

# Independent Evaluation of Indiana's Children's Health Insurance Program

Final Report – April 2010

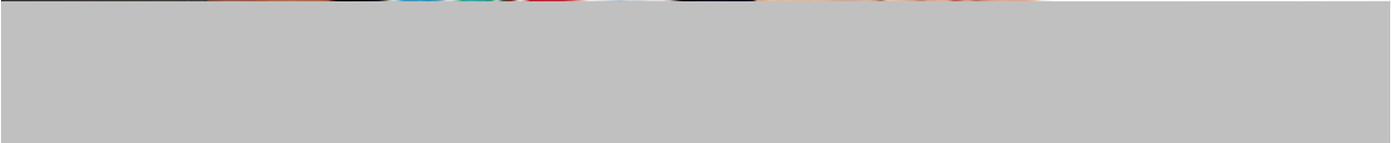


**BURNS & ASSOCIATES, INC.**

Health Policy Consultants

3030 North Third Street, Suite 200  
Phoenix, AZ 85012  
(602) 241-8520  
[www.burnshealthpolicy.com](http://www.burnshealthpolicy.com)

# Executive Summary



## Independent Evaluation of Indiana's Children's Health Insurance Program

Since the program was introduced in 1997, Indiana's Children's Health Insurance Program (CHIP) has been very successful in its outreach to cover children in low-income families that are not eligible for Medicaid. This success continued in Calendar Year (CY) 2009 since enrollment in the CHIP reached an all-time high of 79,307, a 6.8 percent increase over the prior year.

Eligibility in the CHIP varies to some degree by the child's age, but it covers children in families with incomes that range from 100 percent to 250 percent of the federal poverty level, or FPL (which is \$22,050 to \$55,125 for a family of four in 2009). The largest enrollment growth in CY 2009 occurred among families with incomes between 150 percent and 250 percent of the FPL (a 26.1 percent increase from the end of 2008).

Continued enrollment growth in Indiana's CHIP has made Indiana's program more successful than many other states' programs in lowering the uninsured rate among children in low-income families. Indiana's uninsured rate among children in families below 200 percent of the FPL is now the lowest it has been in the last decade (8.6%) and a rate that is half of the national average for this population (17.3%)<sup>1</sup>.

Each year, an independent evaluation of Indiana's CHIP is conducted as required by Indiana Code 12-17.6-2-12 which states that

*Not later than April 1, the office shall provide a report describing the program's activities during the preceding calendar year to the:*

- (1) Budget committee;*
- (2) Legislative council;*
- (3) Children's health policy board established by IC 4-23-27-2; and*
- (4) Select joint commission on Medicaid oversight established by IC 2-5-26-3.*

Burns & Associates, Inc. (B&A) was hired by the Office of Medicaid Policy and Planning (OMPP) to conduct the evaluation for Calendar Year (CY) 2009. The OMPP is a part of the Family and Social Services Administration (FSSA) and is responsible for administering Indiana's CHIP, with support from the Division of Family Resources which conducts eligibility determinations.

### **Background on Indiana's CHIP**

Indiana opted to implement a "combination" CHIP program similar to 20 other states. The combination design is evident in the two components to Indiana's program:

- CHIP Package A (the Medicaid expansion portion and, as such, an entitlement program) covers children in families with incomes up to 150 percent of the FPL who are uninsured and not already eligible for Medicaid.
- CHIP Package C (the non-entitlement program) covers children in families with incomes above 150 percent up to 250 percent of the FPL who do not have other health insurance.

Children at the higher income level (200%-250% FPL) began enrolling in October 2008. Prior to this, CHIP Package C covered children up to 200 percent FPL only.

---

<sup>1</sup> Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements.  
<http://www.census.gov/hhes/www/hlthins/lowinckid.html>

## Independent Evaluation of Indiana’s Children’s Health Insurance Program

There are only slight differences in the benefit package between CHIP Package A and CHIP Package C. Co-pays are charged to CHIP Package C members for prescription drugs and ambulance services, and monthly premiums are also charged to CHIP Package C families on a sliding scale based on family income and on the number of children enrolled.

**Premiums Charged to Families in Indiana's CHIP Package C**

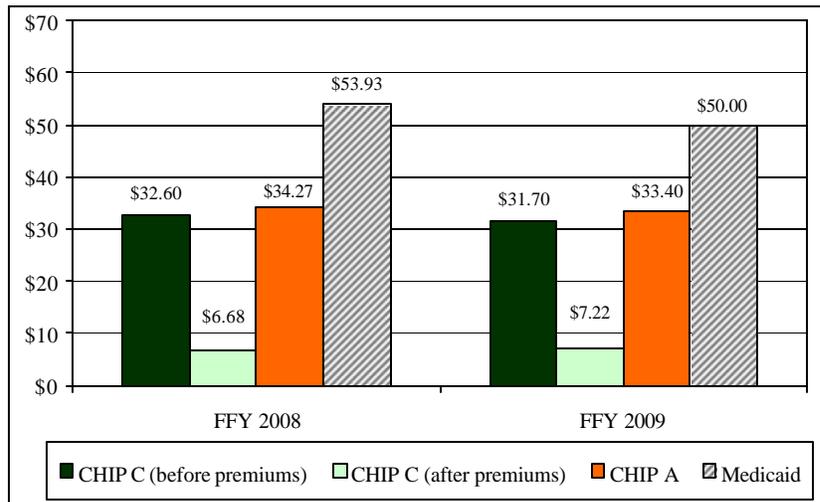
Family FPL	Monthly Premium for 1 Child	Monthly Premium for 2 or More Children
150% up to 175%	\$22	\$33
175% up to 200%	\$33	\$50
200% up to 225%	\$42	\$53
225% up to 250%	\$53	\$70

All CHIP members enroll in the OMPP’s Hoosier Healthwise program in the same manner as children and parents in the Medicaid program. CHIP families select from one of the three contracted managed care organizations (MCOs)—Anthem, Managed Health Services or MDwise.

Like the Medicaid program, the CHIP is funded jointly by the federal government and the states, subject to an annual cap. In the CHIP, however, the federal match rate is higher than Medicaid. For example, in Federal Fiscal Year (FFY) 2009, for every dollar spent on medical services in Indiana’s CHIP, the federal government paid 74.98 cents and the state paid 25.02 cents; for the Medicaid program, the federal government paid 64.26 cents and the state paid 35.74 cents.<sup>2</sup>

**Trends in the Cost Per Member Per Month (PMPM)  
State Share Only**

Because of the higher federal match rate and the premiums paid by CHIP Package C families, the state share paid towards CHIP Package C members was only \$7.22 when measured on a per member per month (PMPM) basis in FFY 2009. For CHIP Package A where no premiums are charged, the amount was \$31.70 PMPM. Both PMPMs are lower than the amount paid for children in Medicaid.



Figures based on B&A’s independent analysis of expenditure data from the OMPP data warehouse retrieved in January 2010. Calculations are based on dates of service and not dates of payment and do not include a completion factor.

### Member Satisfaction

As part of this evaluation, B&A mailed surveys to 5,726 member families who had children enrolled in CHIP Package C in the first nine months of 2009. The response rate from the survey was 31 percent (n=1,755). Among the feedback provided by parents, 31 percent stated that their children had not been covered by health insurance prior to enrolling while 48 percent stated that they had been covered by Medicaid at some point previously. Further, 83 percent of parents stated that CHIP

<sup>2</sup> Match rates for Medicaid do not include the one-time, short-term upward adjustment allocated in the American Recovery and Reinvestment Act of 2009.

Package C was the only option for them to get health insurance for their children. This feedback supports the impact that CHIP Package C has had in keeping the uninsured rate low among this population.

Parents indicated that they value the affordability of CHIP Package C. Only 15 percent of respondents indicated that they were very concerned about the cost of the premium that they had to pay. Parents also provided positive feedback about the availability of services and of primary care doctors for their children. When asked about a variety of services needed for their children, between 95 and 99 percent of respondents stated that their child was able to receive the service needed. More than 80 percent of parents also reported that they were satisfied with physician availability at each of the three MCOs, with over 60 percent of parents citing that they were “very satisfied” with the selection of doctors.

**Access to Services**

B&A examined access to primary medical providers (PMPs) and preventive dental providers for both CHIP Package A and CHIP Package C members by analyzing data from claims submitted by providers. At the county level, the OMPP measures the number of members assigned to PMPs against the number that the PMP’s are willing to accept (also called the PMP’s panel size). B&A examined utilization in counties where the panel use was above 80 percent (indicative that access could be an issue). It was found, however, that in the 19 counties where PMP panels were more than 80 percent full, CHIP children in all but three of these counties had primary care usage rates above the statewide average. This implies that access to PMPs is not an issue.

Dentists do not contract for a specific panel in CHIP/Medicaid. For dental services, B&A reviewed where dental services were obtained by CHIP members in relation to where they live. Of all CHIP members that had a preventive dental visit in FFY 2009, 94 percent of children obtained their visit either in their home county of residence or in a contiguous county. There were only five counties found that had a lower percentage of children receiving dental care than the statewide average and also a higher rate of members visiting dentists outside of the county where they live.

**Service Utilization**

B&A measured the percentage of CHIP children that used each of the services available to them for the periods FFY 2008 and FFY 2009. Comparisons were made not only from one year to the next but also across various demographic cohorts, such as by age, by race/ethnicity, by MCO and by region. Between FFY 2008 and FFY 2009, the use of services remained steady overall.

<b>Percentage of CHIP Children using each service</b>		
	<b>in 2008</b>	<b>in 2009</b>
Primary care doctor's office visit	73%	73%
Emergency room visit	26%	28%
Specialist doctor's visit	9%	9%
Prescription filled	70%	73%
Dental visit	65%	67%

Some differences were found within specific populations. For example, only 62 percent of African-American children had a primary care office visit as compared to 67 percent of Hispanic children, 77 percent of Caucasian children, and 70 percent of children of other race/ethnicities. There is no difference in ER use among race/ethnicities, however, but there is some variation at the region level (regions are defined on page II-4 of the report). Dental visits increased among all age groups and all race/ethnicities between FFY 2008 and FFY 2009. The percentage of children that obtained a prescription also increased for all demographic cohorts across the two years. The most common types of prescriptions obtained for all age groups were for treating infections and for treating asthma.