

**Testimony for Human Services Committee**  
**Department of Human Services**  
**Children’s Health Insurance Program (CHIP)**  
**August 12, 2020**

Chairman Rohr, members of the Human Services Committee, I am Krista Fremming, Assistant Director of the Medical Services Division for the Department of Human Services. I am here to provide an update on CHIP on the transition of the program from a managed care model to fee-for-service.

**Appropriation and Expenditures for 2019-2021**

|                                      |   |
|--------------------------------------|---|
| <b>Appropriation</b><br>\$12,821,689 | <b>Expenditures</b><br>July – December 2019 (managed care model)<br>\$3,823,005   |
|                                      | <b>Expenditures</b><br>January – June 2020 (fee-for-service model)<br>\$1,729,230 |

As of June 2020, the Department used 43 percent of its 2019-21 biennial appropriation.

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 ended September 2019. Effective October 1, 2019, the federal match returned to its “pre-ACA” rate of 65 percent.

### **Enrollment**

| <b>Month</b>  | <b>Total Enrollment</b> |
|---------------|-------------------------|
| December 2019 | 2,071                   |
| January 2020  | 2,283                   |
| February 2020 | 2,270                   |
| March 2020    | 2,245                   |
| April 2020    | 2,398                   |
| May 2020      | 2,380                   |
| June 2020     | 2,398                   |

### **Member Retention**

|                | <b>Members in January 2019</b> | <b>Percent Remaining</b> | <b>Total Members</b> |
|----------------|--------------------------------|--------------------------|----------------------|
| January 2019   | 2,117                          | 100.0%                   | 2,117                |
| February 2019  | 1,998                          | 94.4%                    | 2,101                |
| March 2019     | 1,925                          | 90.9%                    | 2,112                |
| April 2019     | 1,865                          | 88.1%                    | 2,080                |
| May 2019       | 1,798                          | 84.9%                    | 2,053                |
| June 2019      | 1,711                          | 80.8%                    | 2,072                |
| July 2019      | 1,628                          | 76.9%                    | 2,076                |
| August 2019    | 1,574                          | 74.4%                    | 2,114                |
| September 2019 | 1,507                          | 71.2%                    | 2,108                |
| October 2019   | 1,417                          | 66.9%                    | 2,099                |

|               |       |       |       |
|---------------|-------|-------|-------|
| November 2019 | 1,361 | 64.3% | 2,076 |
| December 2019 | 1,276 | 60.3% | 2,013 |

**Senate Bill (SB) 2106**

During the 2019 North Dakota legislative session, SB 2106 was passed which allowed 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 have not been 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. Examples of EPSDT benefits that these children now have access to include blood lead screening and family support services to prevent out of home placement. In addition, children have been able to access “three months prior” coverage.

The Department continues to work with the Centers for Medicare and Medicaid Services (CMS) on the state plan approval.

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. In the first quarter of 2020, the Department paid

\$440,879 in prescriptions and invoiced \$275,290 in drug rebates. Under the managed care model, the Department was not able to invoice any drug rebates.

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