

Funding California's CHIP Coverage: What Will it Cost? 2009

Harbage Consulting
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Purpose and Approach

- This study is designed to help inform policymakers on Title XXI funding needs for the next five years.
- Fundamentally, this study is a budget forecast.
 - The future spending projections are based on historical growth of relevant budget line items.
- Assumptions are made based on low, medium, and high rates of change for various factors.
 - This gives a range of costs to the reader.
 - Accuracy of all estimates are based on assumptions.

Background: California's Title XXI Programs

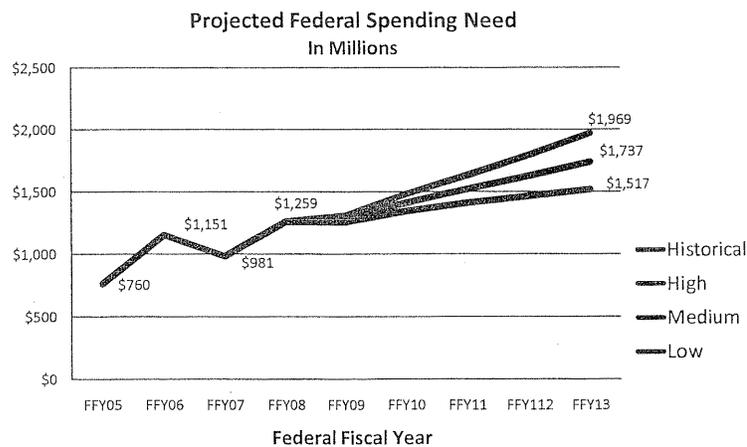
Program	Enrollment SFY 07-08 (Average Monthly)	Total Spending SFY 07-08 In Millions	State Spending FY 07-08 In Millions
Healthy Families Program (HFP)	851,000 Children	\$1,077	\$398
Access for Infants & Mothers (AIM)	1,035 Mothers	\$131	\$57
Medi-Cal Associated Programs	331,000 Children	\$726	\$260

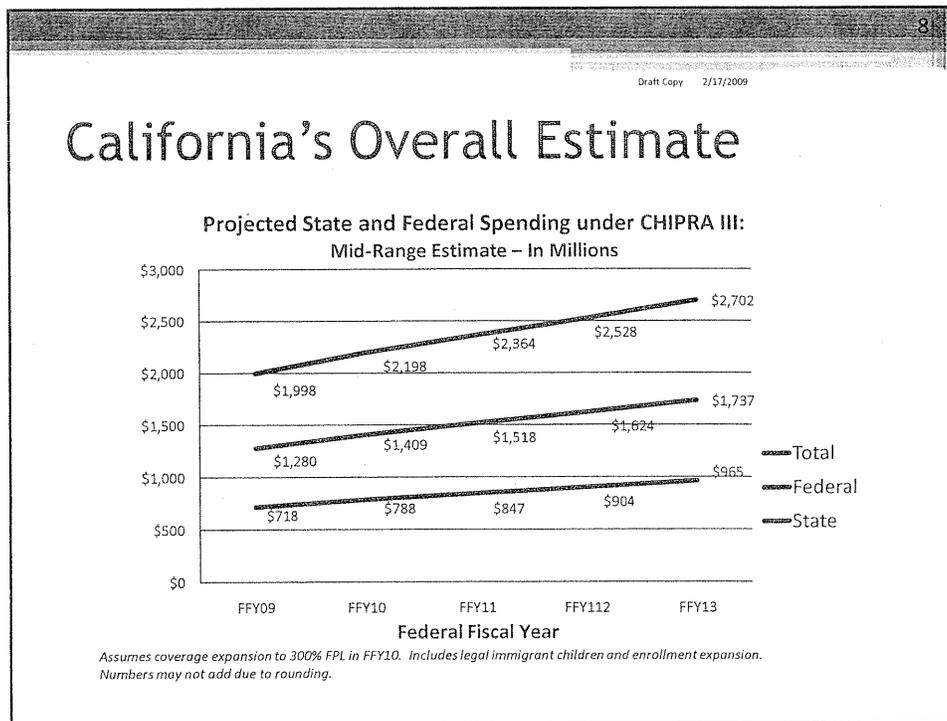
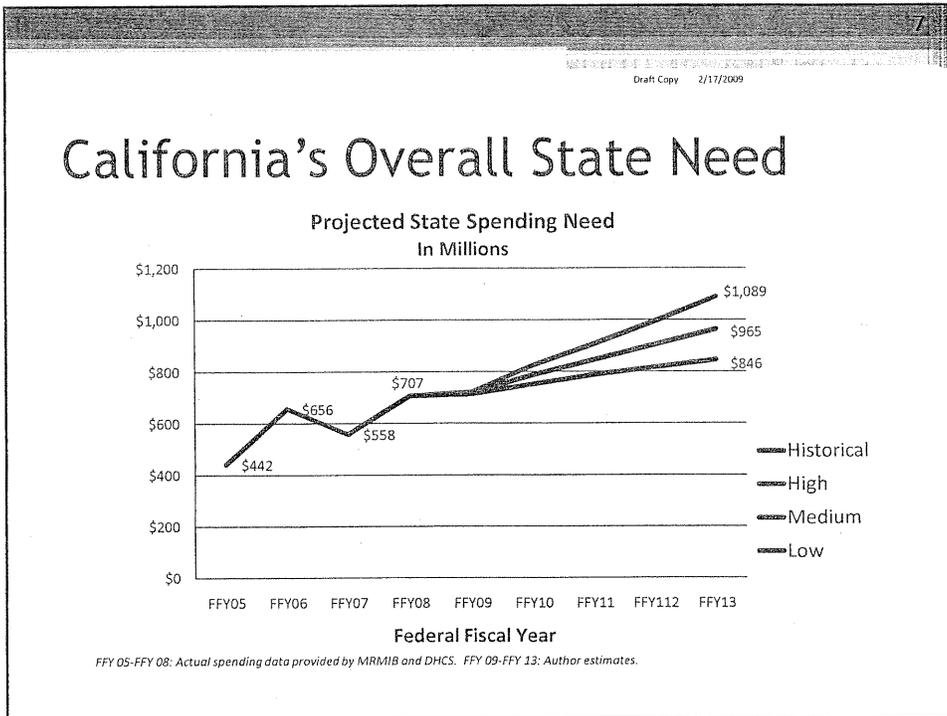
Note: HFP includes legal immigrant children and AIM-linked infants. AIM enrolled a total of 12,415 women in SFY 07-08, with an average of 1,035 new mothers enrolling every month.

Key Findings

- While future allotment spending is difficult to predict, California should have sufficient funding under reauthorization.
- Overall, to meet and sustain current programs funded by CHIP over the next five years, California will need:
 - Between \$7.0B and \$8.3B in federal dollars; and
 - Between \$3.8B and \$4.5B in state dollars.
 - These amounts include federal dollars for legal immigrants and an eligibility expansion to 250 to 300% of the FPL.
 - While dependent on a range of factors, California could add as many as 440,000 children and 300 mothers to monthly average enrollment over the next five years.

California's Overall Federal Need





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Breaking Down The Numbers

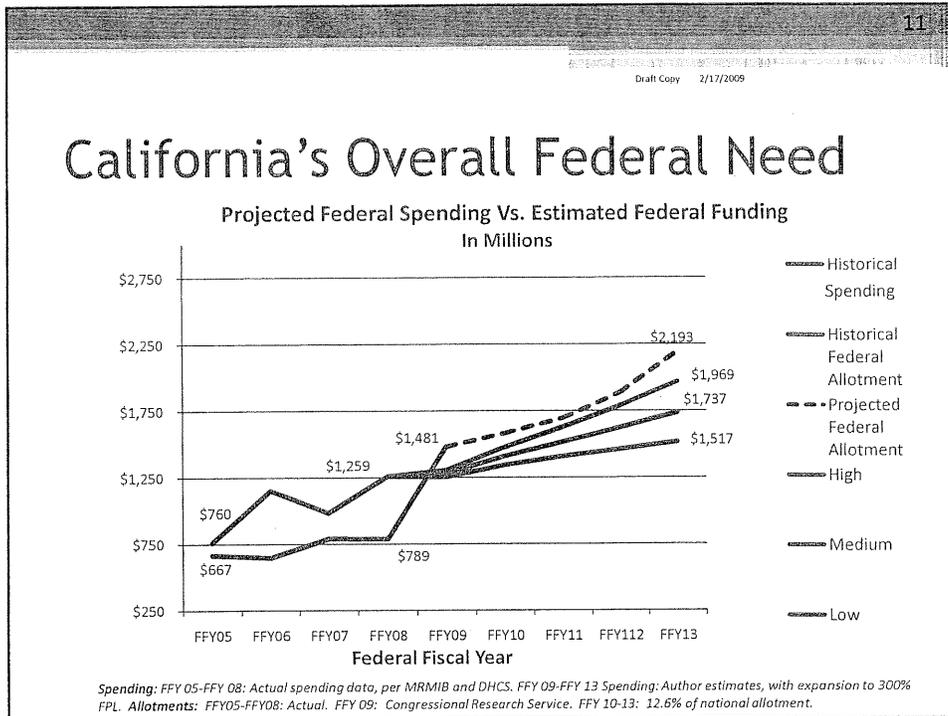
Key Analytic Assumptions

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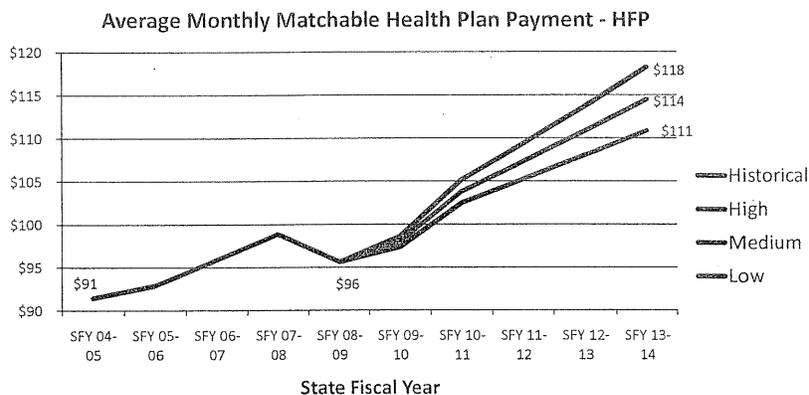
Estimated Federal Allotment

- Model assumes the state receives 12.6% of total funds.
 - Historically, California's share has been 16%. The Congressional Research Service estimates 14% in FFY09 and CBPP estimates 12.6% in FFY10.
- The estimated allotment illustrates sufficient overall funding.
 - Actual allotments will differ based on spending and bonus dollars received.
 - Future allotments are difficult to project because CHIPRA III will align allotments to actual spending.
 - The upside: if California spends more money, more funding is available.



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- ## HFP Plan Payment Assumptions
- **Plan Payments:** Projection reflects MRMIB's long history of cost containment, with rates increasing between 2.6% and 3.8% annually, on average.
 - **Rebasing:** Assumes HFP payments rebased at 2.5% in FFY10 and FFY11.
 - **Administrative Vendor Costs:** Held flat at \$4.10 PMPM over 5-year window.
 - **Enrollee Premiums:** Held flat at average of \$8.41 PMPM over 5-year window.

HFP Monthly Plan Payments

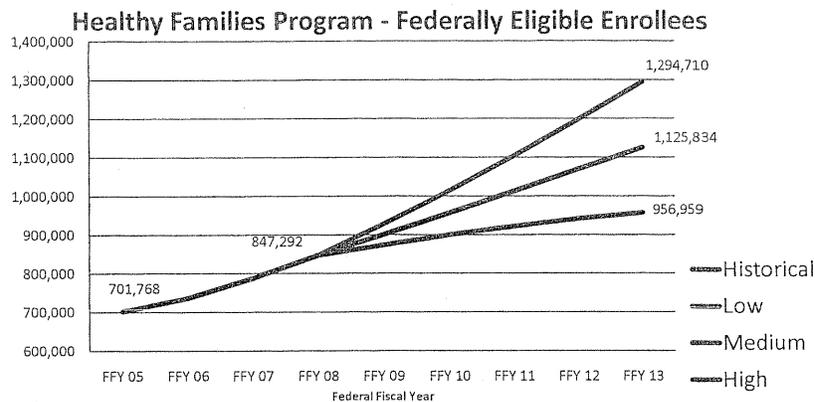


HFP Enrollment Growth Assumptions

- **Growth Rate:** Based on historical growth, rates used to predict future growth are between 1.9% and 7.9% on average, annually.
- The high-low range estimate helps account for unknowns:
 - **Increasing Factors:** Enrollment increase due to law passing and press; weak economy; CHIPRA III enrollment incentives.
 - **Decreasing Factors:** New citizenship rules; 2009 premium change; possible future premium increases.

HFP Projected Enrollment

Average Annual Enrollment



FFY 05-FFY 08: Actual enrollment numbers, per MRMIB.

FFY 09-FFY 13: Author estimates; excludes legal immigrants; current eligibility rules.

Legal Immigrant Children

- California covered an estimated 16,000 legal immigrant children in HFP in August 2008, almost 2% of total HFP enrollment.
 - Under welfare reform, federal law banned federal funds being used in Medicaid and CHIP for any legal immigrants residing in the country for less than 5 years.
 - California state law, however, currently allows for this same population to be covered with 100% state dollars.
- By using the new federal flexibility, California would receive additional federal funding:
 - **First 12 Months:** \$20M (between \$18 and \$21M, includes \$3M Medi-Cal)
 - **Over Five Years:** \$110M (between \$83 and \$105M, includes \$16M Medi-Cal)
- Estimate assumes a one-time 15% spike in enrollment due to CHIPRA III press for HFP, with enrollment growing at HFP rate.

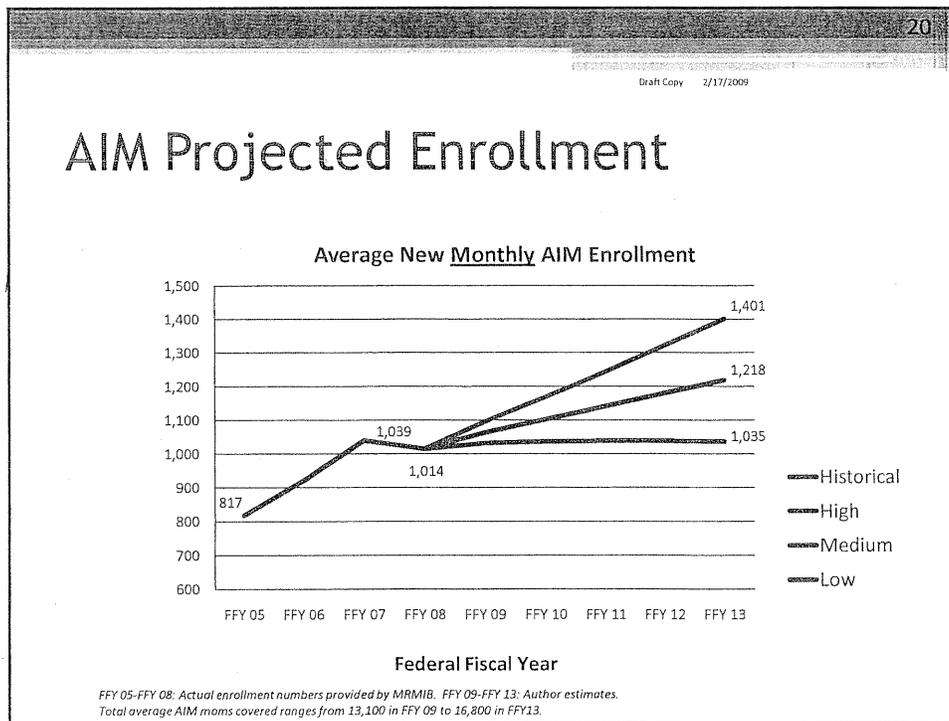
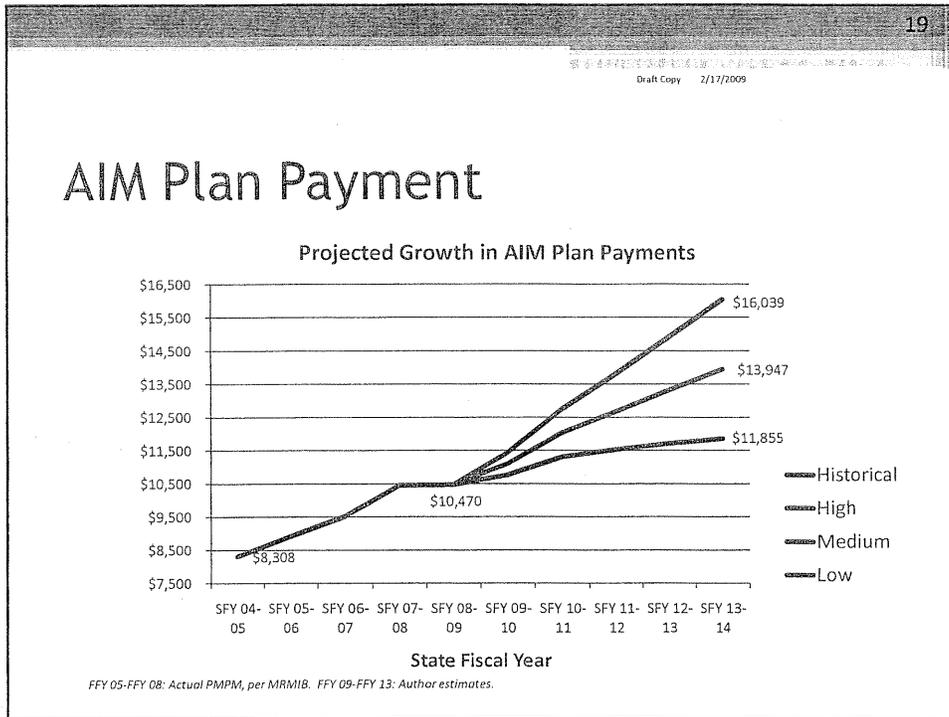
Possible HFP Program Enrollment Expansion: 250 to 300% FPL

- Estimate assumes mid-range estimate that 50,000 children will be covered under HFP as part of income eligibility expansion in FFY10.
 - CHIS estimates there are 100,000 uninsured children between 200 and 299% FPL in 2007.
- By expanding coverage, California would need:
 - **FFY10:** \$40M Federal (between \$31 and \$47M)
 - **Over Four Years:** \$179M Federal (between \$140 and \$218M)

Summary: HFP Projected Program Enrollment High Estimate - Average Monthly Enrollment

	FFY 09	FFY 10	FFY 11	FFY 12	FFY 13
Enrollment	951,000	1,098,000	1,192,000	1,290,000	1,391,000
HFP and AIM-Linked Child	927,000	1,014,000	1,104,000	1,198,000	1,295,000
ICHIA Expansion	23,400	24,300	25,200	26,100	27,100
Expansion to 250-300 FPL	Not Assumed	60,000	62,600	65,300	68,100

Based on high estimates. Numbers may not add due to rounding. Federal Fiscal Year (FFY) is from October 1 to September 31. Data does not include Medi-Cal Title XXI enrollment.



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Title XXI Medi-Cal Spending

- Depending on the year, 30% to 40% of California Title XXI federal spending occurs through Medi-Cal.

Major Programs	Eligibility	Length of Coverage	Enrollment SFY 07-08 (Monthly Enrolled)
Asset Waiver Children	Children otherwise Medi-Cal eligible except for family assets.	12 months, continuous	140,000
CHDP Gateway	Children deemed eligible for coverage-based CHDP use.	2 months	100,000
Accelerated Enrollment	Children screened at Single Point of Entry who appear Medi-Cal eligible.	While county determination is pending.	18,000
Bridge to HFP	Coverage as children transfer from Medi-Cal to HFP	1 month	10,000

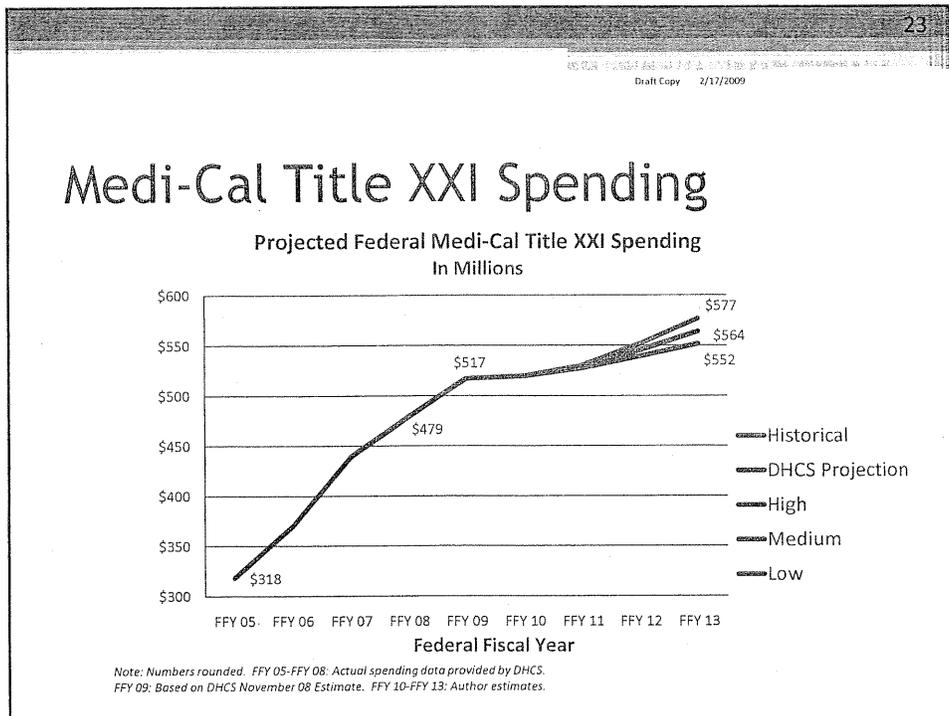
A substantial number of additional children receive support through: California Children's Services, mental health, and administrative spending.

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Title XXI Medi-Cal Spending

- Predicting future growth is challenged by wide swings in historical spending.
 - SFY 05-06 to 06-07: 23% growth
 - SFY 08-09 to 09-10: 1.9% growth
- Given the entitlement nature of the program, there is every reason to assume Medi-Cal spending will outpace HFP growth in the future.
- Medi-Cal PE no longer counts against Title XXI allotment, freeing substantial allotment room.



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