

CHIPped Away

More health coverage for kids—but only if the state can dig up the cash.

By Eric S. Peterson - Salt Lake City Weekly - May 13, 2009



Children's health advocates have been overjoyed to hear of the overhaul of the Children's Health Insurance Program, a reauthorization to the federal/state 80/20 partnership allowing greater coverage for low-income children with mental-health issues as well as children of legal immigrants. These reforms came like a gift to health advocates in the state, with one catch: From where do the state dollars come to pay for it?

"We had to make some changes to our program," says Lincoln Nehring, Medicaid policy director for health-care advocacy group Utah Health Policy Project. "The challenge we have is there is no money."

State budget-keepers know the feeling; they are already wincing at projections for state revenue in 2010—a prognosis likely meaning even more fiscal constraints in the future for the Utah CHIP program.

Even with CHIP funds being split 80-20 between the federal and state government, the constraints on the state are still felt in the current economy. But when the CHIP program was reauthorized in February, the program made changes like bringing parity to mental health and physical health copays. Previously, CHIP children were held back in their mental-health coverage for ailments ranging from depression to substance abuse, and the copays for that coverage were substantial, says Nehring.

"Those two go together," says Nano Podolsky, a grant coordinator for Valley Mental Health, who was supportive of the change. "Fifty to 90 percent of the time, a young person with a substance abuse problem [also] has mental health issues." Podolsky welcomed the change in the CHIP reauthorization. "They didn't have parity before; it was pretty clearly nowhere near parity."

Change came with a price, however.

"The total amount of money the state can spend on CHIP has not changed, but we had to expand the coverage we were providing," Nehring says. "We couldn't add new dollars, so we had to steal dollars from somewhere else."

The result was that the program offset costs by increasing premiums on CHIP's dental program, representing a compromise between state and advocacy groups. But the change in coverage illustrates how CHIP administrators have to be resourceful in finding funds in order to meet federal and state standards.

Nate Checketts, a finance director with the Utah Department of Health has noticed this firsthand.

“Feds set the floor and states set the ceiling,” Checketts says. “So, anytime you increase a benefit, then we had to find some offsetting adjustment.” Shifting the burden to the CHIP dental program was one Checketts and others saw as most agreeable. The adjustment covers beneficiaries for \$1,000 in dental coverage and, while the individual is responsible for costs after that, CHIP families still only have to cover any costs up to 5 percent of their yearly earnings.

This means that families will have to cover a child’s dental costs beyond \$1,000. But for a family that earns only \$40,000 a year, CHIP will cover any dental costs that go beyond \$2,000, or 5 percent of the family’s yearly income.

While CHIP still covers preventative and wellness care for free, Nehring worries with premiums increasing to offset new coverage, families could be discouraged from taking part.

“As we go forward,” Nehring says, “the state’s economy is probably not going to improve, and there’s going to be discussion of increasing cost sharing for these families. It’s something we’ve got to watch out for.”

Keeping premiums down will be its own challenge, but CHIP advocates hope to step up coverage even further in the next legislative session. The other critical change in the CHIP reauthorization was a component that allowed states the option of waiving a five-year waiting period for pregnant women and the children of legal, permanent U.S. residents to enroll in CHIP.

Waiving this waiting period—at least for the children of legal immigrants, Nehring believes, will only cost the state \$450,000 and will help to bring coverage to an estimated 800-1,100 uninsured children in the state.

State Sen. Luz Robles, D-Salt Lake City, sponsored Senate Bill 225 in the 2009 session, which, which defeated in the House, would have done away with the waiting period. A similar bill from the House was also defeated, but Robles plans on resurrecting the issue for the next session.

“It’s always good public policy to have adequate coverage for children,” Robles says. For her, the cost of expanded coverage is easily covered by the federal matching funds. “It’s a tough year for the budget, but in some cases, for every \$1 we put in, we get \$4 back.”

Not everyone in state government, however, is convinced. House Speaker David Clark, R-Santa Clara, who helped head up the 2008 Health System Reform Task Force and who is also chairing the 2009 task force, was one of numerous legislators who disagreed on expanding state coverage of children of legal permanent residents.

“We’ve got to optimize existing programs,” Clark says. “I’m very concerned about putting more people into the same system and expecting a different outcome. We are going to get to the access issue; I’m very cognizant of this one. But I think the fiscal constraints are going to limit us on expanding any programs.”

For Clark, the answer isn't that the expansion is inappropriate, just that Utah's not ready for it. "It's not a 'No,'" Clark says. "It's a 'No, not yet.'"

For Robles, however, the state will feel the costs of limiting coverage one way or another.

"[Insurance] is always more cost-effective than having [children] use the emergency room," she says.