

**Testimony**  
**House Bill 1377– Department of Human Services**  
**House Human Services Committee**  
**Representative Robin Weisz, Chairman**  
**January 26, 2011**

Chairman Weisz, members of the House Human Services Committee, I am Maggie Anderson, Director of the Medical Services Division for the Department of Human Services. I am here to provide information regarding House Bill 1377.

House Bill 1377 would increase the income eligibility level for the Children's Health Insurance Program (CHIP) to 250 percent (net) of the poverty level. During the current biennium (effective July 1, 2009), the income level for CHIP was increased to 160 percent (net). For the 2011-2013 Executive Budget, CHIP was built on an average monthly caseload of 4,256 children, with an estimated premium of \$274.03 per child per month.

The federal poverty level (FPL) at 250 percent is \$55,125 for a family of four; and eligibility is based on net income. Attachment A provides examples of various earning and deduction scenarios showing how this would be calculated.

Attachment B shows the number of children enrolled each month in CHIP since December 2008, and also provides the number of children enrolled in Medicaid for the same time period. We continue to experience an enrollment increase for both Medicaid and CHIP. During the current biennium, the Department contracted with Dakota Medical Foundation to conduct outreach for children's healthcare coverage. Since the contract work began in August 2009 through November 2010, an additional 2,888 children have been enrolled for Medicaid and CHIP coverage.

The estimated growth in CHIP as a result of increasing the income level to 250 percent (net) is 1,320 children. The fiscal note for House Bill 1377 contains \$5,652,128 of which \$1,748,203 are general funds. The costs are detailed in the following table:

|  | <b>Total</b> | <b>General</b> | <b>Federal</b> |
|--|--------------|----------------|----------------|
| <b>Premium Cost From 160% (Net) to 250% (Net) of FPL :</b> | 5,461,966    | 1,689,386      | 3,772,580      |
| <b>1.5 FTE to Increase to 250% of FPL:</b>                 | 190,162      | 58,817         | 131,345        |
| <b>Total Cost From 160% (Net) to 250% (Net) of FPL:</b>    | 5,652,128    | 1,748,203      | 3,903,925      |

Unlike Medicaid, CHIP is not an entitlement. Rather, each state receives an annual allotment of federal funds. In section B of the fiscal note, the Department states, "CHIP is subject to an annual federal allotment. Based on the FFY 2011 North Dakota CHIP allotment, the increase to 250% of the federal poverty level would cause ND CHIP expenditures to exceed the annual allotment. However, there are provisions in the Children's Health Insurance Reauthorization Act that allow states to apply for an increased allotment. If the income eligibility level for CHIP is increased, the Department will make application to the Centers for Medicare and Medicaid Services (CMS) for an increased allotment. Until the application is approved by CMS, the Department cannot certify that federal allotment would be available for the entire increased expenditure."

Section 2 of House Bill 1377 contains language that ensures that the Department would receive approval for the increased CHIP allotment prior to implementing the expansion contained in the bill.

The fiscal note contains \$190,162 of which \$58,817 are general funds, for salary and other expenses of the additional 1.5 FTE expected to be needed if the CHIP income level is increased to 250 percent (net) of the federal poverty level. Currently, 34 percent of CHIP applications are processed by the CHIP eligibility staff in the Medical Services Division. If the income level for CHIP is increased to 250 percent (net), we would expect a greater percentage of the applications to be processed in Medical Services. This is because, as the income threshold is increased, a lower number of applicants will also qualify for other economic assistance programs.

In addition to the approval needed for the increased allotment, any increase in the CHIP income level will require federal (Centers for Medicare and Medicaid) approval of a CHIP State Plan Amendment.

I would be happy to respond to any questions you may have.