Colorado Legislative Council Staff

ISSUE BRIEF

A Legislative Council Publication

Number 99-6

June 11, 1999

Children's Basic Health Plan

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Introduction

A number of programs in Colorado help to improve the health of the state's low-income children. They include Women Infants and Children (WIC), a federal program that provides food to women and children; Prenatal Plus, a state program which helps high-risk pregnant women deliver healthy children; and Medicaid, the federal and state health insurance program. Many families do not qualify for these programs, however, and cannot afford health insurance. As a result, approximately 152,000 Colorado children do not have health insurance. In 1998, Colorado implemented the Children's Basic Health Plan to increase children's access to health care and reduce some of the problems associated with poor health status.

What Is the Children's Basic Health Plan?

The Children's Basic Health Plan (CBHP) is marketed as the Child Health Plan Plus (CHP+), a statewide health insurance plan for low-income children who do not qualify for Medicaid. The Children's Basic Health Plan was implemented as a non-entitlement program administered by the

Colorado Department of Health Care Policy and Financing and the Children's Basic Health Plan Policy Board. All enrollees receive standard health insurance services and many receive their benefits through managed care organizations. Federal matching funds comprise approximately two-thirds of the total budget. State General Fund and donations account for the remaining one-third of the budget. Patient premiums help to reduce the state's appropriations to the plan.

How Is the Federal Government Involved?

The 1997 federal Balanced Budget Act created the State Children's Health Insurance Plan (SCHIP or CHIP). Under SCHIP, states may develop a children's health insurance plan, have the plan approved by the Health Care Financing Administration, and receive a federal financial match to fund the plan. A state plan may be an expansion of Medicaid, a non-Medicaid program, or a combination of both. Colorado receives a two-for-one federal match for its non-Medicaid insurance plan and is eligible to receive up to $52 million annually from the federal government to support the plan. Federal funding is currently authorized to continue for five years (1998-2004).

Who Is Eligible?

In order to be eligible for the plan, children must satisfy requirements established in Colorado law. Eligible children must:

- be less than 19 years-of-age;
- have annual gross family incomes less than or equal to 185 percent of the federal poverty level ($30,895 for a family of four in 1999);
- not be eligible for Medicaid (depending upon age, Medicaid income eligibility requirements for children range between 133 percent and 39 percent of the poverty level);
- not have health insurance; and
- not have had health insurance during the last three months through a comparable employer-sponsored plan.

How Many Children Are Enrolled?

Approximately 25,000 children have been served by the Children's Basic Health Plan in FY 1998-99. Annual enrollment for FY 1999-00 is projected to be 33,000 children. Approximately 72,000 children in Colorado are eligible for the plan. In order to increase the number of enrollees, the Department of Health Care Policy and Financing and the CBHP Policy Board have, among other things, simplified the application process, established a toll-free hotline, and contracted with private organizations to

aggressively market the plan.

What Services Are Covered Under the Plan?

Children enrolled in the health plan receive benefits similar to those provided under a standard or basic health plan. The benefits must include preventive care, physician services, inpatient and outpatient hospital services, prescription drugs or medications, and other medical services which may be necessary for the health of enrollees. Dental benefits are not included.

Who Provides the Plan's Benefits to Enrollees?

Approximately 60 percent of the plan's enrollees are currently covered by managed care organizations and approximately 40 percent are covered by fee-for-service arrangements. Managed care organizations willing to serve Medicaid clients contract with the Department of Health Care Policy and Financing to provide services where they conduct business. In areas without managed care, the department contracts directly with doctors and clinics in a fee-for-service arrangement, reimbursing the providers for the services given to CBHP enrollees.

How Much Do Families Pay for the Plan?

The Children's Basic Health Plan requires families to pay monthly premiums and co-payments. Each family's payments are determined on a sliding fee scale established by the state. Families with incomes below 100 percent of the poverty level do not pay premiums and pay a $5 co-payment for emergency services only. The monthly premiums charged to families with incomes between 100 percent and 185 percent of the poverty level range between $9 and $30 per family. These same families may be charged up to a $15 co-payment depending on their income and the service rendered. Premiums are collected by the plan and co-payments are paid to the health care provider at the time of a medical visit. The maximum amount of any family's annual out-of-pocket expenses is capped at five percent of the family's income.

How Is the Plan Funded?

The plan receives funding from the Children's Basic Health Plan Trust and through the federal financial match. In FY 1999-00, the trust is authorized to spend $10.7 million on program costs, and the federal match is expected to be $19.9 million. Revenue for the trust is drawn from the General Fund and from

Cash Funds Exempt and will total $12.3 million in FY 1999-00. The difference between the trust's revenues and expenditures will remain in the trust as a reserve for possible future needs. The General Fund appropriation to the trust is $8.6 million (70 percent of the total state funding) and will consist of Medicaid managed care savings and other health program savings. Donations from hospitals and the private sector comprise the $3.7 million (30 percent of the total state funding) of Cash Funds Exempt appropriated to the trust. Patient premiums collected by the plan act as an offset for state expenditures and will total $1.7 million. Without these premiums, the state would have to increase its expenditures in order to maintain the same services.

How Do Families Enroll in the Plan?

Families can pick up applications at their local health department, social services office, doctor's office, or school or by calling the plan. In metro Denver the number is 303-692-2960. Outside of metro Denver the toll-free number is 1-800-359-1991.

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This page last updated on 08/08/2005 16:14:27