



State of Utah

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Utah Department of Health

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November 4, 2010

Members of the Health and Human Services Interim Committee
State Capitol
Salt Lake City, Utah

Dear Members:

Utah Code Section 31A-22-633 directs the Utah Department of Health (Department) to provide an annual report on Medicaid waiver programs that offer less than the state defined "basic benefit" for health insurance. The Primary Care Network (PCN) program is the State's limited benefit Medicaid program. The Department submits the following report as directed by statute.

- **Requirement 1 – Number of Lives Covered by PCN in FY 2010**
Average monthly enrollment in PCN was 18,248.
- **Requirement 2 – Claims Experienced by PCN in FY 2010**
Total PCN claims were \$22,457,857. This figure does not include some gross adjustments including pharmacy rebates.
- **Requirement 3 – Cost Shifting for Services not Covered by PCN in FY 2010**
PCN does not cover two major medical benefits – specialty care services and inpatient hospital.

Although PCN does not pay for specialty care, the program is committed to finding and arranging specialized care for clients when possible. If a client needs to see a specialist, they must first get a referral from their primary care provider. Then, a specialty care coordinator from the Utah Department of Health will try to find these services for the client. In some cases, free or discounted services may be available; however, in other cases, the client may need to pay for the services. In FY 2010, the Department received 1,972 referrals for specialty care and arranged 548 specialty care visits. However, the Department has not been able to calculate the PCN cost shifting for specialty care services because it does not know how many specialty care services clients obtain through other means nor does it know if clients paid for those services. Enrollment during FY 2010 for PCN was open May 10-24, 2010 for parents of dependent children living at home. Additionally, PCN will be opening enrollment for all adults November 8-22, 2010.

Hospitals have historically agreed to donate \$10 million in inpatient care for PCN clients in consideration for an increase in inpatient rates for Medicaid clients. However, as of July 1, 2007, the hospitals no longer participated in this donation arrangement. For FY 2008, individual hospitals decided whether they directly charged PCN clients for inpatient stays or if the hospital waived the fees through the hospital's charity care process. The Department no longer calculates the cost shifting for inpatient services because these costs are no longer reported to the Department.



For additional information on PCN benefits and other aspects of the program, please see the PCN website at www.health.utah.gov/pcn.

- **Requirement 4 – Efforts to Combine Public and Employer-Sponsored Coverage to Increase Coverage**

On November 1, 2006, the Department began accepting applications for Utah's Premium Partnership for Health Insurance (UPP). The program pays up to \$150 per month per adult and up to \$140 per month per child when they enroll in a qualified employer-sponsored health plan. The subsidy helps to offset the employee's share of the premium cost. The program covers adults up to 150 percent of the federal poverty level and children up to 200 percent of the federal poverty level. As of August 1, 2010, 213 adults and 393 children were enrolled in UPP.

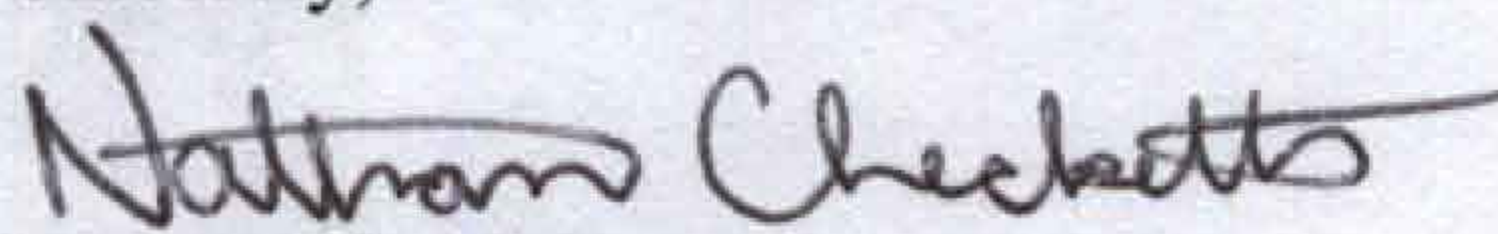
In January 2010, UPP was given approval by the Centers for Medicare and Medicaid Services (CMS) to help low-income individuals and families pay for their COBRA coverage. This was done with the hope of maximizing the benefit of UPP to the public in conjunction with the American Recovery and Reinvestment Act (ARRA) COBRA employer subsidy. Now families either COBRA eligible or already enrolled in COBRA may qualify to receive up to \$150 per person each month to help subsidize their monthly COBRA premium payment.

On March 24, 2010 President Obama issued an Executive Order that clarified how rules limiting the use of federal funds for abortion services would be applied to the new health insurance exchanges. The Department determined that the President's order in conjunction with the intent of state law regarding the use of public funds for abortion created new expectations in regard to the UPP subsidy. An emergency rule, effective April 1, 2010, was filed to prohibit UPP from reimbursing families that were enrolled in plans covering abortion services beyond the circumstances allowed under law (i.e., life of the mother, rape, or incest). In order to be eligible for UPP the insurance plan the family wishes to enroll in must meet the definition of "creditable coverage" as defined in Utah Administrative Code.

The Department continues to work with health insurance brokers and businesses to promote the program. The Department has provided training and over 7,300 brochures and other materials to businesses, benefit managers and brokers to inform them and their employees regarding Utah's Premium Partnership Program.

For additional information, please see the UPP website at www.health.utah.gov/upp.

Sincerely,



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Utah Department of Health