



STATE OF MARYLAND
DHMH

Maryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

September 4, 2012

The Honorable Ron Wyden
Chairman
Senate Finance Committee
219 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Fred Upton
Chairman
House Energy and Commerce Committee
2125 Rayburn House Office Bldg.
Washington, DC 20515

The Honorable Orrin G. Hatch
Ranking Member
Senate Finance Committee
219 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Henry A. Waxman
Ranking Member
House Energy and Commerce Committee
2322A Rayburn House Office Bldg.
Washington, DC 20515

Dear Chairman Wyden, Senator Hatch, Chairman Upton and Congressman Waxman:

Thank you for your letter to Governor O'Malley regarding funding for the Children's Health Insurance Program (CHIP) and to inquire about program data and policy changes as the program moves forward. The Governor received your letter and asked me to respond on his behalf.

Maryland operates a Medicaid expansion CHIP program called the Maryland Children's Health Program (MCHP). MCHP provides full health benefits for children up to age 19 who have household incomes below 300 percent of the federal poverty level (FPL) (\$71,550 for a family of four); families between 200 percent and 300 percent FPL are required to pay a monthly premium. Benefits are obtained through the managed care organizations that participate in HealthChoice, Maryland's Medicaid managed care program. Benefits include, but are not limited to: doctor visits (well and sick care); hospitalization; lab work and tests; dental care; vision exams and corrective lenses; hearing exams and hearing aids; immunizations; prescription drugs; transportation to medical appointments; mental health services; inpatient and outpatient behavioral health services; physical and occupational therapy; services for speech, hearing and language disorders; and durable medical equipment.

Congress has not authorized funds for the CHIP program beyond Federal Fiscal Year (FFY) 2015. We strongly urge Congress to reauthorize the program and to make changes to the allotment formula to account for the enhanced FMAP slated to begin October 1, 2015. The Patient Protection and Affordable Care Act (PPACA) includes a provision for a 23 percentage point increase in Maryland's CHIP Federal Medical Assistance Percentage (FMAP) match rate effective October 1, 2015 (FFY 2016), which will enhance Maryland's FMAP from 65 percent to 88 percent. As a result, any funds carried over from the FFY 2015 authorization will be exhausted more quickly than in previous fiscal years. Without additional CHIP funding, once FFY 2015 funds are depleted, MCHP expenses will be subject to the regular Medicaid FMAP of 50 percent. With enrollment in MCHP and MCHP Premium likely to continue to increase due to PPACA, this State fiscal impact has the potential to be even more significant.

Below are answers to the specific questions you posed in your letter:

1. *How many individuals are served by your state's CHIP program? What are the characteristics of CHIP enrollees in your state (e.g., income, health status, demographics)?*

As of July 2014, 97,158 children are enrolled in MCHP. A total of 18,262 children in MCHP are enrolled in MCHP Premium.

2. *What changes has your state made to its CHIP program as a result of the Patient Protection and Affordable Care Act? How has the implementation of PPACA impacted the way your state administers CHIP?*

PPACA has had a modest impact on the way Maryland administers MCHP. MCHP eligibility determinations are now based on the applicant's modified adjusted gross income (MAGI), rather than the income disregard and asset rules used in the past. Maryland has not seen a decrease in enrollment due to this new eligibility determination method. PPACA has also opened up new avenues for Maryland families to apply for MCHP. Families can now apply for coverage by completing an application using Maryland's Marketplace, the Maryland Health Connection, by contacting the Maryland Health Connection Consumer Support Center, or by visiting a Connector Entity. Individuals also continue to be able to apply at Local Health Departments, Local Departments of Social Services, online using the Maryland SAIL application, and by mail.

3. *To the extent the following information is readily available and you believe it is relevant, please describe the services and/or benefits and/or cost-sharing currently provided in your state under CHIP that are not comparably available through your state's exchange or through the majority of employer-sponsored health plans in your state.*

Individuals enrolled in MCHP are exempt from cost-sharing requirements for all services and prescription costs. MCHP recipients also receive the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit, which provides comprehensive and preventive health care services for children enrolled in the program. EPSDT is key to ensuring that children and adolescents receive appropriate preventive, dental, mental health, and developmental, and specialty services.

4. *Do you recommend that CHIP funding be extended? If so, for how long, and for budgeting and planning purposes, under what timeframe should Congress act upon an extension? If you do not believe CHIP funding should be extended, what coverage (if any) do you believe CHIP enrollees in your state would be able to obtain? How many children covered by CHIP do you estimate would become uninsured in the absence of CHIP?*

Maryland strongly recommends that CHIP funding be extended. The State anticipates additional funding will be required in FFY 2016. However, for budgeting and planning purposes, an extension would ideally be granted prior to the commencement of the State Fiscal Year 2016 on July 1, 2015.

5. *In spite of the restructuring and retargeting of allotments that occurred in 2009, some CHIP funding remains unspent. Do you believe the annual allotments your state has received starting in 2009 have been sufficient and the formula is working appropriately? Do you believe there is a need for Congress to further address the issue of unspent allotments?*

Through FFY 2013, Maryland has been sufficiently funded for its CHIP expenditures, through a combination of "rollover" unused allotment from its prior Federal Fiscal Year(s) and the fresh allotments for each of its "current" Federal Fiscal Year(s). From most recent FFY 2014 actuals and projections, we expect to have ample allotment funding through FFY 2014, and we are reasonably comfortable with FFY 2015 projections.

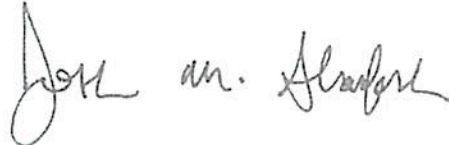
However, we are keeping a close watch on recent increased expenditure trends due to CHIP enrollment growth (at least in part due to the impact of PPACA), and increased participation in CHIP administrative match due to additional claims from Maryland agencies that perform CHIP-related eligibility and other administrative functions: the Maryland Department of Human Resources (DHR), the Maryland Health Benefit Exchange (MHBE), and the University of Maryland School of Pharmacy Poison Control Center. This, in conjunction with the provision for a 23 percentage point increase in Maryland's CHIP FMAP match rate effective October 1, 2015 (FFY 2016), leaves us with a concern for how expanded allotment needs will be addressed in FFY 2016 and beyond. Maryland anticipates that the higher CHIP FMAP will result in available federal funding being depleted more quickly than in previous FFYs.

6. *Over the years, states have worked to reduce the number of uninsured children, and Medicaid and CHIP have been a critical component of that effort. Do you believe there are federal policies that could help states do an even better job in enrolling eligible children? What other policy changes, if any, would help improve enrollment of eligible children, reduce the number of the uninsured, and improve health outcomes for children in your state?*

- In FFY 2009 under the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), Congress appropriated funding for annual CHIP performance bonuses for states that were able to (1) increase child enrollment in Medicaid (not CHIP) by a certain amount and (2) implement at least five out of eight specific outreach and retention strategies that make it less difficult to enroll and retain eligible children in Medicaid and CHIP. Maryland was able to meet these requirements and to date, has received nearly \$86.5 million in bonus payments. This federal payment is needed to help states maintain the increased enrollment levels that were achieved by meeting the standards that Congress established. Congress should continue to make these bonus payments available to states as part of any CHIP funding renewal legislation.
- Under CHIPRA, states are authorized to use eligibility information from other programs to streamline and simplify enrollment and renewals in Medicaid and CHIP. This process is known as Express Lane Eligibility. Express Lane Eligibility permits states to rely on findings, for things like income and household size, from certain designated programs. This enables states to avoid duplicative enrollment efforts and lowers administrative costs as a result. Congress should renew the Express Lane Eligibility provision.
- In FFY 2016, the FMAP for CHIP will increase by 23 percentage points, so that Maryland's FMAP will increase from 65 percent to 88 percent. The practical effect of this increase is that Maryland will exhaust its federal allotment for MCHIP more quickly. Congress should maintain the enhanced FMAP increase and adjust the allotment formula accordingly so that state CHIP programs have a stable, predictable funding source.
- Under current law, children enrolled in Medicaid-expansion CHIP programs (like Maryland's) are enrolled in Medicaid but funded by CHIP. The PPACA includes a maintenance of effort (MOE) requirement that states maintain their Medicaid and CHIP eligibility levels for children until September 30, 2019. When a state's CHIP funding is exhausted, these children will continue to be enrolled in Medicaid but will be funded at the state's regular Medicaid match rate instead of CHIP's enhanced FMAP levels, which will require significantly higher levels of state funding.

Thank you again for your inquiry. We look forward to working with our partners at the federal level to maintain this valuable resource for care that so many of Maryland's children have come to rely on. If you have questions or need more information on Maryland's CHIP program, please do not hesitate to contact Tricia Roddy, Director of Planning, Office of Health Care Financing, at (410) 767-5809.

Sincerely,

A handwritten signature in black ink that reads "Josh M. Sharfstein". The signature is written in a cursive style with a large initial "J" and "S".

Joshua M. Sharfstein, M.D.
Secretary

cc: The Honorable Martin O'Malley
Tricia Roddy