

# 2012 Children’s Health Insurance Program Annual Report

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# 2012 Children's Health Insurance Program Annual Report

## Executive Summary

Pennsylvania's Children's Health Insurance Program (Pa CHIP) was established through passage of Act 113 of 1992, reenacted as an amendment to The Insurance Company Law of 1921 by Act 68 of 1998, and amended by Act 136 of 2006 (the Act). It has long been acknowledged as a national model, receiving specific recognition in the Federal Balanced Budget Act of 1997 as one of only three child health insurance programs nationwide that met Congressional specifications.

In early 2007, after passage of Act 136 of 2006, Pennsylvania received approval from the federal government to expand eligibility for CHIP in what was called *Cover All Kids*. As of March 2007, free CHIP coverage has been available to eligible children in households with incomes no greater than 200% of the Federal Poverty Level (FPL), low-cost CHIP coverage has been available for those with incomes greater than 200% but not greater than 300% of the FPL, and families with incomes greater than 300% of the FPL have had the opportunity to purchase coverage by paying the full rate negotiated by the state.

In February 2009, the federal Children's Health Insurance Program Reauthorization Act (CHIPRA) reauthorized CHIP. Federal funding pays for about two-thirds of the total cost of Pa CHIP. Under CHIPRA, Pa CHIP's federal funds allotment was substantially increased. However, CHIPRA contained numerous new federal mandated program requirements, including citizenship and identity verification, a mandate to provide coverage for orthodontic services, a mandate to make supplemental payments in certain circumstances to Federally Qualified Health Centers and Rural Health Clinics, a variety of process requirements when CHIP provides coverage through managed care plans, the obligation to provide information about dental providers to be used on a new federal website, and expanded reporting.

The Affordable Care Act (the Patient Protection and Affordable Care Act together with the Health Care and Education Reconciliation Act of 2010) (the "ACA"), signed into law in March 2010, provides additional changes for CHIP, including many scheduled to take effect in 2014. The ACA extended federal funding of CHIP through 2015, as well as added a requirement that states must maintain the MA and CHIP eligibility standards, methods and procedures in place on the date of passage of the ACA or refund the state's federal stimulus funds under The American Recovery and Reinvestment Act of 2009 (ARRA). (CHIP waiting lists are permitted in the event of limited state funding.)

The requirements and opportunities presented by CHIPRA and the ACA have challenged the 22 FTE CHIP staff, and the volume of program enhancements has made it difficult to get adequate guidance from the federal Centers for Medicare and Medicaid Services (CMS). Numerous unanswered questions remain about the future of CHIP in Pennsylvania and the nation as we approach 2014, when the ACA contemplates exchanges will be in place and Medicaid eligibility standards will be revised. Nevertheless, throughout 2012, the Department focused on implementation challenges and continued to work with advocates, insurers, community partners, legislators, federal regulators and other stakeholders to make health insurance available and

accessible to Pennsylvania's uninsured children, improve outcomes, and comply with applicable state and federal laws.

### **Services**

Services funded for the year include those required by Section 2311(l)(6) of the Act or other laws:

- Preventive care, including physician, nurse practitioner and physician assistant services;
- Specialist care, including physician, nurse practitioner and physician assistant services;
- Autism services, not to exceed \$36,000 annual benefit cap (specified by Act 62 of 2008);
- Diagnosis and treatment of illness or injury;
- Laboratory/pathology testing;
- X-rays;
- Injections and medications;
- Emergency care, including emergency transportation;
- Prescription drugs;
- Emergency, preventive and routine dental care, and medically necessary orthodontia;<sup>1</sup>
- Emergency, preventive and routine vision care;
- Emergency, preventive and routine hearing care; and
- Inpatient hospital care (90 days including mental health).

Ancillary medically necessary and therapeutic services include mental health services, inpatient and outpatient treatment of substance abuse, rehabilitative therapies, medical therapies, home health care, hospice care, durable medical equipment, and maternity care.

### **Eligibility**

In addition to income guidelines designated in detail in Attachment 1 (Income Guidelines), eligibility for CHIP is determined on the basis of several simple factors:

- Age of the child (up to age 19);
- Citizenship status (must be U.S. citizen or lawful admitted alien);
- Pennsylvania resident;
- Not eligible for Medical Assistance;
- Not currently covered through employer-based or private health care coverage;
- Families whose incomes fall in the low-cost and full-cost CHIP ranges must also show that their children have been uninsured for six months unless their children are under age two, have lost health insurance because a parent lost a job, or are moving from another public health insurance program; and

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<sup>1</sup> As a result of the CHIP Reauthorization Act of 2009 (CHIPRA), medically necessary orthodontia was added to the dental benefits package. The orthodontia benefit is capped at a lifetime maximum of \$5,200. The yearly dental benefit limit is \$1,500. An extended dental benefit package had been added that covered dental and orthodontic expenses that went over these annual and lifetime benefit limits. The extended dental benefit was only authorized for CY2012 and was limited to \$1,000 per child per year, on a first-come-first-serve basis up to a maximum aggregate of \$1 million.

- For families whose incomes fall in the full-cost CHIP range, comparable insurance must be either unavailable or unaffordable.

The ACA relaxed the longstanding federal restriction on coverage for otherwise CHIP eligible children of state employees who are also eligible for health coverage with some subsidy through their parents who are state employees. CHIP coverage is now available on a case-by-case basis for part-time and seasonal state employees' children where the annual aggregate amount of premiums and cost sharing a family pays exceeds five percent of income. This change has extended the opportunity for affordable health care to approximately 24 children during 2012. A program was also implemented, with respect to children of state employees, to ensure that only the children of state employees eligible for Pa CHIP were covered by Pa CHIP.

### **Costs and Contributions**

CHIP continues to provide identical, comprehensive benefits to individuals enrolled in the free, low-cost, and full-cost components of the program, which are illustrated in Attachment 1.

Free CHIP covers children in families with an adjusted gross household income no greater than 200% of the FPL. Federal financial participation is received toward the cost of this coverage. There are no premiums and no co-payments collected for enrollees in this group.

Low-cost CHIP covers children in families with an adjusted gross household income greater than 200% but no greater than 300% of the FPL. Federal financial participation is received toward the expense of this low-cost coverage. The parent or guardian is required to pay a modest monthly premium directly to the insurance contractor. Enrollment in low-cost CHIP is divided into three increments with progressively increasing premiums:

- Greater than 200% but no greater than 250% - 25% of the per-member-per-month (PMPM) cost. The average cost to the enrollee in 2012 was approximately \$52.
- Greater than 250% but no greater than 275% - 35% of PMPM cost. The average cost to the enrollee in 2012 was approximately \$72.
- Greater than 275% but no greater than 300% - 40% of PMPM cost. The average cost per child to their families in 2012 was approximately \$82.

Children in low-cost CHIP also are charged point-of-service co-payments for primary care visits (\$5), specialists (\$10), emergency room care (\$25, waived if admitted), and prescriptions (\$6 for generic and \$9 for brand names). There are no co-payments for well-baby visits, well-child visits, immunizations, or emergency room care that results in an admission. Co-payments are limited to physical health and do not include routine preventive and diagnostic dental services or vision services. Cost sharing, the combination of premiums and point of service co-payments, is capped at 5% of household income.

The third component, full-cost CHIP, is for children in families with adjusted gross household income greater than 300% of the FPL, if private insurance is unaffordable or inaccessible. Families may buy into coverage at 100% of the cost negotiated with each of the health insurance contractors. The average premium for 2012 was \$225. No federal or state dollars are used to

provide coverage for families in the full-cost group. In addition, children in families with adjusted gross income greater than 300% FPL are charged point-of-service co-payments for primary care visits (\$15), specialists (\$25), emergency room care (\$50, waived if admitted), and prescriptions (\$10 for generic and \$18 for brand names).

### **Insurance Contractors**

The Department administers CHIP with at least two health insurance contractors offering coverage in every county of the Commonwealth. The following health insurers are now providing managed care coverage for children in CHIP under contracts effective February 1, 2009, through November 30, 2013:

- Aetna
- Blue Cross of Northeastern Pennsylvania (coverage provided by First Priority Health HMO)
- Capital BlueCross (coverage provided by Keystone Health Plan Central HMO)
- Geisinger Health Plan
- Health Partners of Philadelphia, Inc.
- Highmark Inc. (coverage provided by Keystone Health Plan West HMO in the western part of the state and Premier BlueShield PPO in the central part of the state)
- Independence Blue Cross (coverage provided by Keystone Health Plan East HMO)
- UnitedHealthCare Community Plan of Pennsylvania
- UPMC Health Plan

### **Outreach**

With limited funds and an ever shifting economic climate, CHIP has moved away from more traditional broad-based advertising and has focused on grassroots initiatives and partnerships, as well as social media outlets. CHIP's efforts focus on targeted ways to reinforce our key messages and increase enrollment.

CHIP staff and the daily grassroots outreach efforts of its insurance company contractors' outreach staff continued to prove successful. Outreach included venues where folks could take the next step and enroll, such as health fairs, libraries, hospitals, community events and meetings. CHIP continually develops and supports partnerships with grassroots organizations that serve as "CHIP Champions" in their communities.

### **CHIP Helpline and Website Updates**

The Healthy Kids Helpline is the statewide, toll-free number that citizens can call to find out more about the CHIP and Medical Assistance (MA) programs and how to obtain health coverage. On average, this line receives 7,000 calls a month. At the end of June 2012, the multi-agency, live-answer Helpline contract ended, and the PA Health and Human Services call center was closed. At that time, the CHIP program, in partnership with the Department of Public Welfare and its in-

house MA Helpline, transitioned from a live-answer/partially-automated call center model to a fully automated Healthy Kids Helpline.

The goal of automating the helpline was to continue to provide information to citizens who had questions about the CHIP and MA programs, while encouraging callers to apply and renew online using COMPASS; to visit the CHIP website for more information; or to contact their existing CHIP health insurance plan or County Assistance Office (CAO) caseworker with eligibility and enrollment-related questions.

CHIP staffers were added to handle calls from citizens who have issues that cannot be resolved through the automated helpline or with the CHIP health insurance plans. MA separately handles MA-related calls.

Automation is not new to CHIP. Prior to fully automating this Helpline in June, we had implemented an automated attendant option at the call center that proved to be very successful, efficient and cost-effective — over the two years that we used this automated attendant, it decreased live-answer call volume to the CHIP helpline by 25% and increased assistance to callers by directing them to the proper place to check the status of their CHIP application.

We utilized this historical knowledge and extensive data from our live-answer call center to assist us with making this transition as smooth as possible. Drawing on that experience, we analyzed the reasons that people called the CHIP helpline. We found that the main reasons that the vast majority of people called could mostly be answered by an automated attendant. Those reasons include:

1. Health insurance application and information requests
2. Application and renewal assistance
3. Application status check
4. Health insurance for adults

These four reasons accounted for over 95% of the calls to the CHIP Helpline each year. Accordingly, we built the automated call script around these reasons to try to answer caller questions through automation. To date, we have found that a large percentage of the calls have been answered in an automated fashion by pointing people to the proper places to go to find the information they are seeking, whether it be the COMPASS, CHIP or MA websites; to insurance company contractors; or to CAOs and the MA Helpline.

For instance, the vast majority of callers to our live-answer helpline, nearly 50%, were calling to get an application or to find out more about CHIP. The automated attendant now directs them to COMPASS to apply online for health insurance as well as other social services, and to the CHIP website for more information, to find CHIP health plans in their county, and/or to download and print a CHIP application, if they prefer a paper application.

For those who call wanting to know the status of their new CHIP application or seeking renewal assistance, the automated helpline directs them to call the CHIP health plan they applied with or

are renewing with for help, just as it did before. For those seeking information on adult health care options, the automated line directs them to the Insurance Department's website, where health care options are provided and updated on a regular basis.

We worked very hard to make the transition from live-answer with partial automation to full automation as seamless as possible to consumers. In addition to tailoring the script to callers' needs, the CHIP website, which averages one million hits a month, was updated to correspond to the top reasons that people call the CHIP Helpline, which makes searching the site and finding answers and information more attainable, quicker and easier. And CHIP written materials were updated to encourage web use for more information and to apply or renew.

Since its transition from a live-answer call center in June, the program has received no specific complaints regarding the automated helpline from consumers, insurance company contractors, internal staff, or from the Insurance Department Consumer Line. Further, the Helpline staff who take calls from citizens with issues are able to provide a greater level of service to those citizens, since these in-house agency staffers have greater access to eligibility and enrollment system information for applicants and enrollees. This expanded access and knowledge allows CHIP staff to work with callers in a more specific manner that provides more effective issue resolution in a more timely manner than if the employee were to point the caller to a certain place with only surface knowledge.

The CHIP Helpline's total monthly expenses, which include the toll-free telephone service billing and the salary for the temporary staff, are approximately \$4,500 a month. The previous cost per month for the live-answer call center was \$66,000.

Call volumes have actually increased slightly to the Helpline since it was automated in June. The total number of calls to the automated Helpline for the first quarter (June through September) was just over 28,000 calls, which is higher than the average call volume for the previous live-answer helpline. As anticipated, about 23,000, or 83%, of the calls that came into the Helpline during that time period were handled by the automated attendant, and 4,800, or 17%, sought and received live assistance from a CHIP or MA representative.

Overall, CHIP is pleased that we are maintaining the call volumes of the past while continuing to provide assistance to the citizens who need our services.

### **School Notices**

CHIP continued to partner with the PA Department of Education (PDE) to send out 2.2 million, two-sided, English/Spanish CHIP "Really" flyers (Attachment 2) to all public school students. We also conducted a focused outreach effort to charter schools statewide.

### **Pennsylvania Farm Show**

CHIP sponsored a Farm Show booth again in January 2012 where materials were distributed and application assistance was provided to families. CHIP's theme was "Tell a friend or family member to apply today." More than 500,000 citizens attended the 10-day Farm Show event.

### **Effectiveness of Outreach**

CHIP and its health insurance company contractors continually seek new avenues for community outreach and raising awareness about the CHIP program. Community-based organizations provide a significant point of entry into underserved, uninsured markets, and CHIP and its health insurance company contractors utilize our extensive community network of resources to reach out to their communities and develop and support partnerships with grassroots organizations that serve as “CHIP Champions”.

CHIP insurance company contractors conduct community outreach at the local level in each of their service areas. Each county has two to six CHIP contractors, which provides for creative and effective coverage to underserved, uninsured populations. Each CHIP contractor conducts marketing and outreach efforts in a different way, thus reaching different segments of Pennsylvania’s diverse population. By conducting different outreach efforts across a range of contractors, CHIP has been successful in reaching a large portion of Pennsylvania’s uninsured families. CHIP and its insurance company contractor outreach staff engage in grassroots outreach at venues where people can take the next step and enroll, such as health fairs, libraries, hospitals, community events and meetings.

CHIP marketing and outreach strategies also result in children becoming enrolled in Medical Assistance. While no exact figures are available, CHIP outreach activities and initiatives such as the Healthcare Handshake, which is an automated electronic referral system between the Department of Public Welfare's Medical Assistance program and CHIP, administered by the Pennsylvania Insurance Department, identify Medical Assistance eligible children and automatically route their applications to the Department of Public Welfare.

### **Enrollment**

#### **Number of Eligible Children**

The average enrollment for calendar year 2012 was 192,778. The average enrollment for CHIP in state fiscal year 2012-2013 was 189,727. The projected enrollment is anticipated to be consistent with the current enrollment in terms of residence and poverty level.

#### **Number of Children Receiving Health Care Services by County and by Per Centum of the Federal Poverty Level**

Please refer to Attachment 3 (CHIP Enrollment by County) for county-specific data for the number of children enrolled in the program during the reporting period of January through December 2012.

The total enrollment numbers for several levels of the FPL for the period January through December 2012 were:

<b>Month</b>	<b>No greater than 200% FPL (free group)</b>	<b>Greater than 200% but no greater than 250% FPL (Low-Cost Group 1)</b>	<b>Greater than 250% but no greater than 275% FPL (Low Cost Group)</b>	<b>Greater than 275% but no greater than 300% FPL (Low-Cost Group)</b>	<b>Greater than 300% FPL (Full-Cost Group)</b>	<b>Total Monthly Enrollment</b>
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January	161,207	21,500	5,335	3,232	3,257	194,531
February	160,359	21,698	5,440	3,272	3,225	193,994
March	160,230	21,794	5,433	3,276	3,227	193,960
April	159,913	21,958	5,486	3,315	3,214	193,886
May	159,123	21,984	5,501	3,342	3,326	193,276
June	159,295	22,048	5,608	3,328	3,464	193,743
July	157,844	22,184	5,622	3,356	3,477	192,483
August	157,084	22,215	5,588	3,333	3,481	191,701
September	157,325	22,341	5,577	3,319	3,532	192,094
October	156,679	22,157	5,554	3,352	3,555	191,297
November	157,147	22,173	5,725	3,405	3,650	192,100
December	155,205	22,267	5,713	3,401	3,688	190,274

**Waiting List**

No children were placed on a waiting list for enrollment during this reporting period.

## **Healthcare Effectiveness Data and Information Set (HEDIS) Measurements**

The program continues to utilize the Healthcare Effective Data Information Set (HEDIS) performance measures to determine how the PA CHIP plan compares to national and regional benchmarks, and the Consumer Assessment of Healthcare Provider Systems (CAHPS) to determine the level of satisfaction related to access, health status, and care received by enrolled children. In 2012, the program measured all the CHIP contractors using HEDIS, and required commercial CHIP contractors to utilize MA-adapted HEDIS measurements to enable more reliable comparisons across insurance plans.

HEDIS data compiled over the past twelve years has consistently shown that children enrolled in CHIP use preventive and primary care at approximately the same level as children in commercial plans nationally and regionally. Excerpts from the full report on preventive and primary care services based on utilization occurring in 2011 and reported in 2012 are available at Attachment 4 (HEDIS 2012 Report Card) and at Attachment 5 (Administrative Performance Measure Report). The full 2012 CHIP HEDIS report is available on CHIP's website at: [http://wwwbll.chip-  
uat.state.pa.us/assets/media/pdf/CHIP\\_HEDIS\\_Comprehensive\\_Report\\_2012.pdf](http://wwwbll.chip-uat.state.pa.us/assets/media/pdf/CHIP_HEDIS_Comprehensive_Report_2012.pdf).

The Department is trending HEDIS data to determine the strengths and weaknesses of the program and individual contractors. The Department contracted with IPRO, an External Quality Review Organization (EQRO), to develop quality improvement initiatives based on HEDIS. Current initiatives focus on over-utilization of emergency room visits, obesity, and lead screening. The PA CHIP HEDIS 2012 report (based on 2010 and 2011 service dates, as appropriate to the measure), compared the PA CHIP health plan weighted average to the weighted average of all PA Medicaid managed care plans and to the average of National Medicaid plans that submitted data to NCQA. For HEDIS 2012, the PA CHIP weighted average was higher than the PA Medicaid managed care average across the majority of measures assessing Effectiveness of Care (EOC) and Access and Availability (AA).

## **Changes to the CHIP State Plan Approved in CY 2012**

### **Payments to Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs)**

Under CHIPRA, Pa CHIP must ensure that payments to each FQHC/RHC for services to PA CHIP covered children for services on and after October 1, 2009 are at least equal to the amount that would have been paid to that FQHC/RHC if Pa CHIP reimbursement had been consistent with Pa Medical Assistance (MA) prospective payment (PPS) principles. Supplemental payments must be made to each FQHC/RHC in the amount of an underpayment difference, if any, between the aggregate payments received by the FQHC/RHC from the Pa CHIP insurance contractors and the aggregate amount which the FQHC/RHC would have been paid for Pa CHIP covered services if reimbursement had been under the State's MA PPS methodology.

CMS directed that CHIP programs calculate supplemental PPS payments at least every 4 months. This timing precludes waiting for claims run-out to be complete before definitive

supplemental CHIP PPS payments are calculated. This may result in revisions to interim supplemental CHIP PPS payments calculations, which may necessitate recoupment of supplemental CHIP PPS payments from some FQHCs/RHCs.

(See: State Health Official Letter, February 4, 2010, RE: Prospective Payment System for FQHCs and RHCs, from CMS, at: <https://www.cms.gov/smdl/downloads/SHO10004.pdf>.)

Pa CHIP developed a system to collect from each Pa CHIP insurance contractor the amounts of reimbursement, vaccine product cost and encounters for Pa CHIP covered services provided by each FQHC and RHC by calendar quarter beginning October 1, 2009. Pa CHIP obtained the Pennsylvania MA PPS rates applicable to each FQHC/RHC for medical, dental and behavioral health encounters, or the Medicare PPS rates for the few FQHC and RHC sites that have Medicare PPS rates but no MA PPS rates. With this data, Pa CHIP, by calendar quarter beginning October 1, 2009:

- 1) Calculates the aggregate amounts of reimbursement received by each FQHC/RHC from all Pa CHIP insurance contractors for health service;
- 2) Calculates the aggregate amount each FQHC/RHC would have been reimbursed if reimbursement for Pa CHIP covered services had been consistent with MA PPS principles;
- 3) Calculates the difference, if any, between the aggregate amount paid to each FQHC/RHC by all Pa CHIP insurance contractors and the amount that would have been paid if Pa CHIP had used Pennsylvania MA PPS rates and methodology; and
- 4) Authorizes the Pa CHIP insurance contractors to issue payments to FQHCs/RHCs that received a Pa CHIP reimbursement that was less than the amount that would have been paid if Pa CHIP had used Pennsylvania MA PPS rates and methodology.

Even though CMS approved our methodology by approving our State Plan Amendment on January 13, 2012, we had to suspend payment awaiting clarification from CMS regarding CMS' interpretation of the two-year timely filing regulation and permitting us to continue payments without jeopardizing our federal participation.

## **Conclusion**

2012 was a challenging year for CHIP. However, through creative outreach, increased administrative efficiencies, and refinements to the program, CHIP has continued to serve the uninsured children of Pennsylvania. We look forward to continuing this public service in 2013.