Department of Human Services
Human Services Committee
Representative Chuck Damschen, Chairman
April 9, 2014

Chairman Damschen, members of the Human Services Committee, I am Julie Schwab, Director of the Medical Services Division, for the Department of Human Services. In accordance with NDCC 50-29-02, I appear before you to provide an annual report on the enrollment statistics and costs associated with the Children's Health Insurance Program (CHIP) known in North Dakota as Healthy Steps.

Appropriation and Expenditures for 2013-2015

CHIP Appropriation	CHIP Expenditures Thru February 2014	% of Appropriation Used *
$ 32,694,070	$ 7,862,143	24.04%

*29.17% (7 months) of biennium has expired

Coverage

On December 26, 2012, the Department of Human Services issued a Request for Proposal for the Healthy Steps program. On July 1, 2013, a new contract with Blue Cross Blue Shield of North Dakota went into effect for health and vision coverage and Delta Dental of Minnesota for dental coverage for the Healthy Steps children.

Enrollment

As of January 1, 2014, the Affordable Care Act provides a new, simplified method for calculating income eligibility for Medicaid, CHIP and financial

assistance available through the health insurance Marketplace. This new method calculates eligibility for all programs based on what is called modified adjusted gross income (MAGI). MAGI replaced the previous process for calculating Medicaid/CHIP eligibility. In the past, Medicaid and CHIP eligibility used a combination of an income eligibility standard—often expressed as a percentage of the Federal Poverty Level (FPL)—and a series of deductions (known as "disregards") that were like footnotes or 'below the line' adjustments to income and were determined by each state. The new way of calculating eligibility based on MAGI translates that two-part process into a one-step process using an income standard that incorporates the 'below the line' deductions. The previous income threshold (160% FPL) had to be converted to a MAGI-equivalent. The MAGI-equivalent for CHIPS as of January 1, 2014 is 175%.

As of February 2014, there were 4,079 premiums paid for children enrolled in CHIP; which is 221 more children than covered in February 2012.

The CHIP enhanced FMAP for FFY 2013 was 66.59%. As of October 1, 2013, we have reached the current CHIP FMAP minimum of 65%. We are not aware of any proposals to reduce the floor and thus anticipate North Dakota will remain at the 65% for some time to come.

The Affordable Care Act

The provisions of the Affordable Care Act have impacted eligibility for children in the following ways. Children enrolled in the Children's Health Insurance Program (Healthy Steps) between the ages of 6 and 19 whose household income is below 133% must be transferred from coverage through Healthy Steps to coverage through the Medicaid Program. The approximate number of children within this group is 721 children.

As noted on page two, in the Affordable Care Act, on January 1, 2014, eligibility determination in Medicaid and the Children's Health Insurance Program changed to an eligibility determination system that uses Modified Adjust Gross Income (MAGI). This new eligibility determination process does not allow the use of income disregards. Children previously enrolled in Medicaid who are no longer eligible for Medicaid due to the elimination of income disregards will be eligible for coverage through Healthy Steps for 12 months. This 12-month, Healthy Steps eligibility period, is intended as a way to ensure a smooth transition and continuity of coverage for children as the new income eligibility rules in the Affordable Care Act take effect. After this 12-month coverage period ends, the family will be able to apply again for health care coverage with Medical Services. If the family no longer qualifies for Medicaid or Healthy Steps, they will be directed to apply on the Healthcare.gov website to choose a plan that works best for them. The approximate number of children within this group is 3,196 children.

The Department will be transitioning children starting in April 2014, and ending in December 2014. The transitions will occur at the regularly scheduled renewal period for each child. Letters will be sent to each of the effected families informing them of these changes when their application is reviewed.

This concludes my update, I am happy to answer any questions you may have.