TO: Colorado Department of Health Care Policy and Financing c/o Gretchen Hammer and Allison Heyne

FROM: All Kids Covered Coalition

DATE: September 27, 2016

SUBJECT: Policy options for the future of CHP+

As a coalition of over 40 organizations invested in the health of Colorado's children, All Kids Covered (AKC) appreciates the Department's efforts to develop a contingency plan to help ensure that the 58,930 children and 736 pregnant women who currently[1] have coverage through Child Health Plan *Plus* (CHP+) are not left without health coverage should Congress fail to act to reauthorize federal Children's Health Insurance Program (CHIP) funding by September 30, 2017. Concurrently, in an effort to ensure that federal CHIP funding is continued beyond September 2017, the AKC Coalition will work with our partners, Congressional representatives, and others over the next year to push Congress to extend CHIP funding.

At the July 21, 2016, Future of CHP+ stakeholder meeting, the Department presented three policy options for CHP+ currently under consideration. The AKC Coalition discussed these policy options at our August 5, 2016, coalition meeting.

Of the policy options presented by the Department, the AKC Coalition is most supportive of the option to expand Health First Colorado (Colorado's Medicaid program) up to the current CHP+ income threshold of 260 percent of the Federal Poverty Level (FPL) for both children and pregnant women. This policy option has several advantages. Expanding Health First Colorado would:

- Be less administratively burdensome for the Department than operating multiple programs;
- Allow for the most straightforward coverage transition for children and pregnant women currently enrolled in CHP+;
- Ensure that families do not encounter higher cost-sharing than they currently experience with CHP+;
- Provide comprehensive benefits to children via the Early and Periodic Screening, Diagnostic, and Treatment benefit;
- Provide needed dental benefits to pregnant women who currently do not receive dental benefits through CHP+;
- Ensure that the state could receive at least the Medicaid federal match for this population.

There are multiple ways the Department may be able to mitigate the cost of this option. In Colorado, total CHP+ expenditures per capita are higher than Health First Colorado per capita spending for children, even while children in Health First Colorado receive a more robust benefits package. Also, other financing options may be considered to support a Health First Colorado expansion such as the state option to charge an enrollment fee for those above 150 percent FPL, as federal guidelines allow. For example, when California rolled the state's separate CHIP program into Medicaid in 2013, they also began charging a $13 monthly premium.[2,3]

AKC Coalition members noted the following important considerations that should be addressed if the Health First Colorado expansion option is chosen:

- The Department will need to communicate and develop a transition plan with current CHP+ Managed Care Organizations.
- The Department should ensure that Health First Colorado's pediatric provider network is strong and diverse enough to handle this addition of clients.
- The Department will need to aid the transition of dental care for children seeking dental benefits because the CHP+ dental provider network provided through Delta Dental may be different from the provider network for Health First Colorado's Administrative Services Organization, DentaQuest.

While the AKC Coalition agreed that expanding Health First Colorado is the best option for current CHP+ clients, we recognize the need to balance the advantages to clients with state budgetary constraints. As such, the AKC Coalition will support other policy options that ensure that children and pregnant women do not lose affordable, high-quality health coverage if CHIP funding is not extended.

The proposed buy-in program policy options have the potential to provide an affordable and high-quality coverage option to families, particularly to those who would otherwise be caught in the "family glitch." As the Department explores the buy-in policy options, AKC encourages the Department to remember the following important considerations:

- Although the Family and Opportunity Act (passed as part of the Deficit Reduction Act of 2005) offers states the opportunity to create a Medicaid buy-in program for children who meet Social Security Income disability criteria and receive federal matching funds for the cost of services,[4] state buy-in options for children who do not have disabilities are not subject to federal Medicaid or CHIP rules, are not subject to oversight by the Centers for Medicare & Medicaid Services, and are not eligible for federal matching dollars.[5] While this option would provide a large amount of flexibility to the state in program design, it also would mean that the state and clients would be responsible for the total cost of the program. AKC encourages the Department to model potential buy-in program financing and expenditure options to ensure this policy option could be less expensive to the state than expanding Health First Colorado, which would receive a 50 percent federal match.
- The Department should look to the five states that currently offer buy-in programs, specifically Florida, Maine, New York, North Carolina, and Pennsylvania.[6] Each of these states offer buy-in programs based on the state's CHIP program. However, limited state funds mean that several states put restrictions on enrollment, which AKC may not support (e.g., in Maine, children can only participate for 18 months and enrollment is limited to children who had been enrolled in the CHIP program). Additionally, several states with buy-in programs needed to make changes to benefits provided to ensure the plans offered Minimum Essential Coverage (MEC) after passage of the Affordable Care Act. If the Department pursues this policy option, designing benefits that meet the MEC standard will be crucial.
- AKC is also concerned about the financial impact of a buy-in option for families. AKC urges the Department to ensure that any buy-in program design limits family cost-sharing to the levels currently allowed in CHP+. (Families currently pay $25 – $105 annually to enroll in CHP+ and under the Social Security Act, the combined amount of premiums and cost-sharing for families enrolled in Medicaid and CHIP programs are limited to five percent of the family's income.[7]
- As the Department discussed in the stakeholder meeting, AKC agrees that it would be most beneficial to families to allow them to choose to enroll in the buy-in program or to purchase a subsidized Qualified Health Plan through Connect for Health Colorado, so that families can choose the coverage that works best for them. However, by doing so, the state may run the risk of adverse selection in the buy-in program, potentially skewing the financial modeling for the buy-in program costs. Although some research shows that adverse selection into buy-in programs can

be mitigated (e.g., base the price of premiums on the median spending level rather than the mean, or require all children in a family to enroll in the buy-in),[8] the balance of healthy and higher-need enrollees in Colorado's potential buy-in program is unknown. In order for a buy-in program to be successful, attempts should be made to ensure its sustainability and actuarial soundness.

- Designing the benefits, cost-sharing, premiums, and overall plan design, developing processes for taking payments, and tracking out-of-pocket costs for a buy-in program will take time, staff resources, and actuarial expertise. Although the Department already administers two buy-in programs for children and adults with disabilities, these programs took years to implement and still experience a number of administrative burdens.
- Assuming that Colorado will need to act quickly to implement a plan should Congress fail to extend CHIP funding, Colorado will need to be prepared with a plan that can be implemented in months rather than years to ensure children and pregnant women do not lose necessary coverage.

For the reasons outlined above, AKC encourages the Department to conduct and publish a robust financial analysis of the state costs associated with each of the three policy options proposed at the July 21 meeting, and convene a subsequent stakeholder meeting to discuss the policy options paired with financial costs.

Finally, we urge the Department to use all possible means to maintain coverage for this population. If Congress does not reauthorize funding for the CHIP program, a small baseline of CHIP funding of $5.7 billion will still be available each year in the federal budget. Colorado should receive a portion of that baseline funding. This, paired with money in the CHP+ trust fund and the two-thirds of the unspent CHIP allotment that can be carried over into Federal Fiscal Year 2018, should be used strategically to maintain coverage for as much of the population currently covered by CHP+ as possible and to help ensure a smooth transition to new coverage for others.

AKC looks forward to additional financial analyses of the policy options proposed and to participating in future stakeholder discussions to determine the best path forward for Colorado to ensure that affordable, high-quality coverage for kids and pregnant women is not interrupted.

Signed,

All Kids Covered and the undersigned organizations

American Academy of Pediatrics, Colorado Chapter
Children's Hospital Colorado
Colorado Access
Colorado Center on Law and Policy
Colorado Children's Campaign
Colorado Children's Healthcare Access Program
Colorado Coalition for the Medically Underserved
Colorado Community Health Network
Colorado Consumer Health Initiative
Colorado Covering Kids and Families
Colorado Cross-Disability Coalition
Colorado School Medicaid Consortium (The Consortium)
Doctor's Care
Gary Community Investment Company
Mental Health Colorado

Oral Health Colorado
Rural Communities Resource Center
Sunrise Community Health
The Colorado Health Foundation
The Piton Foundation

Notes:

[1] As of July 2016 according to the August 2016 Monthly Report to the Joint Budget Committee: https://www.colorado.gov/pacific/sites/default/files/2016%20August%20Joint%20Budget%20Committee%20Monthly%20Premiums%20Report.pdf

[2] Calif. Dept. of Health Care Services. (February 2014). Healthy Families Program Transition to Medi-Cal Final Comprehensive Report. http://www.dhcs.ca.gov/provgovpart/Documents/Waiver%20Renewal/AppendixCHFP.PDF

[3] California receives the enhanced federal CHIP matching rate for the converted populations. Should Colorado pursue expanding Health First Colorado prior to CHIP funding expiring, the state could benefit from having a higher federal match and a less costly program.

[4] Catalyst Center.(February 2007). Frequently Asked Questions about the Family Opportunity Act's Medicaid Buy-In Option. http://cahpp.org/wp-content/uploads/2015/04/FAQ-about-FOA-Medicaid-Buy-In12.pdf

[5] Georgetown University Health Policy Institute, Center for Children and Families. (March 2009). Program Design Snapshot: State Buy-In Programs for Children. http://ccf.georgetown.edu/wp-content/uploads/2012/03/Strategy%20center_buy-in%20snapshot.pdf

[6] The Kaiser Commission on Medicaid and the Uninsured. (January 2016). Medicaid and CHIP Eligibility, Enrollment, Renewal, and Cost-Sharing Policies as of January 2016: Findings from a 50-State Survey. http://files.kff.org/attachment/report-medicaid-and-chip-eligibility-enrollment-renewal-and-cost-sharing-policies-as-of-january-2016-findings-from-a-50-state-survey

[7] §2103(e)(3)(B) https://www.ssa.gov/OP_Home/ssact/title21/2103.htm

[8] Urban Institute. (November 2008). State Buy-In Programs: Prospects and Challenges http://www.urban.org/sites/default/files/alfresco/publication-pdfs/411795-State-Buy-In-Programs-Prospects-and-Challenges.PDF