

## Chapter 10: CHIP and CHIP Perinatal

### Children’s Health Insurance Program

States like Texas that operate a separate Children’s Health Insurance Program (CHIP) have three options for determining coverage.

- Benchmark coverage is substantially equal to one of the following: (1) the Federal Employee Health Benefits Program Blue Cross/Blue Shield Standard Option Service Benefit Plan; (2) a health benefits plan offered by the state and made generally available to state employees; or (3) a plan offered by a managed care organization (MCO) that has the largest insured commercial, non-Medicaid enrollment of any such organization in the state.
- Benchmark-equivalent coverage has the same aggregate actuarial value as one of the benchmark plans. States choosing to provide benchmark-equivalent coverage must cover each of the benefits in the “basic benefits category.” These include inpatient and outpatient hospital services, physician services, surgical and medical services, laboratory and x-ray services, and well-baby

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and well-child care, including age-appropriate immunizations. States must also provide coverage that is at least 75 percent of the actuarial value of coverage under the benchmark plan for each of the benefits in the “additional services category.” These services include prescription drugs, mental health services, vision services, and hearing services.

- Any other health benefits plan that the U.S. Secretary of Health and Human Services determines will provide appropriate coverage.

Texas selected the third option, Secretary-approved coverage. The state’s benefit package is cost-effective, including a basic set of health care benefits that focus on primary health care needs. These

benefits are subject to certain limitations and exclusions. Texas most recently modified behavioral health and dental benefits

pursuant to the Children’s Health Insurance Program Reauthorization Act of 2009 (CHIPRA).

**Table 10.1: Services Covered by Texas CHIP, 2016**

- Inpatient general acute and inpatient rehabilitation hospital services
- Surgical services
- Transplants
- Skilled nursing facilities (including rehabilitation hospitals)
- Outpatient hospital, comprehensive outpatient rehabilitation hospital, clinic (including health center), and ambulatory health care center services
- Physician/physician extender professional services (including well-child exams and preventive health services, such as immunizations)
- Laboratory and radiological services
- Durable medical equipment, prosthetic devices, and disposable medical supplies
- Home and community-based health services
- Nursing care services
- Inpatient mental health services
- Outpatient mental health services
- Inpatient and residential substance abuse treatment services
- Outpatient substance abuse treatment services
- Rehabilitation and habilitation services (including physical, occupational, and speech therapy, and developmental assessments)
- Hospice care services
- Emergency services (including emergency hospitals, physicians, and ambulance services)
- Emergency medical transportation (ground, air, or water)
- Care coordination
- Case management
- Prescription drugs
- Dental services
- Vision
- Chiropractic services
- Tobacco cessation

## **Mental Health Parity**

The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act (MHPAEA) was signed into federal law on October 3, 2008. MHPAEA requires certain group health plans that offer behavioral health benefits (mental health and substance use disorder treatment) to provide those services at parity with medical and surgical benefits. CHIPRA applied MHPAEA requirements to all state CHIP programs.

CMS approved a CHIP state plan amendment to remove the treatment limitations from existing CHIP behavioral health benefits, effective March 1, 2011, bringing CHIP into compliance with the mental health parity requirements in CHIPRA. To offset increased costs in the CHIP program, the Health and Human Services Commission (HHSC) increased certain co-payments for CHIP members above 150 percent of the federal poverty level (FPL), effective March 1, 2011.

## **CHIP Dental**

Prior to March 1, 2012, the Texas CHIP dental benefits package consisted of three tiers that covered certain preventive and therapeutic services up to capped dollar amounts per 12-month coverage period. CHIPRA required all state CHIP programs to cover dental services “necessary to prevent disease and

promote oral health, restore oral structures to health and function, and treat emergency conditions.” To comply with this requirement, Texas CHIP began covering certain services that were not previously covered, including periodontic and prosthodontic services.

Effective March 1, 2012, Texas eliminated the three-tier benefit package. Now all CHIP members receive up to \$564 in dental benefits per enrollment period. Emergency dental services are not included under this cap. Members also can receive certain preventive and medically necessary services beyond the \$564 annual benefit limit through a prior authorization process. To offset the costs of covering additional dental services, HHSC raised CHIP cost-sharing amounts.

## **Cost-Sharing**

Most families in CHIP pay an annual enrollment fee to cover all children in the family. All CHIP families pay co-payments for doctor visits, prescription drugs, inpatient hospital care, and non-emergent care provided in an emergency room setting. Unborn children and newborns in the CHIP Perinatal program are exempt from cost-sharing requirements. CHIP annual enrollment fees and co-payments vary based on family income. The total amount that a family is required to contribute out-of-pocket toward

the cost of health care services is capped at five percent of family income.

See **Chapter 14, Finances**, for more information on CHIP fees and cost-sharing amounts.

### ***Delivery Network***

CHIP services are delivered by MCOs selected by the state through competitive procurement. There are 10 service areas with a total of 17 MCOs delivering services to CHIP members statewide.

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Enrollees residing in a CHIP service area have a choice of at least two MCOs (see **Appendix B, Medicaid and CHIP Service Areas**).

In order to provide CHIP members with a choice of dental plans, HHSC expanded the number of dental maintenance organizations from one to two in 2012.

## **CHIP Perinatal Program**

CHIP Perinatal services are for the unborn children of pregnant women who are uninsured and do not qualify for Medicaid due to income or immigration status, and whose household income is at or below 202 percent of the FPL. Services include prenatal visits, prescription prenatal vitamins, labor and delivery, and postpartum care. Members receiving the CHIP Perinatal benefit

are exempt from the 90-day waiting period and all cost-sharing, including enrollment fees and co-pays, for the duration of their coverage period.

For CHIP Perinatal clients at or below 198 percent of the FPL, the mother must apply for Emergency Medicaid to cover her labor and delivery. Upon delivery, CHIP Perinatal newborns in families with incomes at or below 198 percent of the FPL are eligible to receive 12 months of continuous Medicaid coverage from the date of birth. Most CHIP Perinatal clients fall into this income range.

CHIP Perinatal newborns in families with incomes above 198 percent of the FPL up to and including 202 percent of the FPL remain in CHIP Perinatal and receive CHIP benefits for the remainder of the 12-month coverage period.