



State of Utah

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November 27, 2007

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 2007**

Average monthly enrollment in PCN was 15,625.

◆ **Requirement 2 – Claims Experienced by PCN in FY 2007**

Total PCN claims were \$19,505,812. This figure does not include some gross adjustments including pharmacy rebates.

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

◆ **Requirement 3 – Cost Shifting for Services not Covered by PCN in FY 2007**

Two major services not covered by PCN are inpatient hospital and specialty care services. The Department has not been able to calculate the cost shifting to specialty care services. For inpatient stays, the hospitals have traditionally provided donated services, which the Department tracks through a prior authorization process. For FY 2007, hospitals submitted \$6,044,206 in billed charges for donated services to PCN clients.

As of July 1, 2007, the hospitals declined to continue their participation in the previous donation process for inpatient stays. For FY 2008, individual hospitals will decide whether they will directly charge PCN clients for those stays or if they will waive the fees through the hospital's charity care process. The Department

will no longer calculate the cost shifting from inpatient services because these costs will no longer be reported to the Department.

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

The Department applied to the federal government in June 2006 to change the operation of its health insurance voucher program, Covered at Work. The federal government approved the changes in October 2006 and the Department began accepting applications for Utah's Premium Partnership for Health Insurance (UPP) on November 1, 2006. The program pays \$150 per month per adult when they enroll in a qualified employer-sponsored health plan. The program covers adults up to 150 percent of the federal poverty level, or just over \$30,000 per year for a family of four.

In addition, UPP uses funding from the Children's Health Insurance Program (CHIP) to provide a similar subsidy for children. Children are covered at the same income level as CHIP, 200 percent of the federal poverty level or \$41,300 per year for a family of four.

As of September 30, 2007, 172 adults and 253 children were enrolled in the program. The Department has been working with health insurance underwriters and businesses to promote the program. In addition, the Department has run TV and radio ads for UPP. For additional information, please see the UPP web site at www.health.utah.gov/upp.

Sincerely,



Nathan Checketts
Director, Bureau of Access
Utah Department of Health