

CHILDREN'S HEALTH INSURANCE

Coverage of Services and Costs to Consumers in Selected CHIP and Private Health Plans in Five States

Why GAO Did This Study

Federal funds appropriated to states for CHIP—the jointly financed health insurance program for certain low-income children—are expected to be exhausted soon after the end of fiscal year 2015 unless Congress acts to appropriate new funds. Beginning in October 2015, any state with insufficient CHIP funding must establish procedures to ensure that children who are not covered by CHIP are screened for Medicaid eligibility. If ineligible, children may be enrolled into a private qualified health plan—or QHP—that has been certified by the Secretary of Health and Human Services (HHS) as comparable to CHIP, if such a QHP is available.

GAO was asked to examine coverage and costs to consumers in selected CHIP plans and private QHPs in selected states. GAO reviewed (1) coverage and (2) costs to consumers for one CHIP plan, one QHP, and, where applicable, one SADP in each of five states—Colorado, Illinois, Kansas, New York, and Utah. State selection was based on variation in location, program size, and design; CHIP plan selection was based on high enrollment; and QHP selection was based on low plan premiums. GAO obtained CHIP and QHP premium data from state officials and federal and state websites. GAO also obtained documents from and spoke to federal officials, including from HHS's Assistant Secretary for Planning and Evaluation, state officials, including from CHIP and insurance departments, and issuers of QHPs.

HHS provided technical comments on a draft of this report, which GAO incorporated as appropriate.

What GAO Found

In five selected states, GAO determined that coverage of services in the selected State Children's Health Insurance Program (CHIP) plans was generally comparable to that of the selected private qualified health plans (QHP), with some differences. In particular, the plans were generally comparable in that most covered the services GAO reviewed with the notable exceptions of pediatric dental and certain enabling services such as translation and transportation services, which were covered more frequently by the CHIP plans. For example, only the selected QHP in New York covered pediatric dental services; the QHPs in the other four states did not include pediatric dental services, although some officials indicated this would change for 2015 offerings. In those four states, stand-alone dental plans (SADP) could be purchased separately. Selected CHIP plans and QHPs were also similar in terms of the services on which they imposed day, visit, or dollar limits, although the five selected CHIP plans generally imposed fewer limits than the selected QHPs. For services where coverage limits were sometimes imposed on QHPs and CHIP plans, GAO's review found that the limits on CHIP plans were at times less restrictive. For example, the selected QHP in Utah limited home- and community-based health care services to 60 visits per year while the selected CHIP plan did not impose any limits. In addition, for pediatric dental services, coverage limits in the selected SADPs were generally similar to those in the selected CHIP plan; however, when there were differences, CHIP was generally more generous.

Consumers' costs for these services—defined as deductibles, copayments, coinsurance, and premiums—were almost always less in the five states' selected CHIP plans when compared to their respective QHPs, despite the application of subsidies authorized under the Patient Protection and Affordable Care Act (PPACA) that reduce these costs in the QHPs. Specifically, when cost-sharing applied, the amount was typically less for CHIP plans, even considering PPACA provisions aimed at reducing cost-sharing amounts for certain low income consumers who purchased QHPs. For example, an office visit to a specialist in Colorado would cost a CHIP enrollee a \$2 to \$10 copayment per visit, depending on their income, compared to the lowest available copayment of \$25 per visit in the selected Colorado QHP. GAO's review of premium data further suggests that selected CHIP premiums were always lower than selected QHP premiums, even when considering the application of PPACA subsidies that help to defray the cost to certain consumers. For example, the 2014 annual premium for the selected Illinois CHIP plan for an individual at 150 percent of the federal poverty level (FPL) was \$0. By comparison, the 2014 annual premium for the selected Illinois QHP was \$1,254, which was reduced to \$944 for an individual at 150 percent of the FPL, after considering federal subsidies to offset the cost of coverage. Finally, all selected CHIP plans and QHPs GAO reviewed limited out-of-pocket maximum costs, and these maximum costs were typically less in the CHIP plans.