

Children's Health Insurance Program coverage and public employees

Engrossed Substitute Senate Bill 6168; Section 211(66); Chapter 353; Laws of
2020

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Legislative reference

The Legislature, through Engrossed Substitute Senate Bill (ESSB) 6168 (2020), required the Health Care Authority (HCA) to submit a CHIP State Plan Amendment (SPA) to establish eligibility and maintain program coverage for eligible child dependents of eligible School Employees Benefits Board (SEBB) and Public Employees Benefits Board (PEBB) employees. The legislation directs HCA to provide a status report of the SPA submission and the impacts to the state to maintain CHIP coverage as secondary payer for these groups.

Executive summary

HCA submitted SPA 20-0002-Coverage for State Employee Children, to Centers for Medicaid and Medicare Services (CMS) on June 30, 2020. HCA is pursuing this amendment through the demonstration of hardship, which requires that the annual aggregate of the amount of premiums and cost-sharing would exceed 5 percent of the family's income. CMS approved this SPA on August 28, 2020, with a retroactive effective date of January 1, 2020.

Background

When the Children's Health Insurance Program (CHIP) was enacted in Congress in 1997 the intent was to expand health insurance coverage to uninsured children. To avoid supplanting employer-sponsored insurance networks and state Medicaid programs, children with health insurance coverage through an employer or Medicaid were excluded from the CHIP program. This exclusion included children who had access to "health benefits coverage on the basis of a family member's employment with a public agency in the State."¹ Washington has denied, or closed, the children of state employees off of CHIP (Apple Health with Premiums) since the program's implementation in 2000. This year roughly 500 children have lost CHIP coverage because of a parents' employment with a state agency or higher education.

The passage of HB 2242 in 2017, created a new health benefit for a subset of public sector employees. Effective January 1, 2020 the employees of school districts (K-12), educational service districts, and charter schools gained access to School Employees Benefits Board (SEBB) health insurance benefit coverage. As a class this makes their children of school employees ineligible for CHIP coverage. This group is separate from the pre-existing Public

¹ 42 CFR § 457.310

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Employees Benefits Board (PEBB) program which provides benefits to employees of state agencies, higher education institutions, as well as entities contracting with HCA for PEBB benefits including counties, municipalities, political subdivisions, the Washington Health Benefit Exchange, Tribal governments, and employee organizations representing state civil service employees.

With the inception of this new classification of public employees, via the SEBB program, HCA identified approximately 2,000 children that may lose CHIP coverage over the next year. Although these families will have the opportunity to access a special enrollment event (due to loss of CHIP coverage) to enroll in their SEBB or PEBB plans, costs to secure this coverage still poses a hardship for many families in public service. A rough analysis has identified that over 75 percent of CHIP households meet the annual aggregate of the amount of premiums and cost-sharing which exceeds 5 percent of a family's income, even before factoring in projected annual out-of-pocket expenses.

Status of State Plan Amendment: CMS approved this SPA on August 28, 2020, with a retroactive effective date of January 1, 2020.

Coverage impacts to the population

Washington's CHIP coverage has an actuarial value (AV) of 98 -99 percent because the only cost to the family is the small monthly premium. Ideally, the comparison PEBB and SEBB plans should be a similar AV. However, neither the PEBB nor SEBB programs offer plans with a 98-99 percent AV. The plans presented in Chart #1 have an AV of 80-88 percent. This chart shows that the employee and full family costs for these plans exceed the 5 percent hardship benchmark. It does not include a comparison of *every* medical plan offering in the PEBB and SEBB programs. The two PEBB medical plans included reflect the two Non-Medicare plans with the highest member enrollments in the PEBB Program.



Chart 1: Annual income (per April 2020 federal poverty level guidelines) for CHIP vs. Annual Cost for PEBB/SEBB plan(s)

Family Size	Annual Income for CHIP/5% threshold (Tier 1)	Annual Income for CHIP/5% threshold (Tier 2)	Estimated Annual Out-of-Pocket (OOP) costs	Annual Cost PEBB/UMP Classic	Annual Cost PEBB/Kaiser Permanente WA Value	Annual Cost SEBB/UMP Achieve 2	Annual Cost SEBB/ <u>Premera</u> Std. PPO
			Subscriber: \$ 768 Dependent/ <u>ea</u> : \$ 288	Deductible \$750 Premiums \$3552	Deductible \$750 Premiums \$3420	Deductible \$750 Premiums \$3528	Deductible \$3215 Premiums \$792
2	\$45,686/ \$2,284	\$54,651/ \$2,733	\$1,056	\$4,302	\$4,170	\$4,278	\$3,917
3	\$57,558/ \$2,878	\$68,853/ \$3,443	\$1,344	\$4,302	\$4,170	\$4,278	\$3,917
4	\$69,430/ \$3,472	\$83,054/ \$4,153	\$1,632	\$4,302	\$4,170	\$4,278	\$3,917
5	\$81,302/ \$4,065	\$97,256/ \$4,863	\$1,920	\$4,302	\$4,170	\$4,278	\$3,917
6	\$93,174/ \$4,659	\$111,458/ \$5,573	\$2, 208	\$4,302	\$4,170	\$4,278	\$3,917

Operational impacts to the agency

Current eligibility systems do not allow individuals identified as having access to public employee benefits to be enrolled into CHIP. A work group has developed a manual process to enroll and maintain these individuals. This process consists of the following steps:

- A series of data pulls to identify potential enrollees and those who have been denied CHIP due to SEBB or PEBB eligibility.
- The application of a manual work-around to enroll eligible child dependents
- Eligibility awareness training for internal staff, external partners and stakeholders
- Ongoing monitoring of data to ensure enrollees are not erroneously terminated

Updates to the Automated Client Eligibility System (ACES), ProviderOne (P1) and Washington Healthplanfinder (HPF) would be necessary for automated eligibility determination and ongoing case maintenance. This option will not be pursued at this time.

Fiscal impacts to the program

Washington fully expends the CHIP allotment each year and monthly enrollment in the program continues to grow from about 27,000 in 2010 to 70,000 in 2019. However,

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sufficient allotment remains available for an expansion of CHIP coverage *if* we reduce our §2105(g) qualifying expenditures for Medicaid (Section 107) children. While the CHIP funds are available, there would be no GF-S cost savings associated with expanding coverage to children of public employees since the expansion would simply correspond to a reduction in Section 107 expenditures drawn on the CHIP grant.

Chart 2: Total projected cost of program based on quarterly enrollment

Enrollment	Quarter	CHIP Federal	GF-S	Total
2,000	Jan – Mar 2020	\$ 853,740	\$ 262,260	\$ 1,116,000
2,500	Apr – June 2020	\$ 1,067,175	\$ 327,825	\$ 1,395,000
3,000	July – Sept. 2020	\$ 1,280,610	\$ 393,390	\$ 1,674,000
3,500	Oct – Dec. 2020	\$ 1,269,450	\$ 683,550	\$ 1,953,000
4,000	Jan – Mar 2021	\$ 1,450,800	\$ 781,200	\$ 2,232,000
4,500	Apr – June 2021	\$ 1,632,150	\$ 878,850	\$ 2,511,000
5,000	July – Sept. 2021	\$ 1,813,500	\$ 976,500	\$ 2,790,000
Total*		\$ 9,367,425	\$4,303,575	\$13,671,000

*The total cost of \$13.7 million would be offset somewhat by premium payments collected from parents (estimated at approximately \$1.8 million). There may also be additional general fund-state (GF-S) savings achieved from reduced GF-S expended to cover dependents in PEBB/SEBB.

Based on current caseload forecasting, we anticipate an approximate enrollment increase of up to 8 percent in FY21.

Conclusion

Since 2010, twenty-one states have submitted SPAs to use CHIP to cover the children of public employees, most of which cited the hardship condition to expand their programs. Our state recognizes the need for access to affordable, comprehensive coverage for all children and that access to this coverage should not preclude individuals simply because of their status as child dependents of public employees.

HCA is working diligently to ensure that the gap in coverage for this population of children is addressed. The agency has received the SPA approval and is implementing this expansion consistent with proviso expectations to meet the needs of families in public service, as we approach open enrollment.

