



MEDIA ADVISORY

FOR IMMEDIATE RELEASE

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Proposed Changes to Utah's CHIP & Utah Premium Partnership (UPP) Could Harm Kids

Changes put families at risk by limiting access to CHIP and requiring some to remain uninsured for six months before getting health insurance.

The Utah Department of Health is currently seeking a new federal waiver that will allow the state to make significant, potentially harmful changes to the state's Utah Premium Partnership (UPP) and CHIP programs. The proposed waiver includes some positive provisions that will allow more families to take advantage of the much under-utilized UPP subsidy to purchase health coverage in the private market. 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.

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 Utah's 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 permission from the Federal government 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. The waiver does not allow any exception for families who lose their private coverage because it becomes unaffordable.

"Despite skyrocketing increases in premiums and tight family budgets, Utah families have made great sacrifices to purchase private coverage," Lincoln Nehring, Medicaid Policy Director said. "At some point though, the ever increasing costs become prohibitive and families are left with no choice other than to drop coverage. Families in this situation should not be punished for trying to do right thing."

Health insurance is already expensive for families and is becoming more so every year. Between 2000 and 2005, health insurance premiums for family coverage in Utah increased by 43.8%.ⁱ In 2005, the average family coverage premium was \$10,617, a daunting figure for a CHIP eligible family of four earning between \$21,200 and \$42,400 per year.

While the state makes a number of exceptions to the waiting period for certain 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 privately insured families to enroll immediately in CHIP if their cost sharing obligations including co-pays, exceed 5% of their income.

“Utah should follow the lead of other states and create a 5% cost sharing exception to the waiting period. When families hit this limit they should be allowed to immediately enroll their kids in CHIP—no questions asked,” adds Mr. Nehring. “Without such an exception we will defeat one of the core purposes of reforms: to bring uninsured families into cost-effective coverage and reduce our utilization of uncompensated care.”

The Department of Health will be holding a Public Hearing to receive public input on the proposed waiver on July 29, 2008 4-6pm at the Cannon Health Building (288 N 1460 W), Room 125. The public comments will be considered as the Department finalizes the waiver. In addition, all comments will be delivered to the Centers on Medicare & Medicaid Services (CMS) for their consideration as they determine whether to approve the state’s waiver request. The Department plans on submitting the waiver to CMS in late August.

To read the full waiver proposal please click [here](#). To read UHPP’s new factsheet on the waiver, click [here](#).

Note to PSA directors and calendar editors

Please announce this hearing (call 801-433-2299 for assistance with PSA language) as often and prominently as possible.

Overview of CHIP/UPP changes

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.
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. At the hearing advocates and families will be making the case for an affordability exception. We will be recommending an exception to this rule for families whose out of pocket costs exceed 5% of household income.
3. Expands UPP to permit the purchase of individual policies by families or individuals if employer sponsored insurance is not available.
4. Allows the UPP subsidy to be used to help pay for COBRA premiums.
5. Allows individuals and families who have been denied insurance, to use the UPP subsidy for HIPUtah.

ⁱ Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services (2006)