
Table of Contents

State/Territory Name: Washington

State Plan Amendment (SPA) #: WA-20-0002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) State Plan Pages

Children and Adults Health Programs Group

August 28, 2020

MaryAnne Lindeblad
Medicaid Director
Health Care Authority
626 8th Avenue SE
Post Office Box 45502
Olympia, WA 98504-5502

Dear Ms. Lindeblad:

This letter is to inform you that your title XXI Children's Health Insurance Program (CHIP) state plan amendment (SPA), WA-20-0002, submitted on June 26, 2020, has been approved. This SPA has an effective date of January 1, 2020.

This SPA, which included the required supporting documentation, allows the state to cover all children who have access to public employee coverage. A copy of the approved state plan page (CS10) is attached and should be incorporated into the state's approved CHIP state plan. This page supersedes the current information on dependents of public employees in Sections 4.1.7 and 4.4.1 of the current CHIP state plan.

Your title XXI project officer is Ms. Janice Adams. She is available to answer questions concerning this amendment and other CHIP-related issues. Her contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
701 Fifth Avenue, Suite 1600, Mail Stop: RX-200
Seattle, WA 98104
Telephone: (206) 615-2541
E-mail: Janice.Adams@cms.hhs.gov

If you have additional questions, please contact Meg Barry, Acting Director, Division of State Coverage Programs at (410) 786-1536. We look forward to continuing to work with you and your staff.

Sincerely,

/Signed Amy
Lutzky/

Amy Lutzky
Acting Deputy Director



CHIP Eligibility

State Name: Washington

OMB Control Number: 0938-1148

Transmittal Number: WA - 20 - 0002

Separate Child Health Insurance Program Eligibility - Children Who Have Access to Public Employee Coverage

CS10

Sec. 2110(b)(2)(B) and (b)(6) of the SSA

☒ **Children Who Have Access to Public Employee Coverage** - Otherwise eligible targeted low-income children who have access to public employee coverage on the basis of a family member's employment.

☒ The CHIP Agency operates this covered group in accordance with the following provisions:

Select one of the following conditions as described in Section 2110(b)(6) of the Social Security Act:

- ☐ Maintenance of agency contribution as provided in 2110(b)(6)(B) of the SSA.
- ☒ Hardship criteria as provided in section 2110(b)(6)(C) of the Social Security Act.

Coverage under this option is extended to children whose household income is:

Select one of the options for the income standard when compared to Targeted Low Income Children

- ☒ The same as the standards for Targeted Low-Income Children
- ☐ Lower than the income standards for Targeted Low-Income Children

Indicate whether coverage under this option is extended to all children who have access to public employee coverage, or only certain children:

- ☒ All children who have access to public employee coverage
- ☐ Certain children who have access to public employee coverage:

☒ Attach methodology the state has used to calculate financial hardship.

An attachment is submitted.

☒ The state provides assurance that the state will, on an annual basis, recalculate the financial status to determine if the hardship condition continues to be met.

☒ Children who are eligible for public employee health benefits coverage who are not described above are excluded from eligibility under the plan.

☒ Children considered to have access to public employee coverage, and therefore not excluded from CHIP through this option, otherwise meet the definition of targeted low-income child provided at 42 CFR 457.310.

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148. The time required to complete this information collection is estimated to average 50 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.



CHIP Eligibility

V.20181119

CHIP and Public Employees

Background: When the Children’s Health Insurance Program (CHIP) was enacted in Congress in 1997 the intent was to expand health insurance coverage to uninsured children. To avoid supplanting employer-sponsored insurance networks and state Medicaid programs, children with health insurance coverage through an employer or Medicaid were excluded from the CHIP program. This exclusion included children who had access to, “health benefits coverage on the basis of a family member’s employment with a public agency in the State.”¹ Washington has denied, or closed, the children of state employees off of CHIP (Apple Health with Premiums) since the program’s inception in 2000. This year roughly 500 children have lost CHIP coverage because of a parents’ employment with a state agency or higher education.

With the passage of ESSB 6241 in 2018, a new health benefit for a subset of public employees was created. Effective January 1, 2020 the employees of school districts (K-12), educational service districts, and charter schools will have access to School Employees Benefits Board (SEBB) health insurance benefit coverage. As a class this makes their children ineligible for CHIP coverage. This is group is separate from the pre-existing Public Employees Benefits Board (PEBB) which is inclusive of employees of counties, municipalities, political subdivisions, the Washington Health Benefit Exchange (HBE), tribal governments, higher education, and employee organizations representing state civil service employees.

In early October 2019, an initial data pull identified approximately 2,000 children who would lose CHIP coverage over the next year. These families were sent a letter that their child’s coverage would end at their next renewal in 2020. Loss of CHIP coverage represents a special enrollment event. Families losing CHIP coverage can enroll their children in SEBB by notifying their payroll office within 60 days of the loss of coverage.

Public Employee Option: With the passage of the ACA states were given authority under [section 10203\(d\)\(2\)\(D\)](#) to cover the children of public employees under their CHIP programs by submitting a state plan amendment (SPA) demonstrating one of two conditions –

1. Maintenance of Effort – The Agency’s annual expenditures for healthcare coverage on behalf of employees with dependent coverage would be no less than the amount spent in 1997 increased by the C.P.I.
2. Hardship – That the annual aggregate of the amount of premiums and cost-sharing would exceed 5% of the family’s income. For a family of 4 the annual aggregate cost sharing would only need to exceed \$2704.

Since 2010, 21 states have submitted SPAs to use CHIP to cover the children of state employees. Most states cited the hardship condition to expand their program. Washington looked at the Public Employee

¹ 42 CFR § 457.310
WA-20-0002

Option in 2010 but decided not to pursue it. An analysis of our plan at the time suggested that Washington could meet either of the conditions, but the hardship condition being the easier to demonstrate.

Two issues exist in implementing such a SPA.

- The state must demonstrate that there is sufficient Title XXI allotment to fund the expansion.
- The child must still be *uninsured*. (See #4 below).

In answer to the first issue, Washington has fully expended our CHIP allotment for a number of years and monthly enrollment in the program has grown from 27K in 2010 to 70K in 2019. However, sufficient allotment remains available for an expansion of CHIP coverage if we reduce our §2105(g) qualifying expenditures for Medicaid (Section 107) children. While the CHIP funds are available, there would be no GF-S cost savings associated with expanding coverage to children of public employees since the expansion would simply correspond to a reduction in Section 107 expenditures drawn on the CHIP grant.

Cost of expanding CHIP to cover Public Employees:

Coverage of public employee children enrolled in PEBB or SEBB

The following is a **rough** estimate based on a FY20 PM/PM of \$186/mo.² for CHIP children and using the following assumptions:

- 2,000 SEBB children currently on CHIP would remain.
- 500 additional SEBB children would be added over the next two years.
- 2,500 PEBB children would be re-enrolled in CHIP over the next two years.
- EFMAP of 76.5% in FFY20; 65% in FFY21.

Enrollment	Quarter	CHIP Federal	GF-S	Total
2,000	Jan – Mar 2020	\$ 853,740	\$ 262,260	\$ 1,116,000
2,500	Apr – June 2020	\$ 1,067,175	\$ 327,825	\$ 1,395,000
3,000	July – Sept. 2020	\$ 1,280,610	\$ 393,390	\$ 1,674,000
3,500	Oct – Dec. 2020	\$ 1,269,450	\$ 683,550	\$ 1,953,000
4,000	Jan – Mar 2021	\$ 1,450,800	\$ 781,200	\$ 2,232,000
4,500	Apr – June 2021	\$ 1,632,150	\$ 878,850	\$ 2,511,000
5,000	July – Sept. 2021	\$ 1,813,500	\$ 976,500	\$ 2,790,000
Total*		\$ 9,367,425	\$4,303,575	\$13,671,000

*The total cost of \$13.7M would be offset somewhat by premium payments collected from parents (estimated at approximately \$1.8M). There may also be additional GF-S savings achieved from reduced GF-S expended to cover dependents in PEBB/SEBB.

² \$186/PMPM for FY20 CHIP children from October 2019 Forecast.

- Based on current caseload forecasting, we anticipate an approximate enrollment increase of up to 8% in FY21

Hardship Analysis –

- Washington's CHIP coverage has an actuarial value of 98%-99% because the only cost to the family is the small monthly premium.
- Comparing cost of Employee Full Family PEBB/SEBB plan cost should be actuarially similar. Gold or platinum plans. Plans presented here have an AV of 80% - 88%.

Family Size	Annual Income for CHIP/5% threshold (Tier 1)	Annual Income for CHIP/5% threshold (Tier 2)	Estimated Annual Out-of-Pocket (OOP) costs	Annual Cost PEBB/UMP Classic	Annual Cost PEBB/Kaiser Permanente WA Value	Annual Cost SEBB/UMP Achieve 2	Annual Cost SEBB/Premera Std. PPO
			Subscriber: \$ 768 Dependent/ea: \$ 288	Deductible \$750 Premiums \$3552	Deductible \$750 Premiums \$3420	Deductible \$750 Premiums \$3528	Deductible \$3215 Premiums \$792
2	\$45,686/ \$2,284	\$54,651/ \$2,733	\$1,056	\$4,302	\$4,170	\$4,278	\$3,917
3	\$57,558/ \$2,878	\$68,853/ \$3,443	\$1,344	\$4,302	\$4,170	\$4,278	\$3,917
4	\$69,430/ \$3,472	\$83,054/ \$4,153	\$1,632	\$4,302	\$4,170	\$4,278	\$3,917
5	\$81,302/ \$4,065	\$97,256/ \$4,863	\$1,920	\$4,302	\$4,170	\$4,278	\$3,917
6	\$93,174/ \$4,659	\$111,458/ \$5,573	\$2,208	\$4,302	\$4,170	\$4,278	\$3,917

- Annual cost calculated for Full Family coverage (premiums + deductible). These costs do not change based on household size (1 or more children is the same rate).
- OOP data obtained from Uniform Medical Plan (UMP) represents medical OOP expenses for plan year 2018. These expenses include the *average* annual cost of office co-pays, lab visits, emergency room treatment, and both inpatient and outpatient hospital care.
- The PEBB plans here are the two largest and represent 66% of total members.
- The SEBB plans here are the two largest and represent 30% of total members.