



Health Matters E-Newsletter

July 29, 2008

Greetings Health Advocates!

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1. **Public Hearing on New CHIP/UPP Waiver, July 29, 2008 4-6pm at the Cannon Health Building (288 N 1460 W), Room 125.**

The Department of Health is holding a public hearing to receive public input on a new [waiver](#) (click for definition) seeking to make changes to Utah's premium assistance program, Utah Premium Partnership (UPP), and to the CHIP program. You can read the full waiver proposal by clicking [here](#). In addition, you can read UHPP's fact sheet on the new waiver by clicking [here](#).

The waiver is a mixed bag. It includes good provisions that will allow more families to take advantage of the UPP subsidy to purchase private market health coverage. However, the waiver also has several provisions that put families at tremendous risk by limiting access to CHIP and extending the time a family must remain uninsured before enrolling in CHIP or UPP.

The Department plans on submitting the waiver in August. It is very important that people give the Department feedback at the July 29th hearing or by emailing written comments to nchecketts@utah.gov. The Department will consider these comments as they finalize the waiver. In addition all comments will be delivered to the Centers for Medicare & Medicaid Services (CMS) for their consideration as they decide whether to approve the waiver request.

Families who are willing to share their personal story can make a big difference in making sure important changes are made to the waiver. Any families currently enrolled in CHIP, are uninsured, or are struggling to afford their health insurance premiums please contact lincoln@healthpolicyproject.org. Or call (801) 433-2299.

Why is the state seeking this waiver?

HB133, the Health System Reform bill that passed in the 2008 General Session, required the Department of Health to seek a new Medicaid waiver that would make two important changes to the UPP and CHIP programs. First, HB133 asked that UPP be expanded to allow individuals and families to purchase private individual coverage if they do not have access to an employer sponsored insurance plan. Second, HB133 required the Department to seek federal approval to prohibit children from enrolling in CHIP if their parents qualify for UPP.

In addition to the changes required by HB133, the Department is seeking to make several additional modifications to the UPP and CHIP programs. The most significant and troubling of these changes is a request to extend the waiting period a family who was previously enrolled in a private plan must remain uninsured before they enroll in CHIP or UPP from 90 days to 6 months *without creating an exception for families who lose their private coverage because it becomes unaffordable*. At a recent monthly meeting, the Department of Health indicated they might consider an affordability exception to this new requirement. The hearing would be a good place to argue for this exception (see talking points below).

Overview of CHIP/UPP changes

The Bad

1. Prohibits children from enrolling in CHIP if their parents qualify for UPP. Though this provision is required by HB133, it is still important to voice your concerns about the impacts, intended and not.
2. Extends the waiting period that a family who previously had private coverage must remain uninsured from 90 days to 6 months without providing an exception for families who lose their private insurance because it becomes unaffordable. Please help us make the case to create an affordability exception. We will be recommending an exception to this rule for families with out of pocket costs that exceed 5% of household income.

The Good

1. Expands UPP to allow the purchase of individual policies by families or individuals if employer sponsored insurance is not available.
2. Allows the UPP subsidy to be used to help pay for COBRA premiums.
3. Allows individuals and families who have been denied insurance, to use the UPP subsidy for HIPUtah, the state's high-risk pool.

Talking Points *(Please elaborate from you own experience).*

1. *The Department should create a “too expensive” exception to the CHIP/UPP uninsured waiting period.*

Utah’s CHIP and UPP programs contain waiting periods during which a family or individual that has dropped their private health coverage must remain uninsured before they are eligible to enroll. The waiver seeks to extend this waiting period from 90 days to 6 months.

While Utah makes a number of exceptions to this waiting period for some involuntary losses of coverage, unfortunately, and unlike many states, there is no exception for families who lose their coverage because it simply becomes unaffordable. Twenty-seven states have a waiting period for their CHIP programs. Nine of these states have created a “too expensive” exception to their waiting periods. Most of these states allow families who have private coverage and their medical costs, including premiums, exceeds 5% or 10% of their income to enroll immediately in CHIP.

10% of Income: Connecticut, Maine, Texas, Virginia, West Virginia

5% of income: Georgia, South Dakota

General “too expensive” exception: Colorado, Nevada

Many low income Utah families recognize the importance of health insurance. Despite skyrocketing increases in premiums and tight family budgets, these families have made great sacrifices to purchase private coverage. At some point though, the ever increasing costs become prohibitive. The family is left with no choice other than to drop coverage.

Families in this situation should not be punished for doing the right thing.

Utah should create an exemption to the waiting period for families and individuals with private coverage who spend more than 5% of their income on health care.

2. *Prohibiting children from enrolling in CHIP if their parents qualify for UPP is bad policy*

Preventing children from enrolling in CHIP if their parents qualify for UPP creates a number of problems.

- There are no cost sharing limitations in private plans purchased with UPP. Between premiums deductibles, copays, and lack of comprehensive coverage, private plans can quickly bankrupt a low income family and prevent a child from receiving the care that they need. CHIP prevents this by limiting the out of pocket expenses of a family to 5% of their income.
- Parents whose employers do not offer family coverage could be forced to choose to purchase private health insurance for their children without a subsidy or leave their children uninsured. This is fundamentally unfair and counter-productive. It will create disincentives for parents to use UPP to purchase private coverage because parents will not want their children to go

without CHIP.

Because HB133 requires the Department of Health to include this change in the waiver, the Department cannot remove it. **However, the Department should include an analysis of the problems this change will cause and comments from the public who are opposed to this change.**

3. UPP subsidy should increase based on health history as well as age.

The UPP subsidy should makes health insurance affordable for all low income individuals and families regardless of age or health history. The subsidy amount should be structured in a way that establishes a maximum monthly premium payment amount that varies by income. Currently, the waiver proposal envisions a program that is based on a simple 60/40 percent split (the state paying 60% and the beneficiary paying 40%) of the total cost of the monthly premium. This is the *wrong* approach because it does not consider beneficiaries' relative ability to pay. This would create a system where families will cycle on and off the roles of the insured.

Age	Estimated Costs of State's Basic Plan	Estimated Subsidy to Maintain \$150/Person Avg.	Estimated cost to individual after subsidy	% of income at 150%FPL = \$866.67 a month	\$ left for rent, food, transportation and other living expenses per month
<25	\$174.43	\$94	80.43	9%	\$786.24
25-29	\$235.29	\$127	108.29	12%	\$758.38
30-34	\$262.92	\$142	120.92	14%	\$745.75
35-39	\$277.30	\$150	127.30	15%	\$739.37
40-44	\$307.54	\$166	141.54	16%	\$725.13
45-49	\$372.27	\$201	171.27	20%	\$695.40
50-54	\$478.35	\$259	219.35	25%	\$647.32
55-59	\$605.90	\$328	277.90	32%	\$588.77
60-64	\$751.83	\$407	344.83	40%	\$521.84

What is a waiver? A waiver is a budget neutral proposal to the Federal government to waive certain Medicaid requirements in order to demonstrate a new concept or idea about how to provide cost-effective health care coverage.

2. Health Reform Community Meeting

As part of the Health Reform Legislative Task Force created by HB133, Utah's reform vehicle, a number of stake holder groups are meeting to discuss and develop reform recommendations. One of the groups is the Community Group, co-convened by the United Way of Salt Lake and UHPP. This group has met twice and is beginning to develop both "big picture" recommendations as well as specific policy recommendations.

There will be two meetings in August, dates to be determined. If you have not been involved in these meeting and would like to attend please contact Elizabeth Garbe,

elizabeth@healthpolicyproject.org or Mary Anne Davies at Maryanne@uw.org.

The United Way has created a page on their website that will contain minutes and handout from all of the meetings. The page also has a feedback section so that people can add their voice to the reform discussion online. [Click here](#) to be taken to United Ways health system reform feedback page.

3. Join U-SHARE, Utahns for Sustainable Health Reform

As you know, Utah's health system faces significant and urgent challenges. Costs are increasing at unsustainable rates. Record numbers of Utahns are without health coverage. The system is growing more and more inefficient and unfair to individuals, businesses and providers. Health system reform in Utah is needed now and your participation is vital.

The Utah Legislature is working to address health system reform through a multi-year effort. A legislative task force is meeting during the summer and fall of 2008 to research and prepare specific reform recommendations for the 2009 session. The community group meeting discussed above is part of that process.

U-SHARE – Utahns for Sustainable Health Reform – is a coalition of community, business and provider organizations and individuals united to support bold, comprehensive reform of Utah's health care system. U-SHARE members believe health system reform should find a balance between the private and public sectors that reflect the goals of:

- Expanding **ACCESS**
- Increasing **QUALITY** and
- Containing **COST**

The following principles are guides to reaching these goals:

Strengthen Personal and Shared Responsibility

1. Share cost and risk amongst employers, providers, insurers, government and individuals.
2. Maximize personal responsibility for health and wellness.
3. Encourage individuals to seek health care at the right time and place.

Ensure Affordability and Access to Care

1. Provide affordable access to care and coverage for Utahns.
2. Provide subsidies for those who are unable to afford coverage and care.
3. Promote benefit packages that cover essential services including primary and preventive care, specialty care, pharmacy, mental health and inpatient hospital services.
4. Support affordable access to medically necessary, cost effective health care services.
5. Optimize public programs such as Medicaid, CHIP and the Utah Premium Partnership.

6. Invest more in the state's primary care infrastructure.
7. Work to eliminate disparities in health access, coverage and outcomes.

Align Treatment and Financing Incentives with Evidence-Based Medicine

1. Use health information technology (HIT) to improve information flow and health outcomes.
2. Create a more transparent system for users.
3. Promote best practices in care delivery.

Focus on Wellness and Prevention

1. Encourage wellness and disease prevention through increased health education and incentives to stay healthy.
2. Promote appropriate use of primary and preventive care as the cornerstone for a healthy population.

If you support the above goals and principles, please add your name to the growing list of individuals and organizations who want to work toward providing affordable, high-quality health care for all Utahns. **Attached is an endorsement sheet with information on where to send your signed form.** Also, please let us know if you would like to:

- Share your health care story with U-SHARE for use in education and advocacy efforts.
- Support U-SHARE financially.
- Volunteer time to help U-SHARE improve health care for all Utahns.

Currently U-SHARE is working with all of the stakeholder groups interacting with the Health Reform Task Force to push reform forward. A website for the coalition is also being developed that will have information on all of the reform efforts in Utah. In the meantime, if you have any questions, please contact Elizabeth Garbe at Elizabeth@healthpolicyproject.org or 801-433-2299.

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