

**DEPARTMENT OF  
PUBLIC HEALTH AND HUMAN SERVICES**



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**STATE OF MONTANA**

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**TESTIMONY OF THE MONTANA DEPARTMENT OF PUBLIC HEALTH  
AND HUMAN SERVICES AS PRESENTED BY DIRECTOR JOAN MILES  
BEFORE THE SENATE COMMITTEE ON FINANCE REGARDING**

**THE CHILDREN'S HEALTH INSURANCE PROGRAM IN ACTION:  
A STATE'S PERSPECTIVE ON CHIP**

**APRIL 4, 2007**

Good Afternoon. I'd like to thank Senator Baucus and the Senate Finance Committee for conducting this hearing in Billings. I'd especially like to thank Senator Baucus' staff and the Committee staff for all their work to make this happen.

I must make special note regarding Senate Finance Committee Health Counsel, Alice Weiss. Alice is a knowledgeable resource who provides updates and insight regarding CHIP reauthorization and works tirelessly to make sure Montana's unique voice is heard.

This hearing is a great opportunity for Montanans to be part of the discussion and decision making process on the federal reauthorization of CHIP. I'd like to provide you with some information about our state, our CHIP Program and our perspective on reauthorization of CHIP.

### **Montana Facts**

- Less than one million people live in Montana and there are approximately 6 people per square mile. (In Washington, DC there are approximately 8,841 people per square mile.)
- Montana's median household income (\$36,200) ranks 48th in the US.
- The rate of uninsured children in the US is 11.5%. Our rate in Montana is 17% and represents approximately 37,000 uninsured children.
- Approximately 24,000 uninsured children live in families earning less than 200% FPL (\$41,300 for a family of four).

### **Montana's CHIP Program**

- The program is a separate ("stand alone") program, not a Medicaid expansion. There is widespread public support for our CHIP program because it is for children of working families and is not considered a government entitlement program. Ninety-two (92%) of CHIP children have one or more employed adults in their family.
- A large number of CHIP parents are self-employed or work for small businesses so employer-sponsored insurance is unavailable or cost prohibitive.
- The source of state funds for the program has been tobacco tax and tobacco settlement funds in addition to state general funds.
- The benefits are based on the state employee plan and families pay co-payments based on their income.
- The financial eligibility level is 150% FPL (\$30,975/year for a family of four). Montana is one of ten states with an eligibility level less than 200% FPL. (See attached Coverage Levels map).

- We provide no coverage for expansion populations (pregnant women, parents and childless adults).
- Our statewide CHIP provider network has more than 4,000 medical providers, 290 dentists and all 59 Montana hospitals. (See attached Provider Network map). This assures access to care for CHIP children living in urban and rural areas throughout Montana.
- Montana CHIP provided insurance for 13,291 children in March 2007.
- Currently there is no cap on enrollment – eligible children are enrolled the first day of the following month.
- CHIP enrollment has steadily increased since removal of the enrollment cap in July 2005.
- Outreach efforts by CHIP staff (see attached list), community advocates and Indian Health Service/Tribal Health staff contributed to a 9% increase in the number of children enrolled this year. The increase was even greater for Native American children and children living in Yellowstone County. Enrollment for each of those groups increased by 20%.
- Outreach to Native American families is especially important because Indian Health Services (IHS) does not provide a comprehensive package of benefits. Historically IHS is under funded. Inconsistent health care services are the result. CHIP provides an additional source of revenue for IHS and also expands the network of providers from whom a child can receive care.

### **Montana's Perspective on CHIP Reauthorization**

Montana fully supports the FY 2008 Senate and House Budget Resolutions to provide up to an additional \$50 billion over the next five years to fund CHIP nationwide. We believe these funds will allow states to continue covering all children currently enrolled and to expand coverage to uninsured children.

Montana CHIP provides health insurance for kids and peace of mind for parents. CHIP is a successful, cost-effective program in Montana and we need to build on its strengths to expand coverage to more uninsured children in our state.

We urge Congress to reauthorize the program as soon as possible and to avoid the need for a continuing budget resolution.

There are four issues related to federal reauthorization of the program that I'd like to address. Those issues are:

- 1) Federal funding and Allocation of Funds to States;
- 2) Coverage for Children of State and University System Employees;
- 3) Payment Error Rate Measurement (PERM) Project; and
- 4) Coverage for Children Receiving Services from the Child Support Enforcement (CSE) Program

## 1) Federal Funding and Allocation of Funds to States

- Reauthorization decisions and allocation of funds should be based on the purpose of CHIP which is the provision of child health assistance to uninsured, low-income children.
- Federal funding should be equitable, stable and sufficient.
- There are a number of bills currently being considered by the Montana legislature. (See attached list.) Dependable federal funding is often critical in determining whether proposed bills are passed.
- States need an *adequate annual* federal allocation in order to ensure sustainable enrollment. Montana is not able to enroll additional children if federal funding fluctuates. Redistribution funds are too unpredictable for a state to depend upon. For example, if the Montana legislature increases the CHIP eligibility level and the federal grant remains the same, Montana will have a budget shortfall in 2009.
- The allocation formula should be revised to assure an equitable distribution of funds.
  - An accurate estimate of the number of low-income uninsured children in each state is essential.
  - The formula should reflect the number of children currently enrolled as well as the uninsured and low-income children in the state.
  - Children covered by Indian Health Services and or Tribal Health Services should continue to be eligible for CHIP.
  - Montana would like to suggest a two-pronged approach: Congress should first designate funding to support state efforts to fully cover all uninsured children up to 200% FPL (\$41,300 for a family of four). Congress should then designate additional funds that can be used at the state's discretion to expand coverage to higher income children and families to the maximum extent possible.
- Lastly, the 10% cap on administrative costs has some inherent flaws which should be corrected. In particular, administrative services which an insurance company provides as part of a fully insured plan are considered benefit costs. If a state provides those same services as part of a self-insured plan, they are considered administrative costs and subjected to the 10% cap. This difference in how costs are "counted" almost made it impossible for our state to self insure even though we knew we could reduce overall administration and use those funds to purchase needed medical care for Montana children.

## 2) Coverage for Children of State and University System Employees

- Currently there is a federal regulation against insuring children of State and University System employees. It needs to be eliminated. There is no similar prohibition against insuring children of federal employees or other employers. Our understanding is it does not apply to all states in the country. A limited number of states with separate CHIP programs are the only ones adversely

affected. The regulation does not impact states with Medicaid expansion CHIP programs. (See attached map of CHIP program types.)

- Some states with separate CHIP programs have indicated to us this prohibition against covering state employees' children affects the ability of "Welfare to Work" participants or temporary employees to accept permanent positions because those individuals cannot afford to purchase dependent coverage through the state insurance plans.
- There is widespread support from CHIP programs (separate, Medicaid expansion and combination CHIP programs) across the country to have this regulation removed by Congress during SCHIP Reauthorization.

### **3) Payment Error Rate Measurement (PERM) Project**

- The Centers for Medicare and Medicaid Services (CMS) estimates it will cost Montana approximately \$500,000 for an audit of CHIP and \$500,000 for an audit of Medicaid. Montana's PERM audits are scheduled to begin next fall (FFY 2008).
- The current PERM guidelines instruct states with significantly diverse CHIP enrollments to sample the same number of cases. For example, New York, California, and Texas will sample the same number of cases as Montana, despite the obvious difference in CHIP enrollments among those high and lower population states. Even within the state of Montana, PERM mandates the identical number of cases to be reviewed by CHIP and by Medicaid even though Medicaid covers nine times the number of people.
- PERM-related costs are a significant fiscal burden on states and will detract from the ability of our CHIP program to provide coverage to low income children. (We estimate we could insure approximately 250 children for one year with the money that will be spent on PERM.)
- CHIP funds are better used to strengthen program efficiency and quality, and focus on outreach strategies designed to reduce the number of uninsured low income children and families in our state.
- PERM guidelines don't follow Montana's already established and CMS approved state plan for CHIP eligibility determination, e.g. self-reporting of income. PERM reverses CHIP's ten year commitment of reducing barriers for lower income families to access health care.
- If this program continues, all PERM-related costs should be 100% federally funded or exempt from the 10% administrative cap.

### **4) Coverage for Children Receiving Services from the Child Support Enforcement (CSE) Program**

- Parents of children who are enrolled in CHIP and have a medical support order through CSE are unable to remain insured by CHIP because the parent who is responsible for providing health insurance must provide employer

sponsored or individual coverage. Oftentimes the coverage the parent is able to purchase is costly and the benefits are limited. For example, prescriptions, mental health, preventive health and dental services may not be part of the benefit package and/or the number of visits may be capped.

- As a condition of an approved CSE State Plan, Montana must include medical support in all child support orders enforced under Title IV-D of the Social Security Act.
- Since children can be adversely affected by this regulation (e.g. increased barriers and decreased access to health care services) the federal government should examine the impact on children and repeal or revise this regulation.
- Children whose families do not receive services from CSE do not have similar restrictions on their CHIP eligibility.

In closing, I'd like to again thank Senator Baucus and the Senate Finance Committee for the opportunity to share Montana's perspective on CHIP Reauthorization with you today. I provided written testimony which includes additional details which I hope you will find helpful.

Our CHIP Bureau Chief, Jackie Forba, is here today with me and we are both available to answer any CHIP-related questions you may have.

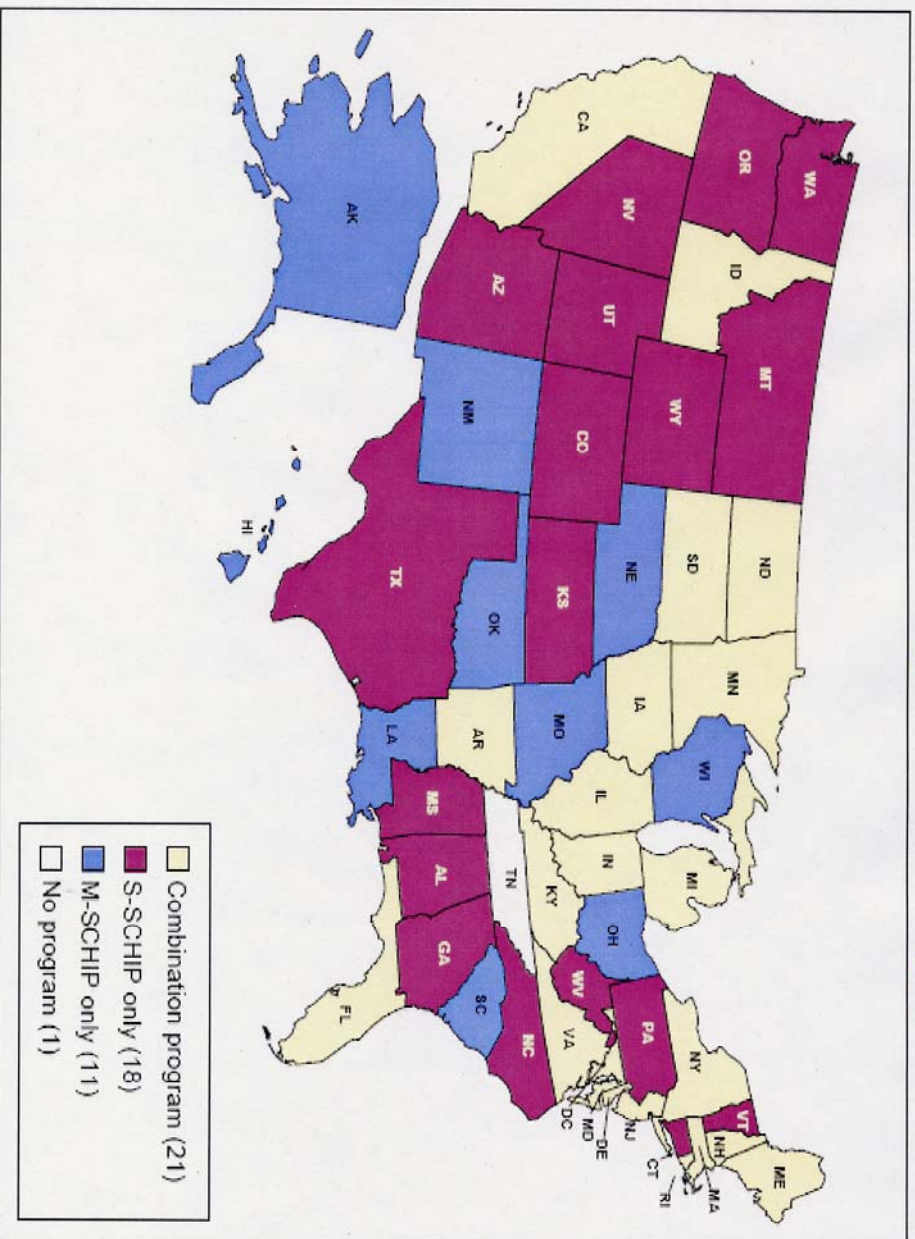
## ATTACHMENTS TO WRITTEN TESTIMONY

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The Montana legislature is currently considering the following bills related to CHIP:

- SB0022 sponsored by Sen. Dan Weinberg to expand CHIP coverage to more Montana children by increasing the eligibility level from 150% to 175% FPL
- SB560 sponsored by Sen. Christine Kaufmann and HB839 sponsored by Rep. Mary Caferro to create the Montana KIDS Care Program to provide health care to all Montana children
- HB157 sponsored by Rep. Mary Caferro to revise exceptions to the limit on CHIP administrative expense
- HB198 sponsored by Rep. Bill Jones to expand the CHIP dental care benefits
- HJ30 sponsored by Rep. Kevin Furey to study the methodology for expanding CHIP and for managing an expanded program
- HJR44 sponsored by Rep. Dave Gallik recognizing the importance of Montana CHIP and urging the timely Congressional reauthorization of federal funds for the program

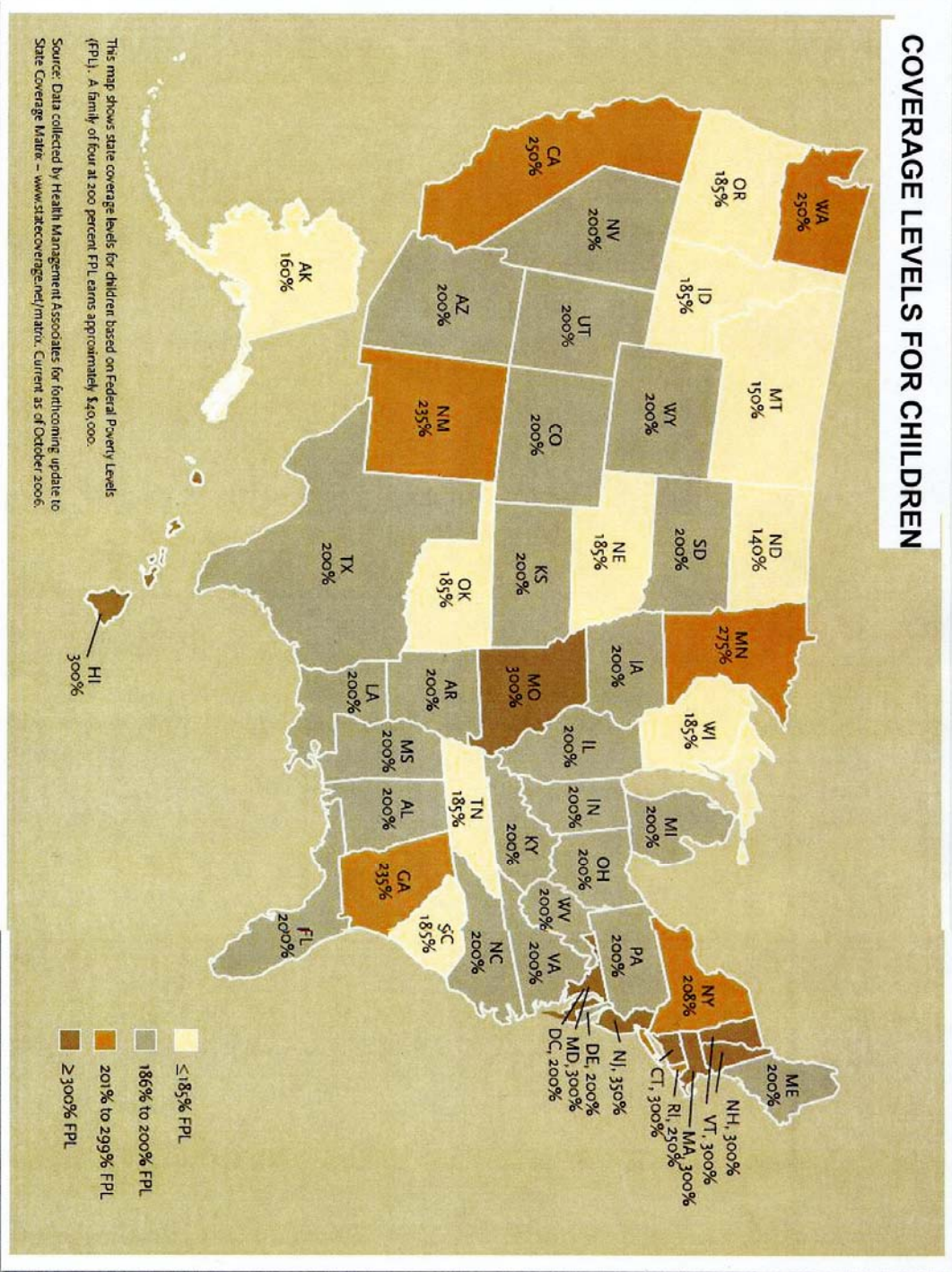
# SCHIP Program Types



Montana CHIP, March 2007



# COVERAGE LEVELS FOR CHILDREN



Mortana CHIP, March 2007

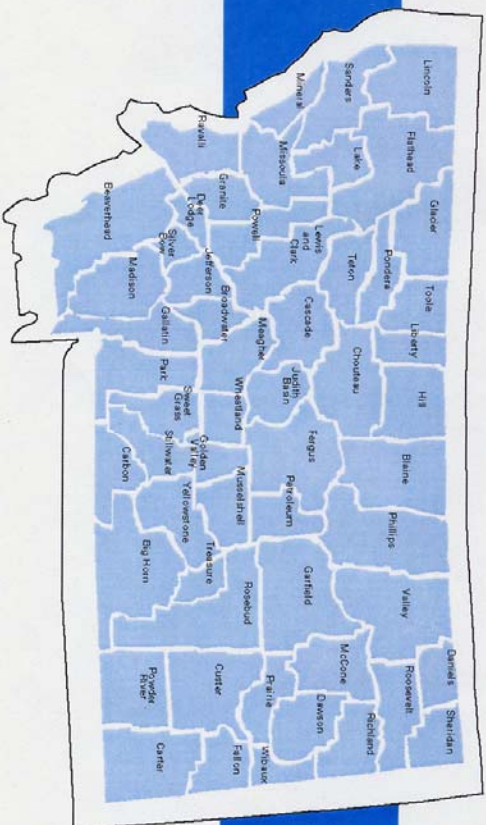
# Provider Network

March 2007  
4,065 Total Providers

Physician / Allied / Hospital  
1,757 / 2,282 / 59



Children's Health Insurance Plan



Beaverhead	14 / 25 / 1	Granite	1 / 1 / 1	Powell	7 / 13 / 1
Bighorn	5 / 10 / 1	Hill	25 / 40 / 1	Prairie	0 / 1 / 1
Blaine	2 / 7 / 0	Jefferson	7 / 10 / 0	Ravalli	53 / 90 / 1
Broadwater	3 / 6 / 1	Judith Basin	2 / 3 / 0	Richland	19 / 12 / 1
Carbon	8 / 12 / 1	Lake	38 / 55 / 2	Rosevelt	5 / 12 / 3
Carter	1 / 1 / 1	Lewis & Clark	104 / 175 / 2	Rosebud	10 / 18 / 1
Cascade	215 / 200 / 2	Liberty	8 / 3 / 1	Sanders	10 / 18 / 1
Chouteau	4 / 9 / 2	Lincoln	20 / 38 / 1	Sheridan	3 / 5 / 1
Custer	12 / 46 / 1	Madison	3 / 10 / 2	Silver Bow	65 / 122 / 1
Daniels	1 / 3 / 1	McCone	0 / 3 / 1	Stillwater	6 / 10 / 1
Dawson	9 / 16 / 1	Meagher	4 / 2 / 1	Sweet Grass	2 / 6 / 1
Deer Lodge	18 / 29 / 1	Mineral	7 / 11 / 1	Teton	2 / 9 / 1
Fallon	1 / 3 / 1	Missoula	291 / 376 / 2	Toole	6 / 8 / 1
Fergus	17 / 27 / 1	Musselshell	3 / 6 / 1	Treasure	1 / 0 / 0
Flathhead	188 / 236 / 3	Park	30 / 49 / 1	Valley	8 / 12 / 1
Gallatin	147 / 271 / 1	Petroleum	0 / 0 / 0	Wheatland	6 / 4 / 1
Garfield	0 / 0 / 1	Phillips	1 / 5 / 1	Wibaux	0 / 1 / 0
Glacier	11 / 17 / 1	Pondera	5 / 17 / 1	Yellowstone	448 / 381 / 2
Golden Valley	0 / 1 / 0	Powder River	0 / 2 / 0		

## **Children's Health Insurance Plan - Community Outreach Activities January 2006 – March 2007**

### **CHIP Media Campaign - "Health Insurance for Kids - Peace of Mind for Parents"**

- CHIP conducted a statewide media campaign February 13, 2006 through March 10, 2006 including television, radio, and print advertising. CHIP and Department staff produced all of the campaign materials in-house. By working directly with media outlets and avoiding advertising agency fees and commissions, the Department saved approximately \$20,000.
- Two 30-second television commercials, one of which featured Governor Schweitzer and Nancy Schweitzer, aired statewide on broadcast TV stations from February 13 to March 10.
- Two 30-second radio commercials aired February 13 to March 10.
- The campaign placed print advertising in all Montana markets, including rural, weekly newspapers and tribal newspapers beginning the week of February 6, 2006 and running through the end of March.
- CHIP evaluated results in March and April 2006 and is prepared to follow-up with additional media placements, if warranted.
- CHIP conducted a summer print advertising campaign in follow-up to last spring's statewide media campaign. Ads placed in all Montana markets, including daily, rural, weekly newspapers and tribal newspapers, running June through August 2006.
- Covering Kids & Families, a program sponsored by the Robert Wood Johnson Foundation, conducted a television campaign promoting CHIP in the greater Helena area from mid-August to mid-September, as part of its annual back-to-school initiative.
- CHIP conducted a statewide print media campaign supporting the release of the 2007 income guidelines (February-March 2007). Ads placed in all Montana markets, including daily, rural, weekly newspapers and tribal newspapers.

### **Community Partnerships**

- CHIP continues to develop its statewide network of health care associations, individual health care providers, and related agencies to increase CHIP awareness by distributing CHIP materials in their communities. To date, over 300 new distribution points have been established across the state.
- Conducted the following CHIP train-the-trainer workshops:
  - April 3, Billings, St. Vincent's Healthcare
  - May 23, Missoula, St. Patrick's Hospital
  - July 23, Libby, St. John's Lutheran Hospital
  - July 26, Sidney, Sidney Health Center
- Developed a "CHIP Champion" award plaque to recognize community partners who go "above and beyond" in promoting CHIP in their communities. Award presented to

two individuals thus far: Renita Watson of Rocky Boy Tribal Health and JoHanna Spang of Northern Cheyenne Tribal Health.

### **Native American Outreach Activities**

- Upon request of IHS and tribal health directors, CHIP conducted informational/outreach meetings with all seven reservation tribal health/IHS departments emphasizing how CHIP works in conjunction with Indian Health Services/tribal health, incorporating hands-on training to help families apply for CHIP.
  - April 26 – Confederated Salish & Kootenai, St. Ignatius
  - June 6 – Crow Reservation, Crow Agency
  - June 6 – Northern Cheyenne Reservation, Lame Deer
  - June 13 – Ft. Belknap Reservation, Harlem
  - June 14 – Rocky Boy Reservation, Box Elder
  - July 26 – Ft. Peck Reservation, Poplar
  - August 23 – Blackfeet Reservation, Browning
- Developed and distributed a brochure insert and poster addressing advantages of Native American participation in CHIP.

### **Direct Mail Outreach**

- In late December 2006, CHIP sent a direct mailing to 2,748 households who had received Food Stamp benefits within the last several months. The mailing list included only FS households with children 0-19 years old who did not already have Medicaid or CHIP coverage. CHIP received 120 returned applications—a 7 percent response.
- On February 20, 2007, CHIP sent a direct mailing to 204 families who had been denied CHIP benefits in the last 12 months for over-income, but would likely be eligible for CHIP under the new 2007 income guidelines. CHIP is currently tallying the response rate.

### **Other Outreach Activities**

- A series of statewide press releases beginning in early December 2005, announcing increased CHIP enrollment, the CHIP media campaign, new income guidelines, and the CHIP self-administration contract were covered by several major Montana newspapers, including the Billings Gazette, Great Falls Tribune, Montana Standard, and the Helena Independent Record.
- In February 2007, DPHHS issued a press release announcing the 2007 CHIP income guidelines, garnering coverage in Montana's major daily newspapers.
- Incorporated printed application into brochure to create a single, easy-to-distribute, marketing tool.
- Redesigned CHIP website to be more user-friendly and consistent with other DPHHS sites.
- Developed web-based interactive application allowing parents to complete application on their computer.



- Distributed CHIP information packets to all state legislators (May 2006).
- Mailed CHIP brochure kits to all Offices of Public Assistance (May 2006).
- CHIP materials sent to all businesses participating in the Insure Montana program (state program providing affordable health insurance for small businesses).

## **Trainings, Workshops and Community Events**

### ***2006 Events***

- Capital Hill Mall Health Fair (March 4<sup>th</sup>) Helena
- Montana School Nurse Association meeting (March 17) Helena
- Medicaid Provider Fair (March 22-23) Helena
- Blackfeet Nation Federal Benefits Workshop (March 28-29) Browning
- CHIP Champions Train-the-trainer Workshop (April 3) Billings
- MSU American Indian Council Pow Wow (April 14-15) Bozeman
- Spring Public Health Conference (April 18-19) Billings
- University of Montana Kyi-Yo Pow Wow (April 21-22) Missoula
- Blackfeet Health Conference (April 24-25) Browning
- The Confederated Salish & Kootenai Tribes Federal Benefits Workshop (April 26-27) Pablo
- Grandparents Raising Grandchildren Conference (June 10) Great Falls
- Grandparents Raising Grandchildren Conference (June 17) Billings
- CHIP Train-the-trainer workshop (July 21) Libby
- CHIP Train-the-trainer workshop (July 26) Sidney
- Covering Kids & Families Press Conference (August 9) Helena
- Rocky Boy Federal Benefits Workshop (August 9-10) Box Elder
- CKF-sponsored Back-to-School Expo (August 12) Helena
- St. Regis Family Fair (August 15) St. Regis
- MT Public Health Association Conference (September 12-14) Billings
- MT Parent Teacher Association Convention (September 15-16) Missoula
- MT American Indian Women's Health Conference (October 6) Billings
- Lions Club meeting (October 17) Helena
- MEA-MFT Conference (October 18-20) Billings
- Altacare Annual Training Conference (October 19) Butte
- St. John's Ministries Employee Benefits Fair (October 20) Billings
- Indian Child & Family Conference (October 24-26) Great Falls
- Montana Eligibility Workers Conference (October 25) Great Falls
- NAMI Conference (October 25-27) Helena
- Early Childhood Services Fair (November 4) Ronan

### ***2007 Events***

- Helena Health & Wellness Fair (January 23) Helena
- Bozeman-Deaconess Health Fair (February 24) Bozeman
- Kids Care Fair (March 3) Helena
- MT People's Action & Head Start CHIP Registration Night (March 14) Missoula
- Crow Federal Benefits Workshop (March 20 & 21) Crow Agency

### ***Upcoming Events***

- St. John's Lutheran Hospital Health Fair (March 31) Libby

- MT Public Health Conference (April 17-19) Great Falls
- Northern Cheyenne Federal Benefits Workshop (April 18 & 19) Lame Deer
- Glendive Health Fair (April 26) Glendive
- Child Abuse Conference (May 8-10) Missoula
- Grandparents Raising Grandchildren Conference (June 2) Billings
- Grandparents Raising Grandchildren Conference (June 23) Great Falls

### **Upcoming Outreach Activities**

- In March 2007, CHIP will conduct a direct mail outreach campaign to households participating in the Low Income Energy Assistance Program (LIEAP), who have uninsured children in the household.
- In Summer 2007, CHIP will distribute materials to all Montana school districts to include in their back-to-school information packets.
- Continue to conduct ongoing surveying to track/gauge enrollee retention, customer satisfaction, and outreach efforts.
- Continue building community partnership network, focusing next on pharmacies and dental offices.
- Schedule and conduct "CHIP Champion" train-the-trainer workshops in Great Falls, Helena, Bozeman, Kalispell, and other cities.
- Schedule and conduct CHIP informational/outreach meetings with Urban Indian Health Clinics in Helena, Butte, Missoula, Billings, and Great Falls.
- Schedule and conduct CHIP informational/outreach meetings with all seven reservation Indian Health Service (IHS) and Tribal Health facilities, annually.
- Evaluate the cost effectiveness of contracting with community-based organizations to distribute CHIP information and assist with the completion of applications.