

**Department of Human Services
Human Services Committee
Representative Karen Rohr, Chairman
September 12, 2019**

Chairman Rohr, members of the Human Services Committee, I am Caprice Knapp, 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 or CHIP program.

As of August 2019, the Department has used 10% of its appropriation.

Appropriation and Expenditures for 2019-2021

Healthy Steps Appropriation	Expenditures Thru August 2019	% of Appropriation Used
\$12,821,689	\$1,280,403	10%

As a reminder the Federal Medical Assistance Percentage (FMAP) for CHIP has varied over time. Prior to the Affordable Care Act (ACA), the CHIP FMAP was 65 percent which was 15 percent higher than the state’s FMAP for traditional Medicaid.

The ACA included a provision to enhance the CHIP match by 23 percent to 88 percent. This enhanced match will continue until September 2019.

Effective October 1, 2019, the federal match will be reduced to its “pre-ACA” rate of 65 percent.

Enrollment

As of August 2019, there were 2,158 children enrolled in the Healthy Steps program. Monthly enrollment has been stable over the past year with a high of 2,148 in February and a low of 2,006 in March.

Senate Bill (SB) 2106

During the 2019 North Dakota legislative session, SB 2106 was passed which allows the Department to transfer CHIP from a managed care arrangement to a Medicaid “look-alike” fee-for-service arrangement. During the 2017-19 biennium, the Department identified Medicaid administrative simplification as a priority, not only to reduce overall administrative costs, but also to allow for ease of enrollment and accessing services. SB 2106 was one of several administrative simplifications the Department proposed during the session.

Although the Department is focused on simplification of administration in the program, services to children will not be compromised. In fact, moving from CHIP to Medicaid coverage allows eligible children to access Early and Periodic Screening, Diagnosis and Treatment benefits, some of which were previously not covered under CHIP and their families will have no cost-sharing. In addition, children will be able to access “three months prior” coverage, whereas today they can only access services on the first day of the month following approval of their application for coverage.

The Department is working with the Centers for Medicare and Medicaid Services (CMS), as well as our vendors and contractors for an implementation date of January 1, 2020. This will allow for changes in the state plan, notification of households, and ultimately a smooth transition.

The changes are estimated to save \$6.1 million in total funds (\$1.9 million in general funds) for the 18-month period between January 2020 through June 2021.

One area that will not change from the current administration of CHIP is the consideration of third-party liability or other insurance coverage. When households with children exceed the Medicaid income eligibility levels, and the children are evaluated for CHIP eligibility, we will need to determine if they have other insurance, and if they do, they will be ineligible for coverage.

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