not implemented because of SB 2499, but it was touch and go.
- Despite size of program and state's enormous fiscal problems, California policy makers have continued to provide state funds. Particularly challenging right now.

## **For the future, California needs:**

- \$7 to \$8 billion over 5 years vs current \$4 billion level to maintain current eligibility level (250% FPL).
- State wants to expand to 300% FPL.

# Comment

- States need stable, long term funding, particularly when programs are not entitlements.
  - 5 years of funding would provide states some ability to manage and plan
- Congressional drafters should take into consideration that states require time to implement new policies.

# Federal Funds for Legal Immigrants

- Legal immigrants are ineligible for federal funding until they have resided in the U.S. for 5 years or more.
- For the last 11 years, California (and a number of states) has had to cover children who are legal immigrants in SCHIP and Medicaid with 100% state funds.
  - California covers 18,000 legal immigrant children/month in SCHIP and X in Medi-Cal
- Given state's fiscal crisis, Governor has had to propose elimination of funding for children in Med-Cal.

# What earning 200% FPL means

If you made \$41,300 in	<u>Salary Needed to Live in</u> <u>San Francisco</u>	<u>Percent Difference</u>
Atlanta	\$72,399	75%
Washington DC	\$50,103	21%
	<u>Sacramento</u>	
Des Moines	\$55,159	34%
Austin, TX	\$52,679	28%
	<u>Bakersfield</u>	
Tuscaloosa, AL	\$47,508	15%
Asheville, NC	\$45,068	9%

Source: CNN.com, downloaded July 2007

# Comment

- States vary in rates of employer sponsored coverage, low income children, cost-of-living. And states are partners in funding the program.
- Congress should provide states with continued flexibility to determine what eligibility levels make sense in their state.
- The CMS 8/17 directive needs to be withdrawn or statutorily nullified.

# Other CMS Policy of Concern

CMS precludes states that are close to exhausting their SCHIP block grant from doing a Medicaid expansion funded by Title 19 (Medicaid funds).

# CONTACT

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# Healthy Families Program Milestones

## ■ 1997

- Congress enacts the State Children's Health Insurance Program (SCHIP) and provides 10 years funding (through 9/30/2007).
- Healthy Families Program established in California.
  - Separate SCHIP program, but classified as a "combination state" due to modest MC expansion
  - Centralized enrollment through a contracted vendor
  - Families pay premiums based on income
  - CBO's paid a fee for successful enrollment
  - Joint application with Medi-Cal
  - 12 months continuous eligibility

## ■ 1999

- Eligibility raised from 200% FPL to 250% FPL.
- Streamlined HFP application from 24 pages to 4

## ■ 2003

- Express Lane Enrollment Project implemented for families with incomes below 200%

# Healthy Families Program Milestones (cont.)

## ■ 2004

- Changed administrative vendors on January 1. Transferred over 700,000 lives.
- HFP Spanish-language website launched
- Federal approval for 4 counties to cover children up to 300% FPL using county funds to match federal funds

## ■ 2005

- HFP first SCHIP program to be certified for quality based on international standards

## ■ 2006

- Payment incentives implemented encouraging CBO's to use electronic application and to assist with retention

# Healthy Families

## Program Milestones (cont.)

### ■ 2007

- Implemented program changes to reduce enrollment barriers
  - Elimination of requirement to submit first month premium with the application
  - Elimination of requirement to choose a plan in application
- Open Enrollment postcard process implemented

### ■ 2008

- California covers 900,000 children in program
- Federal government affirms extremely high accuracy rate in eligibility determinations and payment rates.