

# West Virginia Children's Health Insurance Program Annual Report 2021





West Virginia  
Children's Health Insurance Program

# 2021 Annual Report



Bill J. Crouch, Cabinet Secretary  
West Virginia Department of Health & Human Resources

Stacey L. Shamblin, Acting Director  
West Virginia Children's Health Insurance Program

Prepared by:  
Stacey L. Shamblin, MHA  
Chief Financial Officer  
West Virginia Children's Health Insurance Program



## OUR MISSION

To provide quality health insurance to eligible children in a way that improves child population health and promotes healthy kids and healthy communities.

## OUR VISION

West Virginia CHIP will be a leader in value driven and innovative child health care.

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## INTRODUCTORY SECTION

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January 10, 2022

Board of Directors  
West Virginia Children's Health Insurance Program

Bill Crouch, Cabinet Secretary  
West Virginia Department of Health and Human Resources

Ladies and Gentlemen:

It is a privilege to submit to you the Annual Report of the West Virginia Children's Health Insurance Program (WVCHIP) for the fiscal year ended June 30, 2021. This report was prepared by the Financial Officer of WVCHIP. Management of WVCHIP is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, are accurate in all material respects and presented in a manner that fairly reports the financial position and results of operations of WVCHIP. All disclosures necessary to enable the reader to gain an understanding of WVCHIP's financial activities have been included. It should be noted that these financial reports are unaudited and for management purposes only.

The financial statements are presented for the state fiscal year (SFY) ended June 30, 2021. The federal fiscal year (FFY) ends September 30 and further documentation is submitted to Centers for Medicare and Medicaid Services (CMS), WVCHIP's federal oversight agency, based on that period. Certain statistical information such as pediatric quality reports, by nature, is presented on a calendar year basis as required.

In addition to the financial information included, this report also provides statistical information on enrollment and quality measures, actuarial projections, program history, and management discussion and analysis that outlines program experience in the reporting year as well as initiatives for future years.

Please contact WVCHIP's Financial Officer at 304-558-2732 with questions about this report or requests for additional information. General information is available on our website at <http://www.chip.wv.gov>. Electronic application to the program is available on the web at [www.wvpath.org](http://www.wvpath.org).

Sincerely,

Stacey L. Shamblin, MHA  
Financial Officer



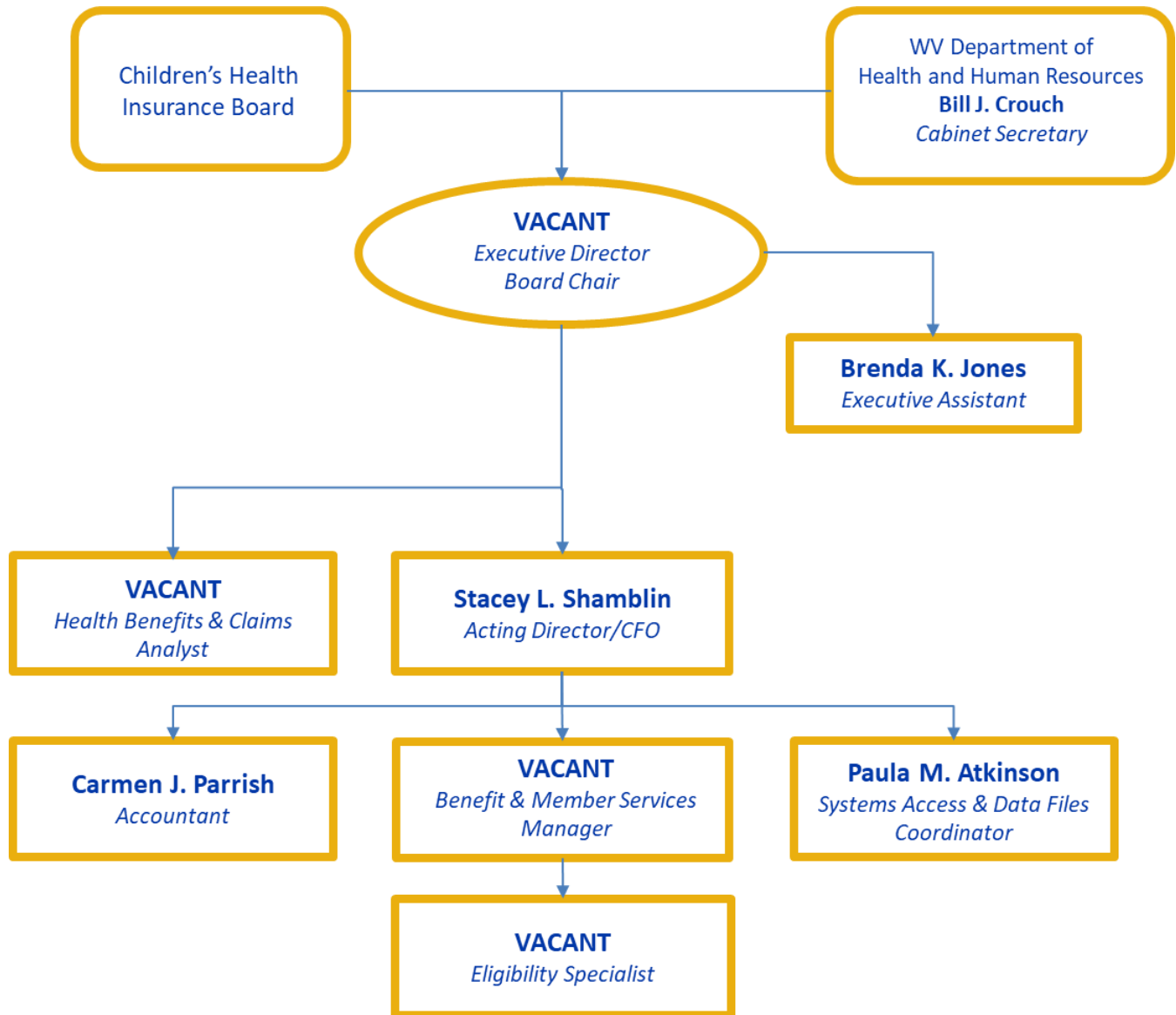
**BOARD MEMBERS**

Stacey Shamblin, WVCHIP Acting Director/CFO and Acting Chair of the Board  
Jason Haught, Public Employees Insurance Agency, Interim Director/CFO  
Jeremiah Samples, Deputy Secretary, Designee for Bill J. Crouch, Cabinet Secretary, DHHR  
The Honorable Eric J. Tarr, West Virginia Senate, Ex-Officio  
The Honorable Jordan C. Hill, West Virginia House of Delegates, Ex-Officio  
Janet Allio, Citizen Member  
Kelli Caseman, Citizen Member  
Lisa M. Costello, MD, Citizen Member  
Jill Griffith, Citizen Member  
Robert Whitler, Citizen Member  
Kellie Wooten-Willis, Citizen Member

**STAFF**

Stacey L. Shamblin, Acting Director/Chief Financial Officer  
Paula M. Atkinson, Systems Access & Data Files Coordinator  
Brenda K. Jones, Executive Assistant  
Carmen J. Parrish, Accountant

## STAFF ORGANIZATIONAL CHART







## FINANCIAL SECTION

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WEST VIRGINIA CHILDREN'S HEALTH INSURANCE PROGRAM**

**For the Year Ended June 30, 2021**

**FINANCIAL PERFORMANCE AND OUTLOOK**

WVCHIP is funded by both federal and state monies. Each year the program receives an allotment of federal money that is used to fund program expenditures at a set percentage. Currently, federal allotments are available for a period of two years. State money is provided through general appropriations that are approved by both the Governor and the State Legislature. State money that is not used in the current year is carried-over to the next year.

WV State Code 5-16B-6(c)(2) requires that estimated program claims and administrative costs, including incurred but not reported claims, not exceed 90 percent of the total funding available to the program, and provides for an actuarial opinion to ensure that this requirement will be met. The Actuarial Report dated June 30, 2021 confirms this requirement will be met through SFY 2023 for state funding, assuming federal funding amounts remain the same as they are in 2021 and considering projected enrollment and program costs trends. The program will not meet this requirement beginning in SFY 2024 without additional state funding that will be required because of a projected decrease in the federal medical assistance percentage (FMAP). The report projects a shortfall in state funding of \$1.4 million to cover its share of program expenditures in SFY 2024, and \$2.6 million in SFY 2024 to comply with WV State Code. The report projects no federal funding shortfalls through SFY 2027 based on current approved 2021 levels of federal funding of \$78,808,640 and after adjustments for the CHIP-Medicaid expansion of approximately \$30 million. It should be noted, however, that final Federal allotments have not been issued past 2021. The June 30, 2021 Actuarial report is included as an appendix to this report, as well as the Actuary's Letter of Experience outlining WVCHIP's compliance with this State Code for this reporting year.

**FMAP**

Effective October 1, 2015, the Affordable Care Act (ACA) added 23% to the enhanced federal medical assistance participation (FMAP) rate for Children's Health Insurance Programs (CHIP) nationwide. This increase ended on September 30, 2019. During this time, WVCHIP was 100% federally funded. The ACA added an 11.5% increase to the match rate effective October 1, 2019 through September 30, 2020, making WVCHIP's federal match rate 93.96%. On March 18, 2020 the President signed the Families First Corona Virus Response Act (FFRCA) in response to the public health emergency caused by the COVID-19 pandemic. FFRCA added an additional 6.2% to WVCHIP's match rate, retroactive to January 1, 2020. This 6.2% additional match will remain through the end of the quarter in which the public health emergency ends. The public health emergency is currently scheduled to end in January 2022. WVCHIP's FMAP July 1, 2020 through September 30, 2020 was 98.3%. The match rate was 85% October 1, 2020 through June 30, 2021. WVCHIP's FMAP would have been 82.49% without the additional match provided for the COVID-19 pandemic. The match rate for October 1, 2021 through September 30, 2022 will be 82.28% once the public health emergency ends.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

WVCHIP's financial statements are prepared on a cash basis of accounting.

**Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual:** This statement reflects WVCHIP's operating revenues and expenditures. The major source of revenues is federal grant awards while the major expenditures include medical, dental, and prescription drug claims costs. This statement shows changes in the West Virginia Children's Health Fund balances from the beginning to the end of the SFY. It also reflects program expenditures that occur outside of this fund, mainly amounts necessary to determine program eligibility for children. Annual budget amounts and variances are also reflected on this statement.

**Changes in Federal Allotment Balance:** This statement reflects federal allotment monies available to cover program expenditures under both the SCHIP and MCHIP.

## **FINANCIAL HIGHLIGHTS**

The following financial statements summarize the financial position and the results of operations for the years ended June 30, 2021 and 2020.

- Total fund balance increased approximately \$1.2 million, or 19%, in comparison to the previous year end amount. Because these statements are on a cash-basis and most program expenditures are financed through this fund prior to "draw-down" of federal revenues, this increase results from federal funds of \$2.2 million received July 9, 2021 for June 2021 expenditures.
- Total revenues reflect a 1% increase when compared to the prior year. The increase was due to increased state revenues. Investment revenues decreased 51% and premium revenues were down 93%. WVCHIP exercised flexibilities in waiving member premiums and copayments in response to the COVID-19 public health emergency, resulting in a decrease in premium revenues.
- Medical, dental, and prescription drug expenditures comprise approximately 91% of WVCHIP's total costs. These expenditures decreased 1% compared to the prior year. This decrease is the result of utilization of medical and dental services changes in response to the COVID-19 public health emergency and the move to managed care on January 1, 2021. Approximately 91% of WVCHIP's membership is enrolled in managed care monthly. Therefore, most of WVCHIP's claims expenditures will be capitation payments to the managed care organizations in future years. Medical, dental, and prescription drug costs are further analyzed in the following section.
- Administrative costs accounted for 9% of overall expenditures. These expenditures decreased \$113,325, representing an increase of 3%.
- The program was 12% under its budgeted amount for the year, by approximately \$7.3 million. This high variance resulted from the unforeseen circumstances related to the COVID-19 pandemic.
- The program has \$51,174,107 federal dollars available at the end of SFY 2021. Federal draw-downs for SCHIP totaled \$48,368,892 (including \$1,309,421 in-transit) and MCHIP totaled \$30,195,563 (including \$19,243,209 in-transit).

## **MAJOR INITIATIVES**

### ***Report Year***

#### ***Managed Care Transition***

WVCHIP transitioned its membership from a fee-for-service delivery model to managed care on January 1, 2021. Under managed care, members participate in the WV Mountain Health Trust that provides members the choice of three managed care organizations (MCO) to enroll. Once enrolled, the MCO is responsible for delivering WVCHIP benefits to members, providing customer service, establishing provider networks, and performing utilization management functions. Pharmacy and birth-to-three benefits remain under fee-for-service, as well as services to members prior to MCO enrollment.

This successful transition changes WVCHIP experience dramatically as it relates to claims expenditures. As noted on the *Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual* WVCHIP's claims experience will mostly be concentrated in the line reflecting payments to managed care organizations. These payments accounted for 13% of all claims payments in SFY21, and will grow in the next fiscal year.

WVCHIP pays MCOs a monthly "capitation" for each member enrolled. This capitation payment is calculated based on claims experience and projected changes in utilization and costs. In addition, WVCHIP makes a lump-sum payment to the MCO for each delivery to cover prenatal and delivery services. Monthly capitation payments exclude amounts for prenatal and delivery services. This change to managed care should make program expenditures more stable and predictable. One advantage for WVCHIP under this model is that the risk for high dollar claims moves from WVCHIP to the MCO. WVCHIP will also have less liability for incurred but not reported (claims runout) claims after the year ends. (These are claims incurred by members during the year, but have not yet been submitted to the Program for payment.)

### ***Next Year***

#### ***Pharmacy Benefits Manager (PBM)***

WVCHIP has continued to partner with PEIA on its PBM contract. PEIA re-bid its PBM contract in the fall of 2021 and awarded it to Express Scripts, Inc. Express Scripts will begin providing services on July 1, 2022.

#### ***Expanding WVCHIP Pregnant Women Coverage***

Sections 9812 and 9822 of the American Rescue Plan Act of 2021 (ARP) (Pub. L. 117-2) give states a new option to provide 12 months of extended postpartum coverage to pregnant individuals enrolled in Medicaid and CHIP beginning April 1, 2022. When the state elects this option in Medicaid, it must also make the same election in a separate CHIP. The option is currently limited to a 5-year period beginning on April 1, 2022. WV Medicaid has opted to provide this coverage, and WVCHIP will provide this coverage beginning April 1, 2022. Currently, pregnant women covered under WVCHIP are provided coverage 60 days post-partum.



## 2021 Annual Report

### West Virginia Children's Health Insurance Program Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual For the Twelve Months Ended June 30, 2021 and June 30, 2020

	<u>Annual Budget 2021</u>	<u>Actual June 30, 2021</u>	<u>Actual June 30, 2020</u>	<u>Actual</u>	<u>Variance</u>		<u>Budget Variance</u>
<b>Beginning Operating Fund Balance</b>		\$6,218,611	\$5,262,949	\$955,662	18%		
<b>Revenues</b>							
Federal Grants		\$46,645,067	\$52,042,651	(\$5,397,584)	-10%		
State Appropriations		\$6,992,924	\$0	\$0	0%		
Premium Revenues	\$1,243,837	\$79,621	\$1,129,537	(\$1,049,916)	-93%	(\$1,164,216)	-94%
Investment Earnings (Interest)		\$91,367	\$187,745	(\$96,378)	-51%		
<b>Total Operating Fund Revenues</b>		<u>\$53,808,979</u>	<u>\$53,359,934</u>	<u>\$449,046</u>	1%		
<b>Expenditures:</b>							
<b>Claims Expenses:</b>							
Managed Care Organizations		\$18,844,776	\$0	\$18,844,776	0%		
Prescribed Drugs		\$9,579,290	\$11,218,055	(\$1,638,765)	-15%		
Physicians & Surgical		\$7,635,542	\$13,172,915	(\$5,537,373)	-42%		
Dental		\$4,432,891	\$6,843,113	(\$2,410,222)	-35%		
Outpatient Services		\$3,897,807	\$8,584,482	(\$4,686,675)	-55%		
Inpatient Hospital Services		\$2,808,685	\$3,620,492	(\$811,807)	-22%		
Other Services		\$1,628,984	\$3,312,420	(\$1,683,436)	-51%		
Therapy		\$1,003,430	\$2,047,610	(\$1,044,180)	-51%		
Vision		\$392,277	\$569,995	(\$177,718)	-31%		
Inpatient Mental Health		\$387,621	\$545,328	(\$157,707)	-29%		
Durable & Disposable Medical Equipment		\$221,125	\$342,267	(\$121,142)	-35%		
Medical Transportation		\$212,685	\$423,551	(\$210,866)	-50%		
Outpatient Mental Health		\$171,776	\$440,321	(\$268,545)	-61%		
Less: Other Collections		(\$103,623)	(\$66,972)	(\$36,651)	55%		
Drug Rebates	(\$2,517,954)	<u>(\$2,131,643)</u>	<u>(\$2,421,110)</u>	<u>\$289,467</u>	-12%	(\$282,688)	11%
<b>Total Claims Expenses</b>	<b>\$56,575,040</b>	<b><u>\$48,981,623</u></b>	<b><u>\$48,632,467</u></b>	<b><u>\$349,156</u></b>	1%	<b>(\$7,593,417)</b>	<b>-13%</b>
<b>Administrative Expenses:</b>							
Salaries and Benefits	\$575,350	\$547,749	\$23,864	\$523,885	2,195%	(\$27,601)	-5%
Program Administration	\$3,080,108	\$2,755,542	\$3,327,617	(\$797,075)	-22%	(\$324,566)	-11%
Outreach & Health Promotion	\$100,000	\$0	\$0	\$0	0%	(\$100,000)	-100%
Health Service Initiative	\$225,000	\$225,000	\$225,000	\$225,000	0%	\$0	0%
Current	\$175,000	\$100,393	\$165,528	(\$65,135)	-39%	(\$74,607)	-43%
<b>Total Administrative Expenses in Operating Fund</b>	<b>\$4,155,458</b>	<b><u>\$3,628,684</u></b>	<b><u>\$3,742,009</u></b>	<b><u>(\$113,325)</u></b>	-3%	<b>(\$526,774)</b>	<b>-13%</b>
<b>Total Operating Fund Expenditures</b>	<b>\$60,730,498</b>	<b><u>\$52,610,307</u></b>	<b><u>\$52,374,475</u></b>	<b><u>\$235,832</u></b>	0%	<b>(\$8,120,191)</b>	<b>-13%</b>
<b>Adjustments</b>		<b><u>\$1,426</u></b>	<b><u>(\$29,796)</u></b>				
<b>Ending Operating Fund Balance</b>		<b><u>\$7,418,708</u></b>	<b><u>\$6,218,611</u></b>	<b><u>\$1,200,097</u></b>	19%		
Money Market		\$13,069	\$1,011,736				
Bond Pool		\$3,792,700	\$3,696,121				
Cash on Deposit		\$3,612,940	\$1,510,754				
<b>Unrealized Gain/Loss on Investment</b>		<b>(\$34,923)</b>	<b>\$36,747</b>				
<b>Ending Fund Balance (Accrued Basis)</b>		<b><u>\$7,383,785</u></b>	<b><u>\$6,255,358</u></b>	<b><u>\$1,128,427</u></b>	18%		
<b>Revenues Outside of Operating Funds:</b>							
Federal Grants		\$414,404	\$1,602,173	(\$1,187,769)	-74%		
<b>Total WVCHIP Revenues</b>		<b><u>\$54,223,383</u></b>	<b><u>\$54,962,107</u></b>	<b><u>(\$738,723)</u></b>	-1%		
<b>Program Expenses outside of Operating Funds:</b>							
Salaries and Benefits		\$0	\$551,487	(\$551,487)	-100%		
Eligibility	\$500,000	\$1,277,417	\$1,090,552	\$186,865	17%	\$777,417	155%
<b>Total Administrative Expenses</b>	<b>\$4,655,458</b>	<b><u>\$4,906,101</u></b>	<b><u>\$5,384,048</u></b>	<b><u>(\$477,947)</u></b>	-9%	<b>\$250,643</b>	5%
<b>Total WVCHIP Expenditures</b>	<b><u>\$61,230,498</u></b>	<b><u>\$53,887,724</u></b>	<b><u>\$54,016,514</u></b>	<b><u>(\$128,790)</u></b>	0%	<b>(\$7,342,774)</b>	<b>-12%</b>

#### FOOTNOTES:

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on June 30, 2021 is \$670,000. The June 30, 2020 estimate was \$3,133,658 (restated).
- 3) Administrative Accounts Payable balance on June 30, 2021 was \$814,806. The June 30, 2020 balance was \$251,928.
- 4) 2021 and 2020 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY21 was 98.3% starting 01/01/2020 and 85.00% starting 10/01/2020.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid—primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 9) In SFY21, all Salaries and Benefits were paid from the Operating fund. During SFY20, the federal share for Salaries and Benefits were paid outside the operating fund.
- 10) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH).

Unaudited—For Management Purposes Only

**West Virginia Children's Health Insurance Program  
Changes in Federal Allotment Balance  
For the Twelve Months Ending June 30, 2021**

Beginning Balance 07/01/2020	
CHP20	<u>\$50,929,922</u>
	\$50,929,922
New Allotments	
CHP21	<u>\$78,808,640</u>
Total Allotment Available	\$129,738,562
Adjustments	\$0
Adjusted Available Allotments	<u>\$129,738,562</u>
Draw-downs	
SCHIP	(\$47,059,471)
MCHIP	<u>(\$10,952,354)</u>
Ending Balance 06/30/2021	<u>\$71,726,737</u>
Draws In-Transit	
MCHIP QE 12/31/2020, 03/31/2021, & 06/30/2021 (Projected)	(\$19,243,209)
SCHIP Draw for weeks ending 06/21/2021 & 06/28/2021	(\$473,047)
SCHIP CDR Eligibility through 06/30/2021	<u>(\$836,374)</u>
Adjusted Ending Balance 06/30/2021	<u>\$51,174,107</u>

**FOOTNOTES:**

- 1) WVCHIP is federally funded by annual block grants
- 2) SCHIP = the state's separate CHIP (children over 133% FPL up to 300%)
- 3) MCHIP = the state's CHIP-Medicaid expansion (Medicaid children ages 6 to 18 over 108% FPL up to 133% FPL without other insurance)
- 4) CDR represents WVCHIP's cost allocation for eligibility & enrollment processes

**West Virginia Children's Health Insurance Program  
Notes to Financial Statements  
For the Twelve Months Ended June 30, 2021**

**Note 1**

**Financial Reporting Entity**

The West Virginia Children's Health Insurance Program (WVCHIP) provides access to health services for eligible children and pregnant women. CHIP in West Virginia is a combination program. Children ages 6 through 18, between 108 percent and 133 percent of the FPL, are served under a CHIP/Medicaid Expansion (MCHIP). Financial reporting for those children is submitted by West Virginia Medicaid. Only amounts drawn down from the Title XXI CHIP allotment for MCHIP expenditures are reflected on the Statement of Changes in Allotment Balance attached. The accompanying financial statements reflect revenues and expenditures for the separate CHIP (SCHIP) that serves children ages 0 through 18, over 133 percent FPL up to 300 percent FPL, and pregnant women ages 19 and up, over 185 percent FPL to 300 percent FPL. Major revenue sources are federal awards and state appropriations. WVCHIP uses third party administrators to process claims, pay providers, and review utilization of health services. An 11-member board develops plans for health insurance specific to the needs of children and annual financial plans which promote fiscal stability.

**Note 2**

**Summary of Significant Accounting Policies**

**Basis of Reporting and Accounting**

The accompanying financial statements of the WVCHIP are presented on a cash basis. Operating expenses consist primarily of claims and administrative costs. Operating revenues consist mainly of federal allotments (block grants) and state appropriations. Revenues are recognized when they become both measurable and available in the "West Virginia Children's Health Fund," the operating fund. State appropriations are recognized when they are made available (deposited into the operating fund) and federal revenues are recognized when they are drawn down to cover related expenses. Premium revenues are recognized when received and investment earnings are recognized when deposited into the fund.

**Annual Financial Plan**

West Virginia Code §5-16B-6 requires the WVCHIP Board to adopt an annual financial plan. This plan is formally adopted by the Board at its July meeting each year, so the plan reflects the most accurate actuarial forecast. By statute, WVCHIP's financial plan may spend no more than 90 percent of total funding including incurred but not reported claims. The financial plan for SFY 2021 is reflected in the Annual Budget column on the Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual.

## Fund Balance

WVCHIP's financial statements reflect program expenditures made through the "West Virginia Children's Health Fund." This is a special revolving fund and an interest-bearing account. State general appropriations, federal financial participation, and any private money contributed to the program are deposited into this fund that is used to cover the claims, outreach, and administrative expenses of WVCHIP. The balance remaining in this fund at the end of the state fiscal year remains in this fund and does not revert to the State Treasury.

The fund balance principally consists of amounts on deposit in the State Treasurer's Office (STO) that are pooled funds managed by the West Virginia Board of Treasury Investments (BTI). WVCHIP makes interest earning deposits in the West Virginia Money Market Pool as excess cash is available. Deposit and withdrawal transactions can be completed with overnight notice. WVCHIP also has funds invested in the West Virginia Short Term Bond Pool. This Pool is structured as a mutual fund and is limited to monthly withdrawals and deposits by participants. Interest income from these investments is prorated to WVCHIP at rates specified by BTI based on the balance of WVCHIP's deposits maintained in relation to the total deposits of all state agencies participating in the pools. The carrying value of the deposits reflected in the financial statements approximates fair value.

On June 30, 2021, information concerning the amount of deposits with the State Treasurer's Office (fund balance) was as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Collateralized Amount</u>
<b>Cash</b>			
Deposits with Treasurer	<u>\$3,612,940</u>	— — —	— — —
<b>Investments</b>			
	<u>Amount Unrestricted</u>	<u>Fair Value</u>	<u>Investments Pool</u>
Investment with Board of Treasury Investments	\$13,069	\$13,069	Money Market
	<u>\$3,792,700</u>	\$3,792,700	Short-Term Bond Pool
June 30, 2021 Ending Fund Balance	<u>\$7,418,708</u>		

### Program Expenses Outside of Operating Funds

Program salaries and benefits, as well as expenses for member eligibility determinations, are paid outside the operating fund and are reflected in these statements. This change became effective June 2017. Program salaries and benefits are direct costs, while expenses for program eligibility determinations are based on a statewide cost allocation plan and reflect amounts charged to WVCHIP. Starting July 2020, salaries and benefits are paid from the operating fund. Federal grant monies (revenues) drawn down to cover these expenses are not deposited in the program's operating fund, but are reflected in these statements.

### Note 3

#### Accounts Payable and Unpaid Claims Liabilities

Administrative Payables and Unpaid Claims Liabilities (IBNR) are reported as footnotes on the Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual.

	2021	2020
<b>Administrative Accounts Payable (A/P):</b>		
Program Administration	\$ 810,855	\$ 492,754
Current Expenses	<u>3,951</u>	<u>\$0</u>
Total Administrative A/P	<u>\$ 814,806</u>	<u>\$ 492,754</u>
<b>Unpaid Claims Liabilities:</b>	<u>\$670,000</u>	<u>\$3,133,658</u>
<b>Total A/P:</b>	<u><b>\$1,484,806</b></u>	<u><b>\$3,626,412</b></u>

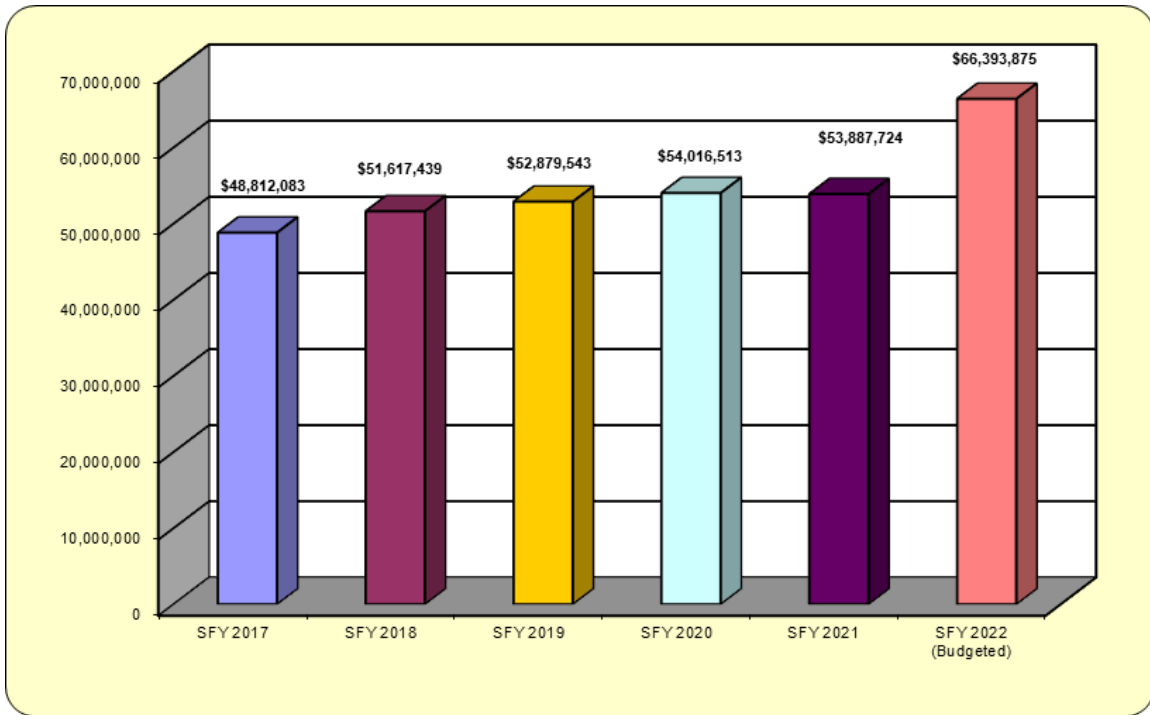
### Note 4

#### Contingencies and Subsequent Events

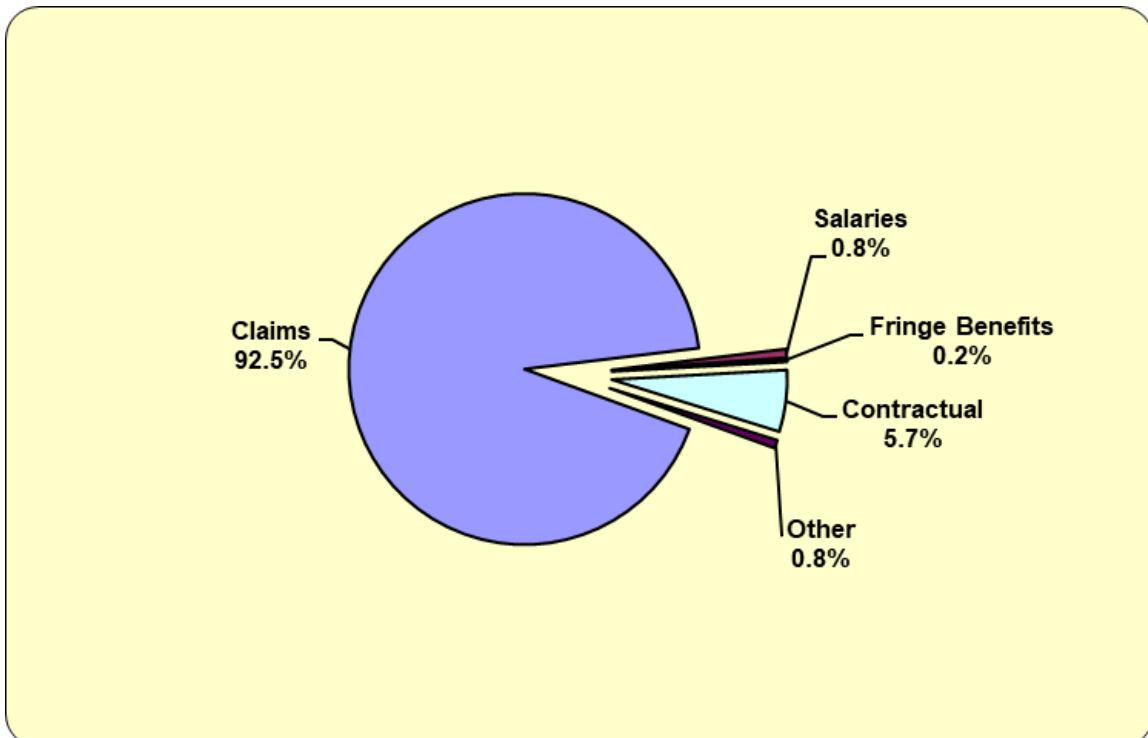
WVCHIP receives significant financial assistance from the federal government in the form of grants and other federal financial assistance. Entitlement to those resources is generally contingent upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for allowable purposes. Federal financial assistance awards are subject to financial and compliance audits under either the federal Single Audit Act or by grantor agencies of the federal government or their designees. Any obligations that may arise from cost disallowance or sanctions as a result of those audits are not expected to be material to the financial statements of WVCHIP.

WVCHIP evaluated events and transactions for potential recognition or disclosure through February 11, 2022, the date these financial statements are made available to the Board, Legislature, Governor, and general public.

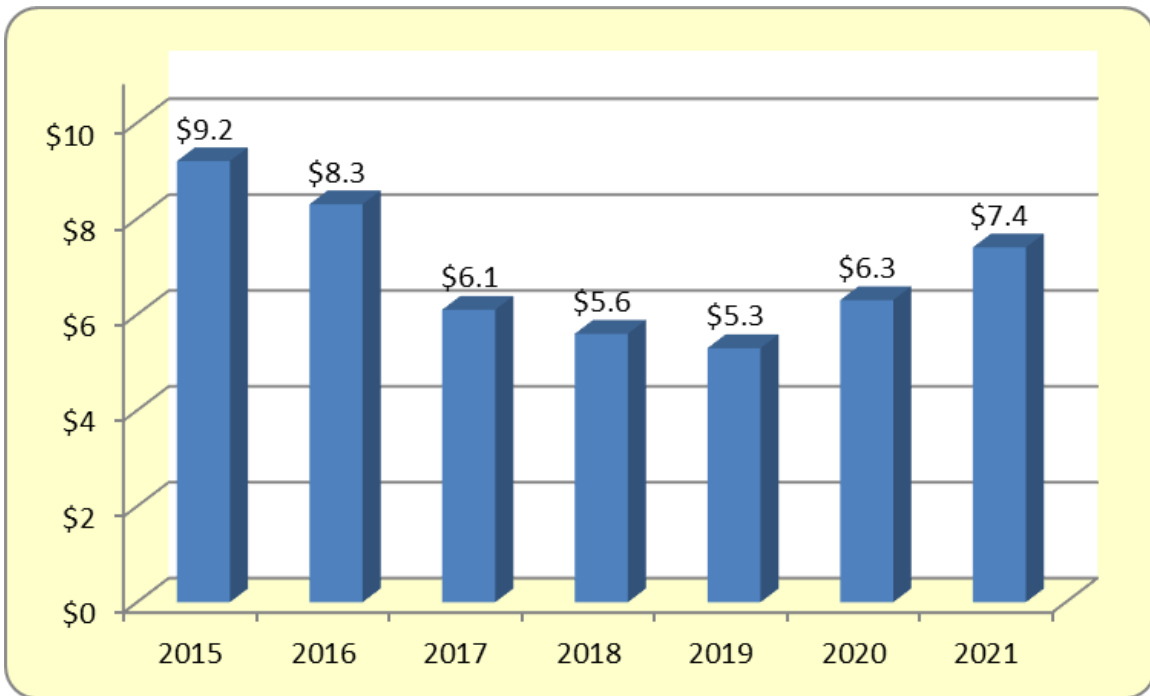
## TOTAL PROGRAM EXPENDITURES



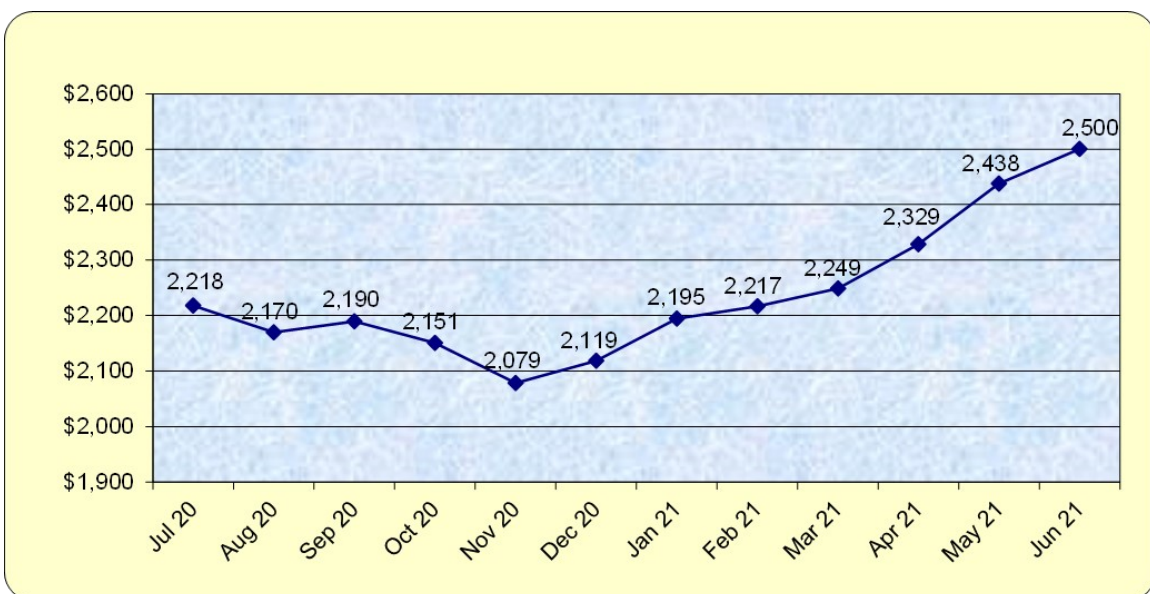
## SFY 2021 EXPENDITURES



### SFY ENDING FUND BALANCES (IN MILLIONS)

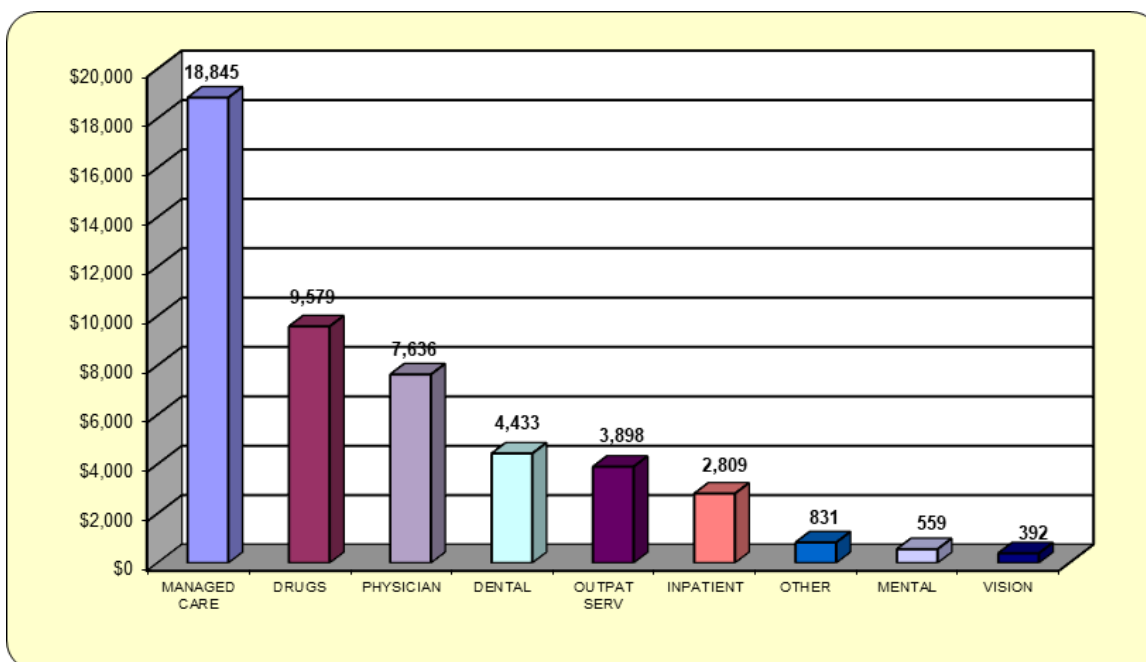


### ANNUALIZED HEALTH CARE EXPENDITURES (COST PER CHILD) SFY 2021

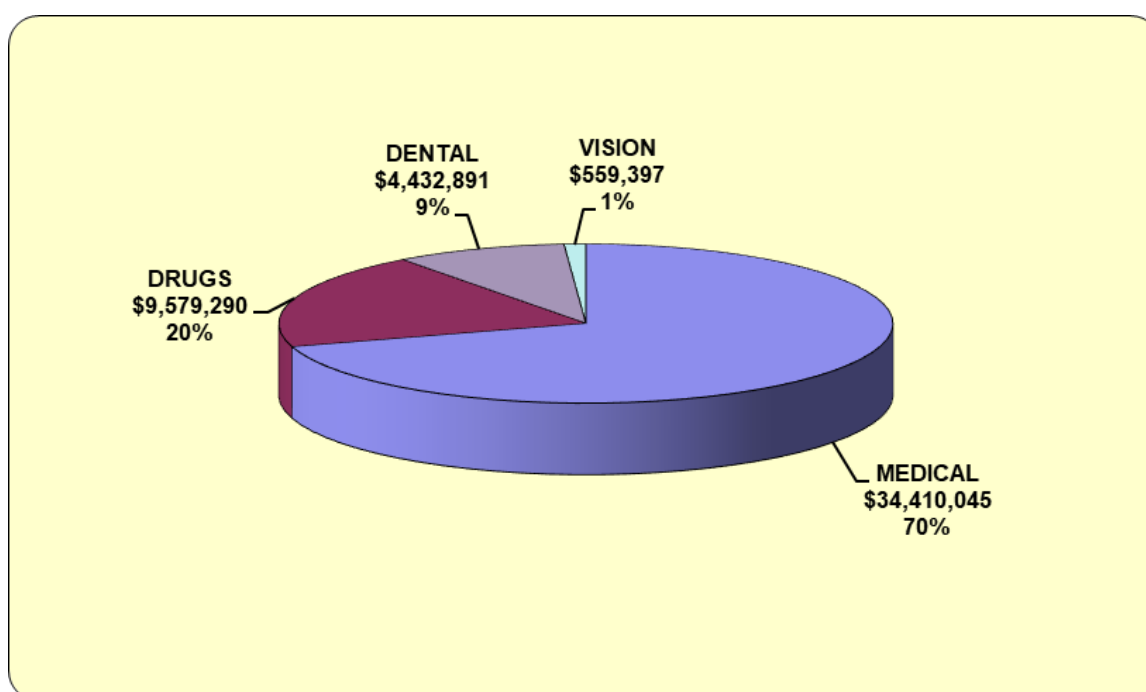




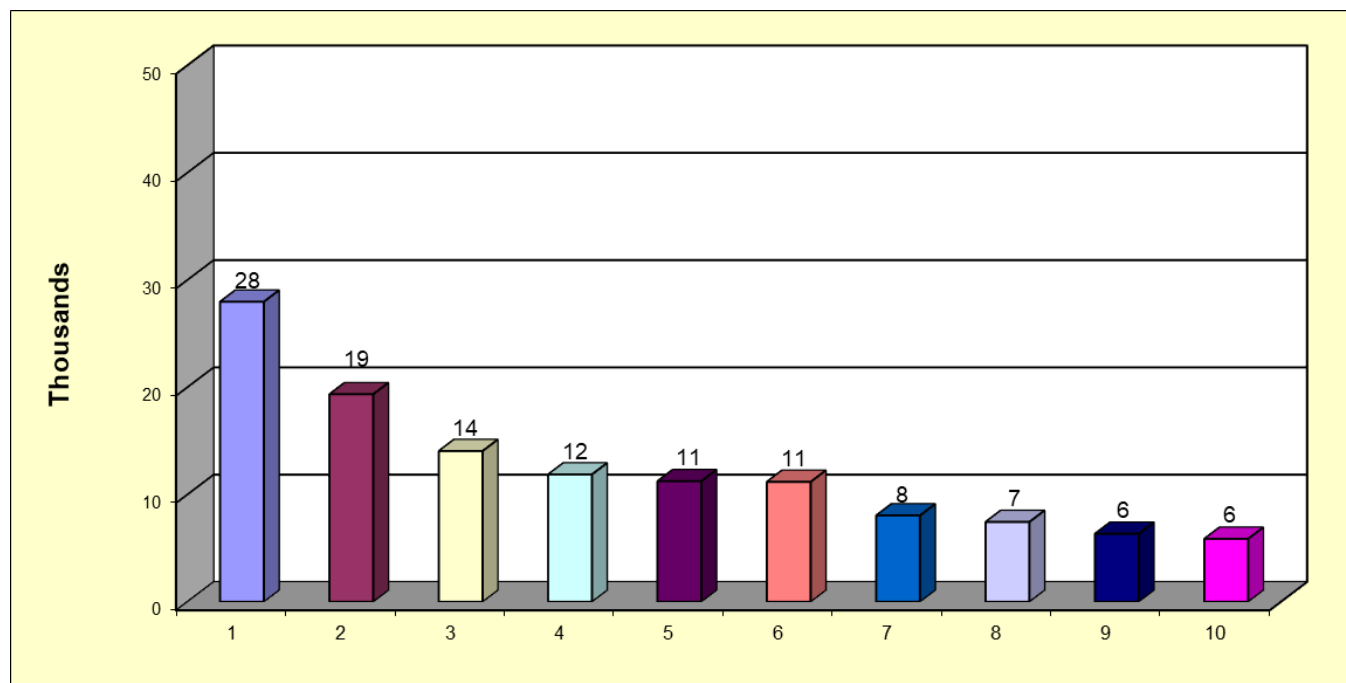
### SFY 2021 EXPENDITURES BY PROVIDER TYPE



### SFY 2021 CLAIMS EXPENDITURES



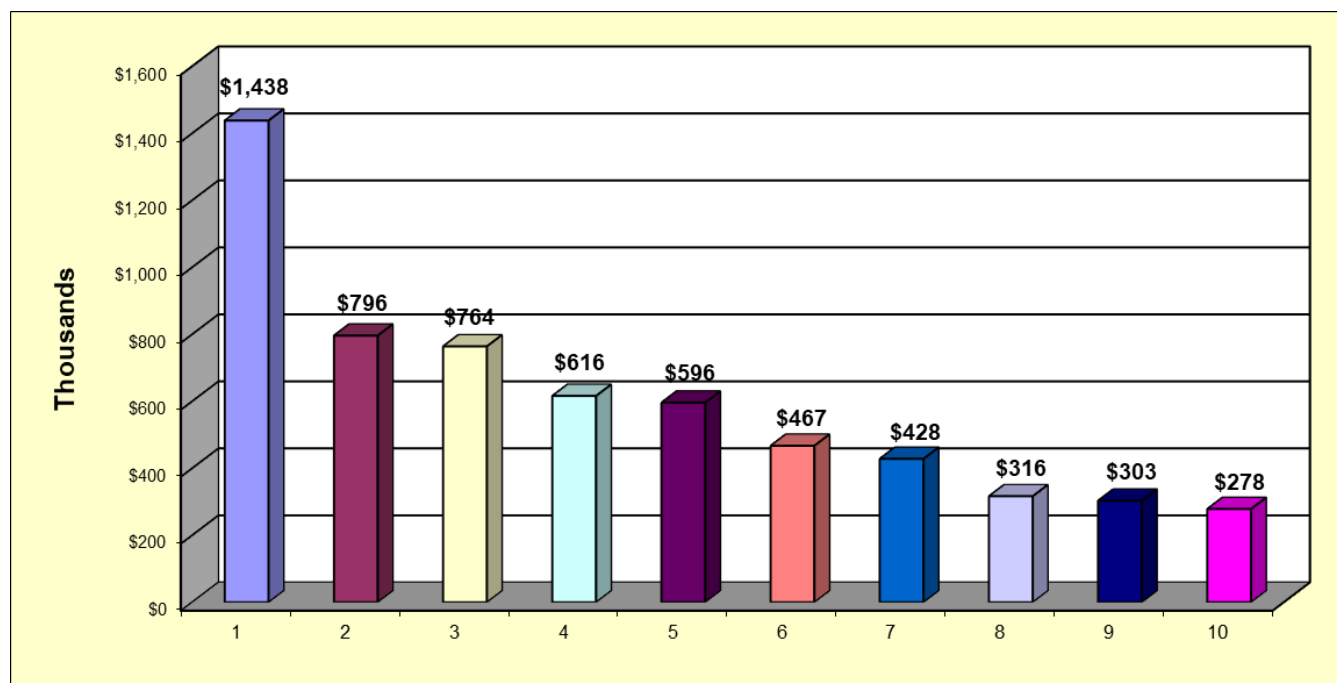
## TOP TEN PHYSICIAN SERVICES BY NUMBER OF TRANSACTIONS



### CPT Code

1	Office Visits Limited—Est. Patient	99213
2	FQHC/RHC Encounter	T1015
3	Periodic Oral Evaluation	D0120
4	Topical Application of Fluoride—Excluding Varnish	D1208
5	Dental Prophylaxis	D1120
6	Office Visit Intermediate—Est. Patient	99214
7	Immunization Administration	90471
8	Therapeutic Activities, 15 Minutes	97530
9	Psychotherapy; 60 minutes	90837
10	Dental Prophylaxis Adult	D1110

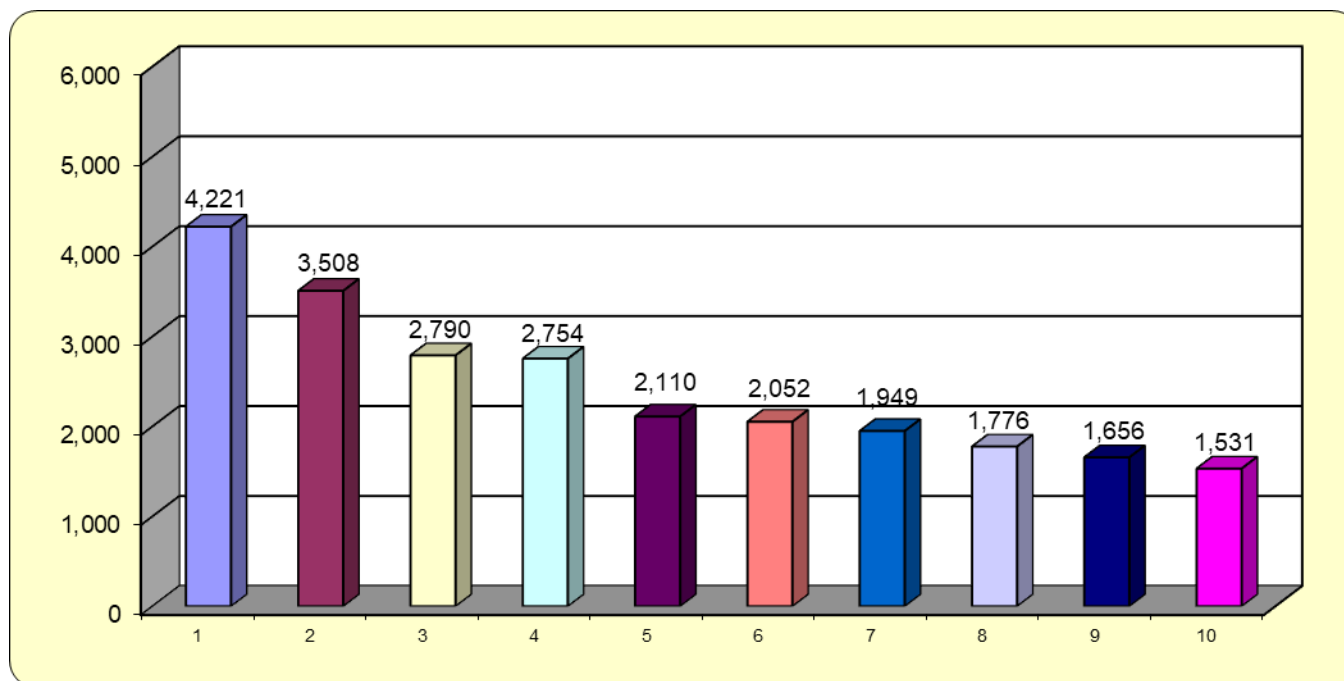
## TOP TEN PHYSICIAN SERVICES BY AMOUNTS PAID



### CPT Code

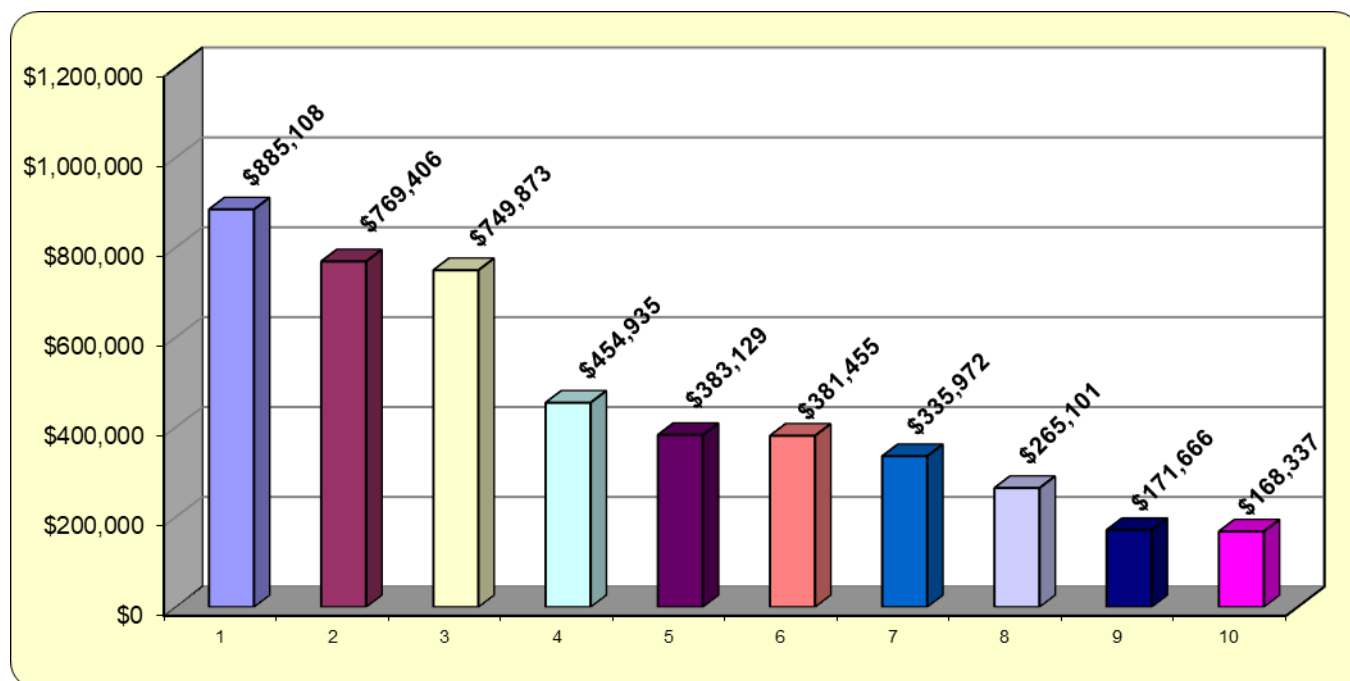
1	FQHC/RHC Encounter	T1015
2	Office Visits Limited—Est. Patient	99213
3	Therapeutic Activities, 15 Minutes	97530
4	Comprehensive Orthodontic Treatment	D8090
5	Office Visit Intermediate—Est. Patient	99214
6	Psychotherapy, 60 Minutes with Patient	90837
7	ER Exam; New Patient; High	99284
8	ER Exam; New Patient; Intermediate	99283
9	Prenatal Care, At-Risk Enhanced Service Package	H1005
10	Dental Prophylaxis Child	D1120

## TOP TEN PRESCRIPTION DRUGS BY NUMBER OF TRANSACTIONS



	<u>Drug Brand Name</u>	<u>Major Use Indication</u>
1	Montelukast Sodium	Asthma
2	Amoxicillin	Antibiotic
3	Vyvanse	Attention Deficit Hyperactivity Disorder (ADHD)
4	Fluticasone Propionate	Allergies
5	Albuterol Sulfate HFA	Asthma
6	Methylphenidate Hydrochloride	Attention Deficit Hyperactivity Disorder (ADHD)
7	Clonidine Hydrochloride	Hypertension
8	Amphetamine/Dextroamphetamine	Attention Deficit Hyperactivity Disorder (ADHD)
9	Sertraline HCL	Antidepressant
10	Cefdinir	Antibiotic

## TOP TEN PRESCRIPTION DRUGS BY INGREDIENT COST



	<u>Drug Brand Name</u>	<u>Major Use Indication</u>
1	Vyvanse	Attention Deficit Hyperactivity Disorder (ADHD)
2	Norditropin	Growth Hormone
3	Humira	Autoimmune Disease
4	Kalydeco	Cystic Fibrosis
5	Dupixent	Monoclonal Antibodies
6	Stelara	Immunosuppressant
7	Methylphenidate Hydrochloride	Attention Deficit Hyperactivity Disorder (ADHD)
8	Ilaris	Anti-Inflammatory
9	Dexmethylphenidate Hydrochloride	Attention Deficit Hyperactivity Disorder (ADHD)
10	Novolog	Diabetes



## OUTREACH SECTION

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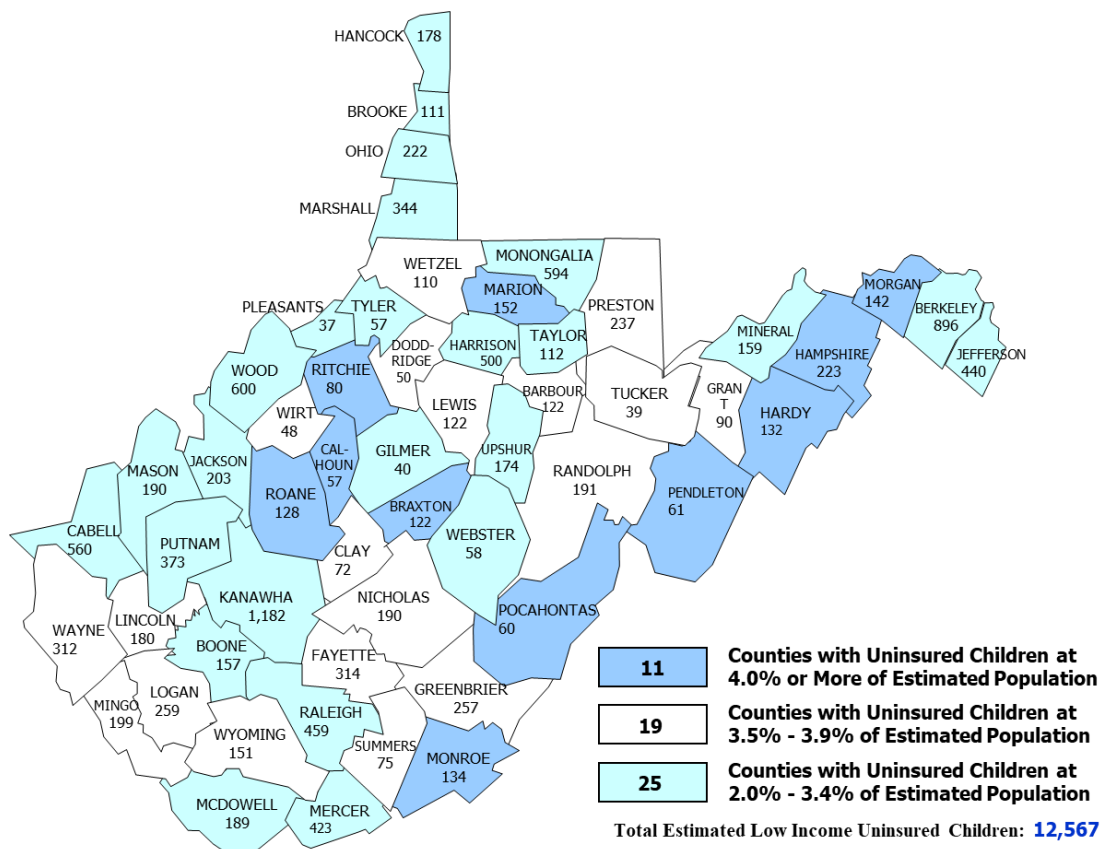


## Uninsured Children, Program Outreach, and Health Initiatives

WVCHIP works with many types of community partners and entities as identified in its State Plan; however, as enrollment has stabilized, efforts to promote public awareness of the program have shifted from an enrollment focus to one of promoting child health awareness and prevention messaging on topics such as childhood health screening, child development, immunizations, quality improvement and the importance of a medical home.

### Rate of Uninsured Children

Due to low response rates and unreliable data collection during the 2020 pandemic, the U.S. Census Bureau did not release Annual Community Survey one-year estimates for 2020. Based on health insurance survey data from the U.S. Census Bureau's 2019 Annual Community Survey (ACS), WVCHIP continues to monitor uninsured rates for West Virginia children in its monthly reports to the legislative health committees reflecting both WVCHIP and Medicaid enrollment data for children at the county level. The uninsured rate for West Virginia children rose in 2019 slightly to 3.5 percent, approximately 13,000 children, and West Virginia ranked 7<sup>th</sup> in the nation for the lowest percentage of uninsured children. West Virginia's 2018 rate was 3.4 percent, again around 13,000 children, and West Virginia ranked 14<sup>th</sup> in the nation. The U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) provides uninsured information for children under 19 broken down to the county level, based on Annual Community Survey estimates. The SAHIE data reflects more accurately the variation from county to county depending on the availability of employer-sponsored insurance and should be a more accurate way to target outreach activities to the county level. The Annual Community Survey information is more widely cited by researchers and advocates. The map below depicts uninsured estimates by county using the most current SAHIE that are based on 2018 Annual Community Survey uninsured estimates.





### **Public Information via the WVCHIP Helpline, Website, WVPATH, and Healthcare.gov**

WVCHIP makes its application and program information available through the toll-free HelpLine (1-877-982-2447), which averages 600 calls a month and mails out applications and program materials upon request. Information, program guidelines and downloadable applications are also available online through [www.chip.wv.gov](http://www.chip.wv.gov). The WVCHIP website also provides information on the agency, its governance, applying and enrolling for benefits, annual reports, statistics, and other program and health-related information.

Another online application process that allows West Virginia residents to apply from the convenience of home and print out their own applications is available at [www.wvpath.org](http://www.wvpath.org). Many WVPATH users have commented on its ease of use, costs avoided from travel to pick-up applications, and time savings. Since the implementation of the Affordable Care Act in 2013, the WVPATH application also links to the [www.healthcare.gov](http://www.healthcare.gov) website. This linkage unites state and federal insurance programs and provides a “no wrong door” approach for any member of the public interested in health care coverage.

### **Health Collaborative Efforts**

Collaborations are important to allow multiple agencies and entities inside and outside state government to integrate efforts related to a statewide mission for the health of West Virginia children. WVCHIP prioritizes prevention efforts to support West Virginia’s Healthy People objectives for children. WVCHIP hopes to expand these collaborations jointly with the contracted managed care organizations to support the healthy development of West Virginia’s children. Implementation of a child-focused Member Advisory Council will help to facilitate future work for children in West Virginia. The basis for the Council’s work will focus on the following areas: Access, Service Delivery, Gaps in Support System, Engagement with System Staff, Cultural Competency, and Consumer Knowledge of Services and Supports.





# STATISTICAL SECTION

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## WVCHIP Set of Pediatric Core Measures 2021

In 2010, the Secretary of the U.S. Department of Health and Human Services identified 24 pediatric core measures for which state CHIP and Medicaid programs could begin voluntarily reporting. WVCHIP extracts this information to the extent possible from administrative and claims data according to specifications developed for the Healthcare Effectiveness Data and Information Set (HEDIS®). Some core measures were developed by other states who are the measure steward (the expert group setting the measure specifications) and were recommended for inclusion in the core set by national panels of experts. The most common measure steward is the National Committee of Quality Assurance (NCQA). The NCQA oversees and revises its HEDIS® specification sets annually. Since 2010, WVCHIP has expanded the number of pediatric core measures to include 17 of the 24 national child core measures which are reported annually to the Centers for Medicare & Medicaid Services (CMS). This set of measures is expected to be studied, evaluated and become a mandatory reporting set for all states' CHIP and Medicaid child health programs sometime in the future. In addition, West Virginia's CHIP and Medicaid programs require reporting of specific pediatric measures through their managed care contracts to drive measurement and improvement in child population health.

The HEDIS® set of standardized health performance measures identifies only those individuals with continuous 12-month enrollment for the measurement period before treatment or visit data can be included in calculating the measure. This helps to assure that the population measured is comparable from one health plan to another. It also only captures a subset of the child enrollees in the CHIP each year as the denominator. Continuous 12-month enrollment is defined as those members with no more than a 45-day break in enrollment throughout the measurement year. Measures are based on prior calendar year data; therefore, 2021 measures are based on calendar year 2020 data.

The Center for Medicaid and CHIP Services (CMCS) decided that the Child Core Healthcare Quality Measure Sets for reporting year 2021 would retire one measure: Dental Sealants for 6–9-Year-Old Children at Elevated Carries Risk (SEAL-CH). One new measure was added to the 2021 Core Set: Sealant Receipt on Permanent 1<sup>st</sup> Molars (SFM-CH). West Virginia uses all reportable measures to assess, monitor, and identify areas for improvement in the care being provided to its members. Even though the SEAL-CH measure was retired this year, WVCHIP opted to include this measure in this Annual Report. Results for the new SFM-CH measure are not available at the time of this report.

The measures are broken out into six domains: Primary Care Access and Preventive Care (9 measures), Maternal and Perinatal Health (6 measures), Care of Acute and Chronic Conditions (2 measures), Behavioral Health Care (4 measures), Dental and Oral Health Services (2 measures), and Experience of Care (1 measure).

The measures on the following pages are the ones that WVCHIP reports to CMS, with the exception of the SEAL-CH measure, which is included here, but not reported to CMS. For more information on CMS core measures, visit [www.medicaid.gov](http://www.medicaid.gov).

**Health Care Quality Measures  
Centers for Medicare and Medicaid Services—Child Core Set 2021**

	Measure	Numerator	Denominator	Rate
WCC-CH	Weight Assessment & Counseling for Nutrition and Physical Activity for Children/Adolescents	4,564	11,098	41.1%
CHL-CH	Chlamydia Screening in Women Ages 16 - 20	185	793	23.3%
CIS-CH	Childhood Immunization Status - Combo #10	92	607	15.2%
W30-CH	Well-Child Visits in the First 30 Months of Life	458	653	70.1%
IMA-CH	Immunizations for Adolescents - Combo #2	779	1,053	74.0%
DEV-CH	Developmental Screening in the First Three Years of Life	NR	NR	NR
WCV-CH	Child and Adolescent Well-Care Visits	7,253	15,770	46.0%
CCW-CH	Contraceptive Care - All Effective Method	762	2,123	35.9%
APM-CH	Metabolic Monitoring for Children and Adolescents on Antipsychotics	16	87	18.4%
AMB-CH	Ambulatory Care: Emergency Department (ED) Visits	3,602	202,065	1782.6%
ADD-CH	Follow-up Care for Children Prescribed Attention-Deficit/Hyperactivity Disorder (ADHD) Medication - Initiation Phase	112	229	48.9%
FUH-CH	Follow-up After Hospitalization for Mental Illness Ages 6 - 17	12	42	28.6%
APP-CH	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics	10	26	38.5%
CDF-CH	Depression Screening and Follow-up Plan Ages 12 - 17	83	4,225	2.0%
SEAL-CH	Dental Sealants for 6-9 Year-Old Children at Elevated Caries Risk	204	1,261	16.2%
PDENT-CH	Percentage of Eligibles Who Received Preventive Dental Services	12,043	24,550	49.1%

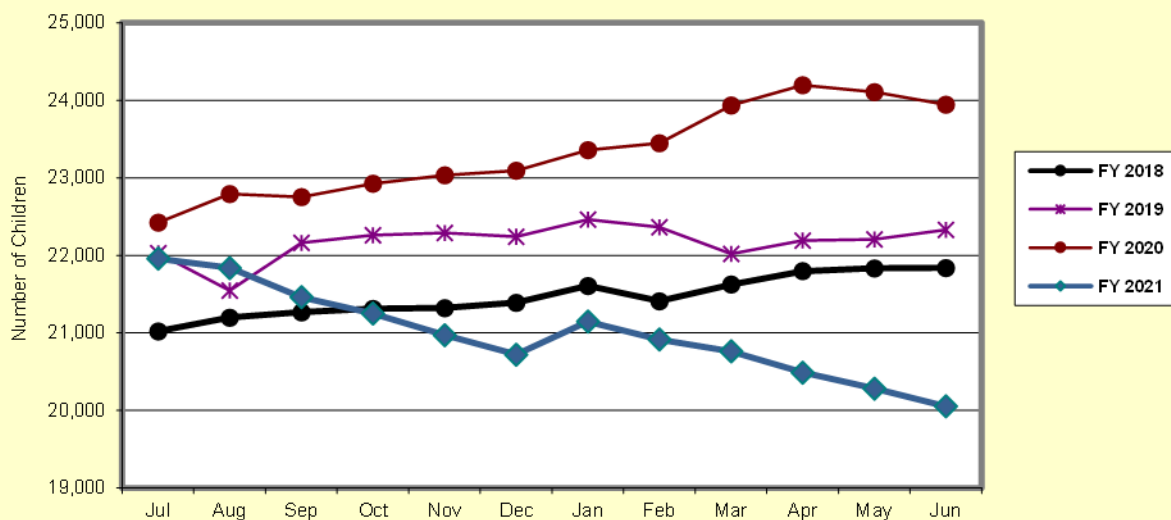
NR = Not Reported. Changes are being made to the calculations of these measures and results are not available.



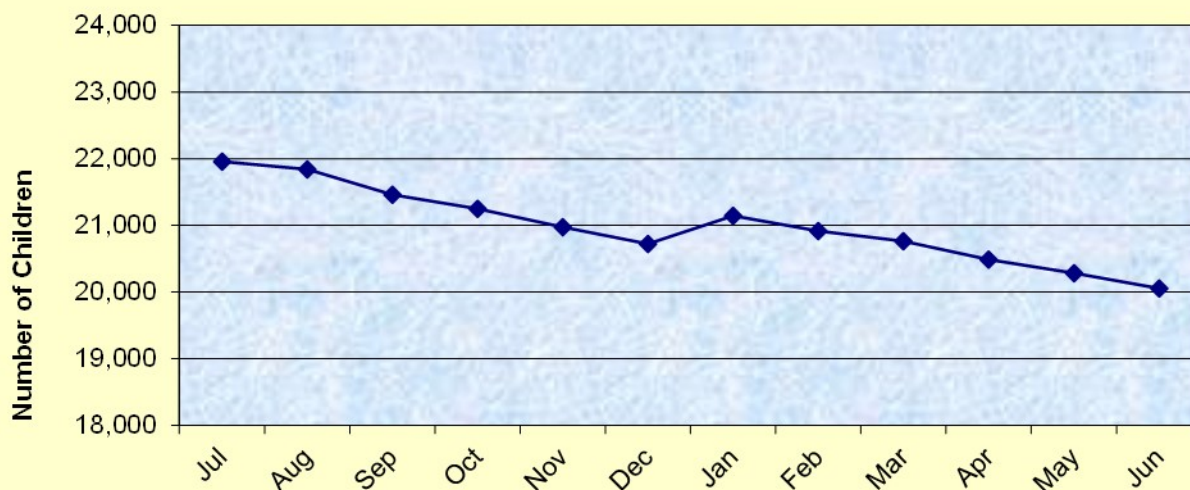
## Health Care Quality Measures Centers for Medicare and Medicaid Services—Child Core Set 2021

Measure		Description
WCC-CH	Weight Assessment & Counseling for Nutrition and Physical Activity for Children/Adolescents	Percentage of children continuously enrolled throughout the year ages 3 to 17 who had an outpatient visit with a primary care practitioner (PCP) or obstetrical/gynecological (OB/GYN) practitioner and who had evidence of body mass index (BMI) percentile documentation or counseling for nutrition or physical activity during the measurement year.
CHL-CH	Chlamydia Screening in Women Ages 16-20	Percentage of women ages 16 to 20 who were identified as sexually active and who had at least one test for chlamydia during the measurement year.
CIS-CH	Childhood Immunization Status - Combo #10	Percentage of children age 2 who had four diphtheria, tetanus and acellular pertussis (DTaP); three polio (IPV); one measles, mumps and rubella (MMR); three haemophilus influenza type B (HiB); three hepatitis B (Hep B), one chicken pox (VZV); four pneumococcal conjugate (PCV); one hepatitis A (HepA); two or three rotavirus (RV); and two influenza (flu) vaccines by their second birthday. The measure calculates a rate for each vaccine and nine separate combination rates. WVCHIP publishes one rate in its Annual Report and results of other rates are available upon request.
W30-CH	Well-Child Visits in the First 30 Months of Life	Percentage of children who turned 30 months old during the measurement year and had two or more well-child visits with a primary care practitioner.
IMA-CH	Immunizations for Adolescents - Combo #2	Percentage of adolescents age 13 who had one dose of meningococcal vaccine, one tetanus, diphtheria toxoids and acellular pertussis (Tdap) vaccine, and have completed the human papillomavirus (HPV) vaccine series by their 13th birthday. The measure calculates a rate for each vaccine and two combinations rates. WVCHIP publishes one rate in its Annual Report and other rates are available upon request.
DEV-CH	Developmental Screening in the First Three Years of Life	Percentage of children screened for risk of developmental, behavioral, and social delays using a standardized screening tool in the 12 months preceding or on their first, second, or third birthday. WVCHIP publishes an overall rate in its Annual Report and other rates are available upon request.
WCV-CH	Child and Adolescent Well-Care Visits	Percentage of children ages 3 to 21 who had at least one comprehensive well-care visits with a primary care practitioner (PCP) or gynecologist (GYN) during the measurement year.
CCW-CH	Contraceptive Care - All Effective Method	The percentage of women, aged 15-20 years, who are at risk of unintended pregnancy and were provided a 'most effective' or a 'moderately effective' method of contraception during the measurement year. Excludes women who are infecund due to non-contraceptive reasons (e.g., hysterectomy, oophorectomy, menopause), those who had a live birth during the last two months of the measurement year, and those who were still pregnant at the end of the measurement year.
APM-CH	Metabolic Monitoring for Children and Adolescents on Antipsychotics	The percentage of children and adolescents 1-17 years of age who had two or more anti-psychotic prescriptions and had metabolic testing.
AMB-CH	Ambulatory Care: Emergency Department (ED) Visits	Rate of emergency department (ED) visits per 1,000 beneficiary months among children up to age 19.
ADD-CH	Follow-up Care for Children Prescribed Attention-Deficit/Hyperactivity Disorder (ADHD) Medication - Initiation Phase	The percentage of children aged 6 to 12 who had an ambulatory prescription dispensed for an attention deficit hyperactivity disorder (ADHD) medication, and who had at least one follow-up visit with a practitioner during the 30-day initiation phase. WVCHIP publishes the Initiation Phase rate in its Annual Report and one other rate is available upon request: Continuation Phase.
FUH-CH	Follow-Up After Hospitalization for Mental Illness Ages 6 - 17	Percentage of discharges for children ages 6 to 17 who were hospitalized for treatment of selected mental illness or intentional self-harm and who had a follow-up visit with a mental health practitioner within 7 days. WVCHIP publishes one rate but four rates are available: 1 and 2) percentage of discharges for which children received follow-up within 30 days after first and second discharge; and 3 and 4) percentage of discharges for which children received follow-up within 7 days after discharge after the first or second discharge.
APP-CH	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics	Percentage of children and adolescents ages 1 to 17 who had a new prescription for an antipsychotic medication and had documentation of psychosocial care as first-line treatment.
CDF-CH	Depression Screening and Follow-up Plan Ages 12 - 17	The percentage of children ages 12 to 17 years screened for depression on the date of the encounter or 14 days prior using an age appropriate standardized depression screening tool, and if positive, a follow-up plan is documented on the date of the eligible encounter.
SEAL-CH	Dental Sealants for 6-9 Year-Old Children at Elevated Caries Risk	Percentage of enrolled children ages 6 to 9 at elevated risk of dental caries (i.e., "moderate" or "high" risk) who received a sealant on a permanent first molar tooth within the measurement year.
PDENT-CH	Percentage of Eligibles Who Received Preventive Dental Services	Percentage of individuals ages 1 to 20 who are enrolled in CHIP for at least 90 continuous days, are eligible for Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services, and who received at least one preventive dental service during the reporting period. WVCHIP covers children through age 19.

## ANNUAL ENROLLMENT

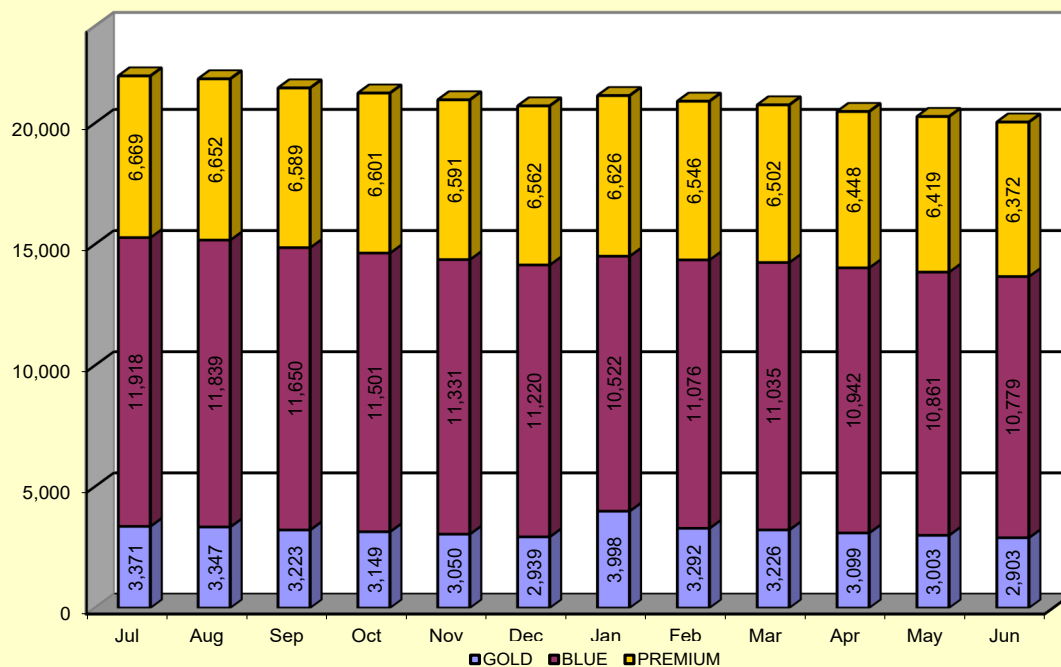


## MONTHLY ENROLLMENT SFY 2021

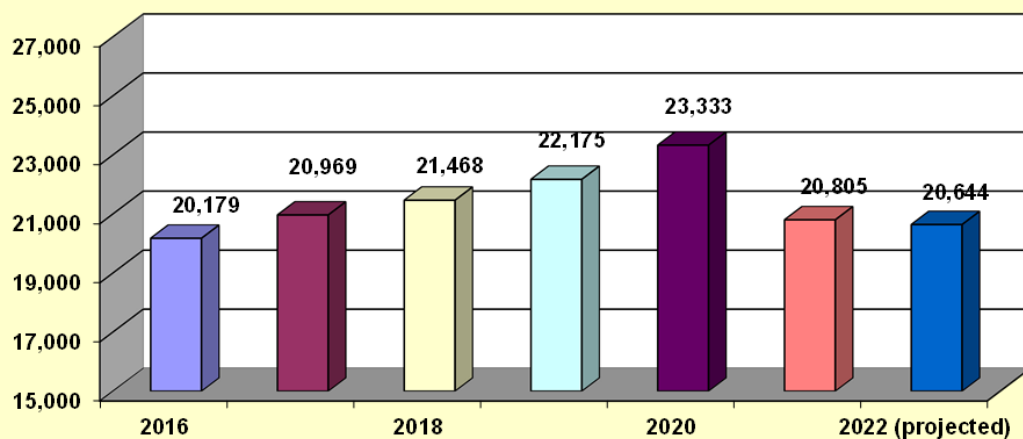




## MONTHLY ENROLLMENT BY GROUP SFY 2021



## AVERAGE ENROLLMENT SFY 2021



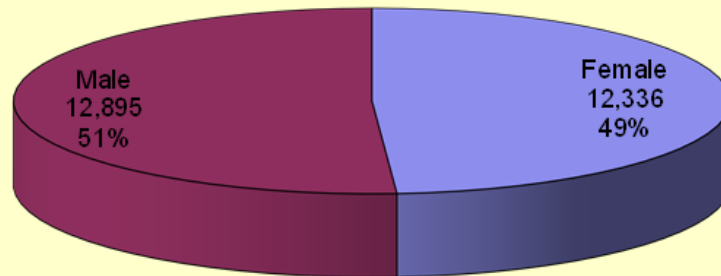
**UNDUPLICATED COUNT OF CHILDREN SERVED  
IN WVCHIP EACH YEAR ON JUNE 30**

<u>Year</u>	<u>Number</u>	<u>% Change</u>
2001	30,006	
2002	33,569	+11.9%
2003	33,709	+0.4%
2004	35,495	+5.3%
2005	36,978	+4.2%
2006	38,064	+2.9%
2007	38,471	+1.1%
2008	37,707	-0.7%
2009	37,874	+0.4%
2010	37,758	-0.3%
2011	37,835	-0.2%
2012	37,608	-0.5%
2013	37,413	-0.5%
2014	34,438	-8.0%
2015	34,729	+0.8%
2016	30,829	-11.2%
2017	30,989	+0.5%
2018	32,147	+3.7%
2019	33,005	+0.3%
2020	30,411	-7.9%
2021	25,231	-17.0%

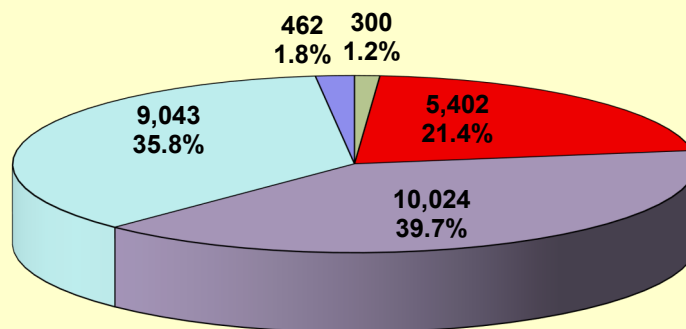
**Total unduplicated number of children ever enrolled as of  
June 30, 2021, in WVCHIP since inception:**

**205,609**

### SFY 2021 ENROLLMENT BY GENDER

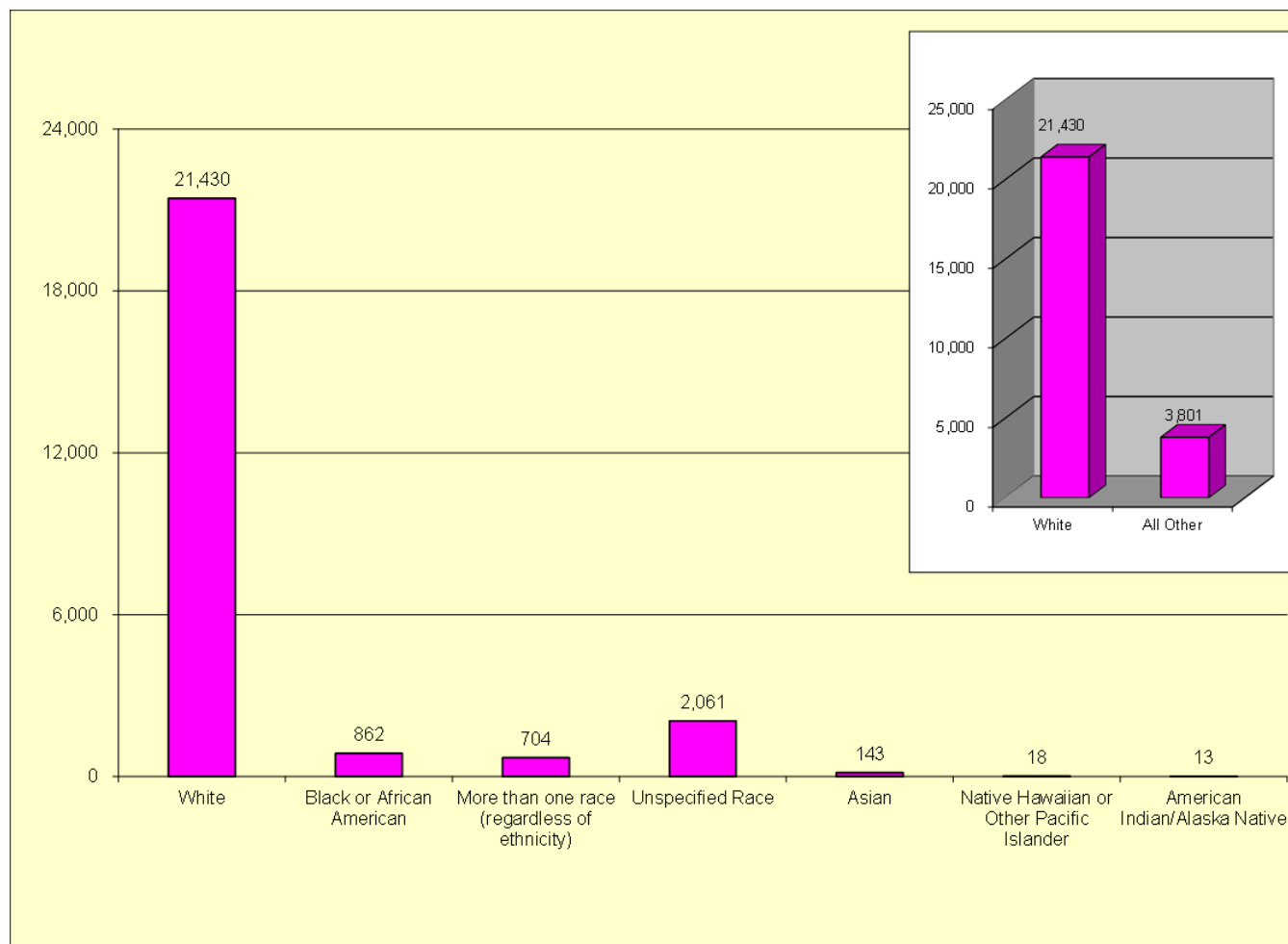


### SFY 2021 ENROLLMENT BY AGE



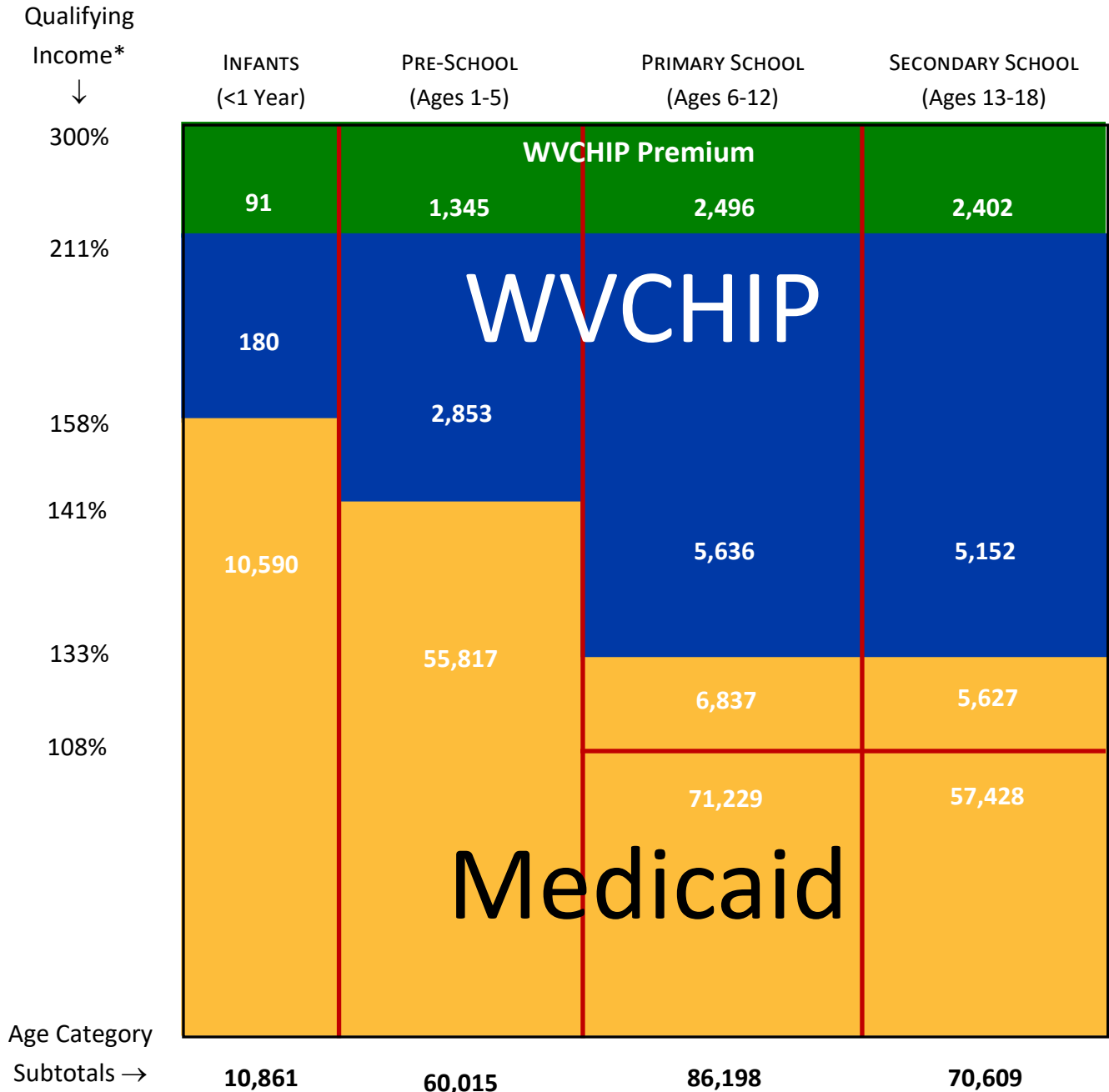
□ < 1   □ 1 - 5   □ 6 - 12   □ 13 - 18   □ Pregnant Women >19

## SFY 2021 ENROLLMENT BY RACE



<b><u>Race/Ethnicity</u></b>	<b>WV CHIP Population</b>	<b>% of WV CHIP Population</b>	<b>WV Population Under 18 Years</b>	<b>% of WV Population Under 18 Years</b>
White	21,430	84.9%	333,157	93.6%
Black or African American	862	3.4%	11,390	3.2%
More than one race (regardless of ethnicity)	704	2.8%	7,119	2.0%
Unspecified Race	2,061	8.2%	712	0.2%
Asian	143	0.6%	2,492	0.7%
Native Hawaiian or Other Pacific Islander	18	0.1%	356	0.1%
American Indian/Alaska Native	13	0.1%	712	0.2%
<b>Total</b>	<b>25,231</b>	<b>100.0%</b>	<b>355,937</b>	<b>100.0%</b>

# HEALTH COVERAGE OF WEST VIRGINIA CHILDREN BY WVCHIP AND MEDICAID JUNE 30, 2021



\*Household incomes through 300% of the Federal Poverty Level (FPL)

**Total CHIP-Medicaid Expansion 12,464**

**Total WVCHIP Enrollment 20,155    Total WV Medicaid Enrollment 195,064**

**Total # of Children Covered by WVCHIP and Medicaid 227,683**

**ENROLLMENT CHANGES BY COUNTY**  
**AS % DIFFERENCE FROM JULY 2020 THROUGH JUNE 2021**

County	Total Enrollees July 2020	Total Enrollees June 2021	Difference	% Change	
Brooke	4	0	-4	-4%	
Preston	467	448	-19	-4%	
Ohio	439	417	-22	-5%	
Morgan	249	230	-19	-8%	
Berkeley	2,004	1,839	-165	-9%	
Jackson	316	289	-27	-9%	
Jefferson	734	662	-72	-11%	
Hancock	527	469	-58	-12%	
Nicholas	369	328	-41	-13%	
Doddridge	96	85	-11	-13%	
Mineral	307	269	-38	-14%	
Clay	119	104	-15	-14%	
Marion	715	623	-92	-15%	
Cabell	956	829	-127	-15%	
Wyoming	319	276	-43	-16%	
Putnam	735	635	-100	-16%	
Taylor	212	183	-29	-16%	
Wayne	463	397	-66	-17%	
Pendleton	104	89	-15	-17%	
Grant	109	93	-16	-17%	
Hardy	223	189	-34	-18%	
Mingo	262	222	-40	-18%	
Randolph	463	392	-71	-18%	
Boone	245	207	-38	-18%	
Mason	281	236	-45	-19%	
Kanawha	2,279	1,897	-382	-20%	
Lewis	218	181	-37	-20%	
Hampshire	293	242	-51	-21%	<b>MEDIAN</b>
Upshur	412	340	-72	-21%	
Barbour	263	217	-46	-21%	
Monongalia	1,005	819	-186	-23%	
Calhoun	97	79	-18	-23%	
Marshall	312	254	-58	-23%	
Harrison	996	810	-186	-23%	
Greenbrier	627	508	-119	-23%	
Roane	282	228	-54	-24%	
Tucker	126	101	-25	-25%	
Mercer	1,002	803	-199	-25%	
Wood	1,103	880	-223	-25%	
Braxton	145	115	-30	-26%	
Tyler	89	69	-20	-29%	
Raleigh	1,202	925	-277	-30%	
Pocahontas	125	95	-30	-32%	
Pleasants	71	53	-18	-34%	
Monroe	276	206	-70	-34%	
Fayette	738	550	-188	-34%	
Logan	427	318	-109	-34%	
Gilmer	88	65	-23	-35%	
McDowell	193	142	-51	-36%	
Webster	129	94	-35	-37%	
Ritchie	86	62	-24	-39%	
Wirt	63	45	-18	-40%	
Lincoln	297	210	-87	-41%	
Summers	179	125	-54	-43%	
Wetzel	165	110	-55	-50%	
<b>Totals</b>	<b>24,006</b>	<b>20,054</b>	<b>-3,952</b>	<b>-20%</b>	
<b>12-Mo. Avg.</b>		<b>23,183</b>	<b>-329</b>	<b>-22%</b>	

## ENROLLMENT CHANGES BY COUNTY

### AS % OF CHILDREN NEVER BEFORE ENROLLED FROM JULY 2020 THROUGH JUNE 2021

County	Total Enrollees July 2020	Total Enrollees June 2021	New Enrollees Never in Program	New Enrollees As % of June 2021
McDowell	193	142	46	32%
Mingo	262	222	67	30%
Preston	467	448	124	28%
Hancock	527	469	128	27%
Tucker	126	101	26	26%
Pleasants	71	53	13	25%
Wirt	63	45	11	24%
Ohio	439	417	100	24%
Cabell	956	829	188	23%
Berkeley	2,004	1,839	407	22%
Jefferson	734	662	146	22%
Gilmer	88	65	14	22%
Nicholas	369	328	70	21%
Logan	427	318	67	21%
Tyler	89	69	14	20%
Jackson	316	289	58	20%
Lincoln	297	210	42	20%
Morgan	249	230	46	20%
Hampshire	293	242	47	19%
Ritchie	86	62	12	19%
Wayne	463	397	76	19%
Braxton	145	115	22	19%
Monongalia	1,005	819	155	19%
Marshall	312	254	48	19%
Taylor	212	183	34	19%
Wood	1,103	880	162	18%
Clay	119	104	19	18%
Mineral	307	269	48	18%
<b>MEDIAN</b>				
Hardy	223	189	33	17%
Upshur	412	340	59	17%
Raleigh	1,202	925	160	17%
Summers	179	125	21	17%
Barbour	263	217	36	17%
Wyoming	319	276	44	16%
Kanawha	2,279	1,897	300	16%
Harrison	996	810	127	16%
Lewis	218	181	28	15%
Boone	245	207	32	15%
Doddridge	96	85	13	15%
Grant	109	93	14	15%
Marion	715	623	92	15%
Mercer	1,002	803	118	15%
Putnam	735	635	92	14%
Mason	281	236	33	14%
Fayette	738	550	73	13%
Wetzel	165	110	14	13%
Greenbrier	627	508	62	12%
Monroe	276	206	25	12%
Pocahontas	125	95	11	12%
Roane	282	228	24	11%
Randolph	463	392	39	10%
Webster	129	94	9	10%
Calhoun	97	79	7	9%
Pendleton	104	89	6	7%
Brooke	4	0	4	0%
<b>Totals</b>	<b>24,006</b>	<b>20,054</b>	<b>3,666</b>	<b>18%</b>
<b>12-Mo. Avg.</b>		<b>23,183</b>	<b>306</b>	<b>2.5%</b>

# APPENDIX A





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October 28, 2021

Ms. Stacey L. Shamblin  
Acting Director/Financial Officer  
West Virginia Children's Health Insurance Program  
350 Capitol Street, Room 251  
Charleston, WV 25301

**Subject: West Virginia Children's Health Insurance Program –  
Review of Experience**

Dear Stacey:

Continuing Care Actuaries was engaged by the management of West Virginia Children's Health Insurance Program ("CHIP Program") to assist the West Virginia CHIP Board in the analysis of actual and projected plan experience and review the claim experience through September 2021. We conclude that the plan will continue to meet the statutory requirement of 10% reserve in FY 2022 based on the updated information.

It is noteworthy that we are not projecting a shortfall in State funding based on funding levels provided by CHIP management through FY 2023 based on the assumption that future funding remains constant. Comparing the September 30, 2021 Quarterly Report to the June 30, 2021 Quarterly Report, several changes have occurred in the program:

- Fiscal Year 2022 average enrollment for the CHIP Program has decreased from 20,093 in the June 30, 2021 Quarterly Report to 19,549 in the September 30, 2021 Quarterly Report.
- September 2021 claim and capitation experience showed the projected incurred FY 2022 expenditures to be \$50,891,454 in the September 30, 2021 Quarterly Report, a decrease of \$1,382,791 from \$52,274,245 in the June 30, 2021 Quarterly Report.
- The categories of FY 2022 medical, dental and prescription drug expenses in the current claim and capitation experience through September 2021 showed similar experience over the June 30, 2021 Quarterly Report.

- FY 2022 Overall PMPM cost in the September 30, 2021 Quarterly Report is projected to be \$216.94, a slight increase from the projected \$216.80 PMPM cost in the June 30, 2021 Quarterly Report.
- FY 2022 Medical PMPM cost in the September 30, 2021 Quarterly Report is projected to be \$140.23, an increase from the projected \$139.91 PMPM cost in the June 30, 2021 Quarterly Report.
- FY 2022 Dental PMPM cost in the September 30, 2021 Quarterly Report is projected to be \$32.16, equivalent to the projected \$32.16 PMPM cost in the June 30, 2021 Quarterly Report.
- FY 2022 Prescription Drugs PMPM cost in the September 30, 2021 Quarterly Report is projected to be \$44.55, a decrease from the projected \$44.73 PMPM cost in the June 30, 2021 Quarterly Report.

The management of the CHIP Program provided the medical, dental and prescription drugs claim lag data, along with the program enrollment. I had reviewed the recent projections based on the gradually increasing projected enrollment and utilized our trend assumptions with the claim lag data. Actuarial methods, considerations and analyses relied on in forming my opinion conforms to the appropriate standard of practice as promulgated by the Actuarial Standards Board.

Please review this information and if you have any questions or comments about this letter, please feel free to call me at (410) 833-4220.

Sincerely,



Dave Bond, F.S.A., F.C.A., M.A.A.A.  
Managing Partner



## **APPENDIX B**

**West Virginia Children's Health Insurance Program  
Report of Independent Actuary  
June 30, 2021 Quarterly Report**

**OVERVIEW**

Continuing Care Actuaries was engaged by the West Virginia Children's Health Insurance Program ("CHIP Program") to assist the West Virginia CHIP Board in the analysis of actual and projected plan experience for State Fiscal Year 2021 ("FY 2021") through Fiscal Year 2027 ("FY 2027"). West Virginia enabling legislation of the CHIP Program requires that an actuary provide a written opinion that all estimated program and administrative costs of the agency under the plan, including incurred but unreported claims, will not exceed ninety percent of the funding available to the program for the fiscal year for which the plan is proposed.

CHIP Program management has requested Continuing Care Actuaries ("CCA") to produce the Baseline Scenario which includes the current WVCHIP Premium expansion to 300% of the Federal Poverty Level ("FPL") and the PEIA and the Medicaid children transfer cost. State funding is assumed to be \$7,090,665 in FY 2021 and the same in following years. At the Federal level, the Federal funding for West Virginia is assumed to be \$78,808,640 in FY 2021 and in future years. The Federal funding is available to the CHIP Program directly and to the Medicaid program for CHIP children whose coverage transferred to Medicaid under the Affordable Care Act. Appendix A-Baseline Scenario, with Maternity Coverage Expansion that began on July 1, 2019, shows CHIP Program Federal funding continues paying for the Medicaid Children Transfer Cost. The net 2021 Federal and State funding after the reductions for CHIP children that have transferred to Medicaid are assumed to be \$49,094,204 and \$7,090,665, respectively.

The Board has approved the expansion of coverage to 300% of the FPL and we have included the financial projection based on CMS' approval effective July 1, 2011. Under this scenario, participants' premiums are assumed to remain the same as of March 23, 2010 for children in the 250% to 300% FPL group under the Affordable Care Act's Maintenance of Effort provision.

PEIA children became eligible in the CHIP Program starting July 1, 2014. For the purposes of this report, we have assumed that the enrollment will remain constant in future years.

Under the Medicaid Children Transfer Cost Baseline Scenario, the State of West Virginia has elected to use the Title XXI funds to help cover the CHIP kids that moved to Medicaid because family income was between 100% and 133% of the Federal Poverty Level ("FPL"). Based on West Virginia Department of Health and Human Resources ("WVDHHR") preliminary estimate of kids now covered by Medicaid, the expected amount that the State of West Virginia will pay to transfer the CHIP kids to Medicaid is approximately \$29.7 million in FY 2021, \$30.3 million in FY 2022 and \$31.0 million in FY 2023, with adjustments for inflation in the yearly projection thereafter.

Under the Baseline Scenario, the projected cost of the CHIP Program in FY 2021 will meet the 90% State funding requirement. Based on the Baseline Scenario and the 90% expenditure limitation on State funding of the program, we are projecting a shortfall in State funding beginning in FY 2024 based on funding levels provided by CHIP management. In addition, we are not projecting a shortfall in Federal funding based on the current approved funding levels under the assumption of Medicaid eligibility and an increase in Federal participation of the Patient Protection and Affordable Care Act ("PPACA").

The Affordable Care Act of 2010 maintains the CHIP eligibility standards in place as of enactment through 2019. The law extends CHIP funding until October 1, 2015, when the already enhanced CHIP federal matching rate will be increased by 23 percentage points, bringing the national average federal matching rate for CHIP to 93%. Under most likely scenarios, this would mean that WVCHIP will be 100% federally funded. The Affordable Care Act also provided an additional \$40 million in federal funding to continue efforts to promote enrollment in Medicaid and CHIP.

Medicare Access and CHIP Reauthorization Act (“MACRA”) was signed into law on April 16, 2015. MACRA allowed states to carry two-thirds of any remaining FY 2017 Federal allotment funds into 2018. Because of the new allotment for FY 2018, WV CHIP was no longer eligible for redistribution funds. MACRA contained a 2-year funding extension of the CHIP Program through September 2017.

On January 22, 2018, the President signed the “Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable Act” or “Healthy Kids Act” (Public law 115-120) into law. Among other things, the Healthy Kids Act extended appropriations for CHIP allotments for FY 2018 through FY 2023. Prior to enactment of the Healthy Kids Act, Congress passed legislation affecting FY 2018 that provided limited appropriations for FY 2018 CHIP allotments and established special rules for redistributing unspent allotments from prior years. The Healthy Kids Act keeps the 23% bump to FMAP for Federal Fiscal Years 2018 and 2019, then reduces the bump to 11.5% in 2020, and returns CHIP to its normal enhanced federal participation rates in 2021 and future years. It also has a provision that allows states that operate buy-in programs that look like CHIP to pool the children enrolled in CHIP along with the children enrolled in the buy-in program. Due to the COVID-19 outbreak, the FMAP is 85% effective October 1, 2020 through September 30, 2021, and 82.28% thereafter. As a result of these changes, the State of West Virginia will need to fund 11.68% of the cost of the program in Federal Fiscal Year 2021, 17.04% in Federal Fiscal Year 2022, and 17.72% in Federal Fiscal Year 2023 and thereafter.

On February 8, 2018, the President signed the Bipartisan Budget Act of 2018 which includes an additional four years of CHIP funding through Federal Fiscal Year 2027.

Under the Baseline Scenario, CCA has reflected the current information on the availability of Federal funding. We have not assumed any Federal redistribution funds in this projection. Due to the COVID-19 outbreak, the Federal share of program expenditure is an average of 88.33% for Federal Fiscal Year 2021 per the Healthy Kids Act. We have assumed the Federal funding to be \$78,808,640 in FY 2021 and in future years. Detailed calculation can be found in Appendix A.

	2021	2022	2023	2024
Gross Federal Revenue	\$78,808,640	\$78,808,640	\$78,808,640	\$78,808,640
Federal Medicaid Cost	(29,714,436)	(30,342,154)	(31,032,248)	(31,757,177)
Net Federal Revenue	\$49,094,204	\$48,466,486	\$47,776,392	\$47,051,463

After changing the source of the enrollment reporting starting in July 2020, the enrollment for the program as of June 30, 2021 has decreased since March 31, 2021. The current program enrollment as of June 30, 2021 consists of 19,878 children: 2,903 children as part of Phase I and Phase II that consists of children whose families are below 150% of the federal poverty level (“WVCHIP Gold”), 10,707 children as part of Phase III that consists of children whose families are between 150% and 200% of the federal poverty level (“WVCHIP Blue”), and 6,268 children as part of WVCHIP Premium.

Overall enrollment as of June 30, 2021 has decreased by 692 children from the March 31, 2021 enrollment of 20,570 children. WVCHIP Gold has decreased enrollment by 323 children, WVCHIP Blue has decreased enrollment by 249 children and WVCHIP Premium has decreased enrollment by 120 children.

The monitoring and analysis of claim trends is critical to the accurate forecast of future costs of the program. While the program's enrollment has slightly decreased in recent months, there has been continual moderation of cost trends. Current claim trend experience has been financially favorable over the past several years. Since the June 30, 2020 Quarterly Report, we have updated the FY 2021 medical claim trend assumption from 5% to 2.7%, dental claim trend assumption from 5% to 4.2%, and prescription drugs claim trend assumption from 7% to 5%, based on the historical trend experience that has been consistent with these assumptions.

Under the Baseline Scenario, administrative expenses for West Virginia CHIP are \$3,628,687 in FY 2021, representing a 31% decrease from FY 2020 administrative expenses of \$5,293,496. West Virginia CHIP management team assumes a 5% administrative expense trend in future years. In Fiscal Year 2021, reimbursement from subrogation and prescription drug rebates are projected to be totaled \$2,131,643. West Virginia CHIP management team assumes a 4% trend on drugs rebates and subrogation in future years.

Included in FY 2021 are the assumption of the expected funding reductions for CHIP kids covered under Medicaid to be \$6,585,385 for the Federal share in the first quarter, \$7,056,399 for the Federal share in the second quarter, and \$8,036,326 for the Federal share in the third quarter and fourth quarter of 2021. We assume the expected amount that the State of West Virginia will pay to transfer the CHIP kids to Medicaid is approximately \$29.7 million in FY 2021, \$30.3 million in FY 2022 and \$31.0 million in FY 2023, with adjustments for inflation in the yearly projection thereafter. And we have reduced the total Federal and State funding by these amounts to estimate the total funding available to West Virginia CHIP.

Beginning January 1, 2021 WVCHIP will be contracting with three Managed Care Organizations (MCO) to provide capitated medical, maternity and dental services for the program. The initial contract period is January 1, 2021 through June 30, 2021. CCA has assumed that the program continues for the remainder of the projection period. Further details of the program are contained in Section VI - Financial Projection.

Under the State Fiscal Year basis, we have calculated that the incurred claim costs and capitations under the Baseline Scenario assumptions for FY 2021 to be \$51,837,641. The updated projection for FY 2022 claims is \$52,274,245.

#### **CHILDREN'S HEALTH INSURANCE PROGRAM REAUTHORIZATION ACT**

Under the Children's Health Insurance Program Reauthorization Act of 2009 ("CHIPRA") and PPACA that resulted in \$69 billion in funding for the national program, plus the recently signed Healthy Kids Act on January 22, 2018, and the Bipartisan Budget Act that was signed on February 8, 2018, the following is the result of the passing of PPACA:

- Protects CHIP with Federal funding through Federal Fiscal Year 2027;
- Provides states with additional funding to ensure children have access to the program. Between FY 2018 and 2019, states would receive 23 percentage points increase in the CHIP federal match rate, subject to a 100 percent cap, then the 23 percentage points would decrease to 11.5% from October 1, 2019 through September 30, 2020, and the 23 percentage points would decrease to 0% from October 1, 2020 through September 30, 2027;

- Extends the qualifying state option, Express Lane Eligibility (ELE), the childhood obesity demonstration project, the pediatric quality measures program, and outreach and enrollment grants through 2027;
- Keeps and extends the Maintenance of Effort (MOE) through 2027, but after 2019 it would only apply to children in families up to 300% FPL;
- Allows states that operate buy-in programs that look like CHIP to pool the children enrolled in CHIP along with the children enrolled in the buy-in program;
- States are required to maintain current eligibility levels through December 31, 2019.

Due to the COVID-19 outbreak, the Federal share of program expenditure is currently at 88.33% for Federal Fiscal Year 2021. Our forecast assumes Federal funding to be \$78,808,640 in FY 2021 and in future years. CHIPRA has several mechanisms to adjust Federal expenditures to levels required by the State programs. The Federal funds formula allows for re-basing of the allotment every two years, and there is a contingency fund established separate from the funds allotted to the State of West Virginia that will be used to offset any shortfalls it might experience in Federal funding.

There are several significant changes in the law that are designed to improve the health care that children receive in CHIP and impact the current benefit structure for WVCHIP. Under dental benefits, there are two provisions in the legislation that are designed to improve access to dental care for children.

CHIPRA requires states to include dental coverage in their CHIP benefit packages. States must offer a dental benefit that is equivalent to one of the following: the children's coverage that is provided in the Federal Employees Health Benefits Program ("FEHBP"), state employee dependent dental coverage, or dental coverage that is offered through the commercial dental plan in the state with the highest non-Medicaid enrollment. WVCHIP is required to cover Orthodontic, Prosthodontic, and Periodontic services under CHIPRA.

CHIPRA allows states to offer dental coverage for the first time to children who are enrolled in private or job-based plans that do not include dental coverage. As long as these children are otherwise eligible for CHIP, states can enroll them in CHIP exclusively for dental coverage. It should be noted that WV CHIP Program has not yet decided to implement this option.

In compliance with CHIPRA's requirements, the benefit design for coverages over 200% FPL changed effective July 1, 2009. Dental services for this group were limited to preventative services and subject to a maximum of \$150 per year. The new dental benefit includes both preventative and restoration services. Services including all restoration, endodontics, prosthodontics, implants, dental surgeries, and periodontics are subject to a co-payment of \$25 per service and are capped at \$150 per year per family.

Under mental health parity benefit, the new CHIP law also guarantees mental health parity in CHIP. This means that, as with job-based coverage, states must provide the same level of services for mental health benefits in CHIP as they provide for physical health benefits. States that operate CHIP as a Medicaid expansion and hence offer early and periodic screening, diagnosis, and treatment ("EPSDT", which essentially guarantees all medically necessary health services for children) are considered to be in compliance with the mental health parity requirement.



## PLAN ELIGIBILITY AND BENEFIT STRUCTURE

Under the submitted West Virginia CHIP Premium expansion plan (“WVCHIP Premium”), the CHIP expansion to 220% began enrollment effective in January 2007. Subsequently, WVCHIP Premium was expanded to 250% FPL effective in January 2009 and to 300% FPL effective in July 2011. Premiums are assumed to cover 20% of the policy cost for children in the 200% to 300% FPL eligibility group. The monthly premiums are \$35 for families with one child in the program and \$71 for families with more than one child in the program. We have assumed the same premium level as of March 23, 2010 in all projection years to maintain the 20% cost share threshold in the 200% to 300% FPL group. As of June 30, 2021, there are 6,268 children enrolled in WVCHIP Premium.

Effective January 1, 2014, Medicaid eligibility expanded to individuals and families with income up to 133% FPL. The CHIP Program will continue to serve the remaining children from 133% FPL to 300% FPL, with the potential for additional members whose parents have applied for coverage through the Health Insurance Exchange program. In addition, the extended Health Care Reform (“HCR”) Bill addresses a 23% increase in Federal participation for FY 2018 and 2019, which would make the CHIP Program 100% federally funded starting October 1, 2017, the first day of Federal FY 2018, through September 30, 2019, the last day of Federal FY 2019, assuming the enhanced match rate does not fall below 77%.

WVCHIP covers children from birth through age 18, with coverage ending the end of the month which the child turns 19. The program pays for a full range of health care services for children including doctor visits, check-ups, vision and dental visits, immunizations, prescriptions, hospital stays, mental health, and special needs services. Some services require prior authorization to be eligible under the WVCHIP program. All benefits and prior authorization requirements are detailed in the WVCHIP Summary Plan Description updated for Fiscal Year 2021.

The benefit structure varies by copayments for each of the enrollment group for Medical, Dental and Prescription Drugs as summarized in the following chart:

Medical Services and Prescription Benefits	WVCHIP Gold	WVCHIP Blue	WVCHIP Premium
Generic Prescriptions	No Copay	No Copay	No Copay
Listed Brand Prescriptions	\$5	\$10	\$15
Non-listed Brand Prescriptions	Full Retail Cost	Full Retail Cost	Full Retail Cost
Multisource Prescriptions	No Copay	\$10	\$15
Medical Home Physician Visit	No Copay	No Copay	No Copay
Physician Visit (Non-medical home)	\$5	\$15	\$20
Preventive Services	No Copay	No Copay	No Copay
Immunizations	No Copay	No Copay	No Copay
Inpatient Hospital Admissions	No Copay	\$25	\$25
Outpatient Surgical Services	No Copay	\$25	\$25
Emergency Department (is waived if admitted)	No Copay	\$35	\$35
Vision Services	No Copay	No Copay	No Copay
Dental Benefit	No Copay	No Copay	\$25 Copay for some non-preventive services

For each benefit year, there are maximum copayment amounts required based on the number of children in each family and whether the services are medical, dental or prescription drugs. The chart below summarizes the Out of Pocket Maximums by each eligibility group:

# of Children Copay Maximum	WVCHIP Gold	WVCHIP Blue	WVCHIP Premium
1 Child Medical Maximum	\$150	\$150	\$200
1 Child Prescription Maximum	\$100	\$100	\$150
2 Children Medical Maximum	\$300	\$300	\$400
2 Children Prescription Maximum	\$200	\$200	\$250
3 or more Children Medical Maximum	\$450	\$450	\$600
3 or more Children Prescription Maximum	\$300	\$300	\$350
Dental Services	Does not apply	Does not apply	\$150 per family

In addition, there are maximum visit limitations for some services, as shown in the chart below:

Type of Service	Number of Visits per Year
Occupational Therapy Services	20
Physical Therapy Services	20
Speech Therapy Services	20
Vision Therapy Services	20
Primary Care Visits	26
Physician Specialist Visits	26
Mental Health Visits	26

A key component of the WVCHIP benefit program is the “Patient Centered” Medical Home. The key principle of the Medical Home is based on the patient and physician relationship, with the assumption that a good medical home creates the best health care value by offering an organized and caring atmosphere for the WVCHIP member. The benefit of a Medical Home is the delivery of high value health care in a setting of mutual respect and responsibility. Copayments vary based on the utilization of the designated Medical Home professional:

Enrollment Group	Copay (No Medical Home)	Copay (Medical Home)
WVCHIP Gold	\$5	\$0
WVCHIP Blue	\$15	\$0
WVCHIP Premium	\$20	\$0
WVCHIP Exempt	\$0	\$0

Medical costs have been adjusted to reflect the expense of the “Birth to Three” program, administered by WVDHHR that work with children identified as having developmental delays. The Birth-to-Three costs have been included in the WVCHIP financial plan for FY 2021 and beyond.

It should be noted that CHIPRA requires WVCHIP to pay Federally Qualified Health Centers (FQHC) and Rural Health Centers (RHC) a prospective payment for each visit based on the centers' reasonable costs. This regulation was applicable to services rendered by centers to WVCHIP members starting October 1, 2009. Retrospective payments were approximately \$1,991,775 for claims with dates of services October 1, 2009 and after that were paid through December 31, 2011. Claims received after July 1, 2011 with dates of service on or after July 1, 2011 were processed under the new prospective payment methodology. Future PPS expenditures are projected as a component of medical and prescription drug per capita cost assumptions based on historical PPS payments.

This projection includes an additional \$500,000 for vaccines purchased through the Vaccines for Children program ("VFC") using federally contracted rates. CHIP paid \$2,999,878 to VFC in FY 2017 for vaccines. This amount was the result of a review conducted by CDC on billings for these services. Furthermore, we also included in the projection an additional \$20,000 to allow primary care physicians to apply fluoride varnish in connection with a well-child exam for members ages 1 through 4.

In addition, this report includes the following anticipated costs from CHIPRA requirements and the FY 2011 State Plan Amendment:

- Reduction in the length of the waiting period from 6 to 3 months for WVCHIP Gold (Below 150% FPL) and WVCHIP Blue (Between 150% and 200% FPL), and from 12 to 3 months for WV CHIP Premium (Between 200% and 300% FPL). Effective October 1, 2013, there would be no more waiting periods for new members to assure that members do not experience a gap in coverage while their eligibility transitions from CHIP to APTC eligibility or other insurance.
- Elimination of annual and lifetime benefit maximums effective July 1, 2011.
- Removal of the limit in dental coverage for WV CHIP Premium members, and include coverage for Orthodontic services.
- Addition of the vision benefit for WV CHIP Premium members.
- Addition of approximately \$400,000 due to legislatively mandated coverage of autistic medical services, effective July 1, 2011.

#### **PLAN ENROLLMENT**

We have updated our projection based on the enrollment through June 30, 2021. The program had enrollment at the end of FY 2020 of 23,945 children: 4,658 under WVCHIP Gold, 11,216 under WVCHIP Blue, and 8,071 under WVCHIP Premium. After changing the source of the enrollment reporting starting in July 2020, current enrollment as of June 30, 2021 is 19,878 children, with 2,903 under WVCHIP Gold, 10,707 under WVCHIP Blue, and 6,268 under WVCHIP Premium. In total, this represents a decrease of 17.0% over the same valuation month in prior year.

Overall enrollment as of June 30, 2021 is down compared to the March 31, 2021 enrollment. Since the implementation of the Affordable Care Act, which resulted in children whose family income was below 138% of the FPL being transferred to Medicaid, the CHIP Program has grown by approximately 430 children.

Based on our observation of the historical enrollment movement, we have assumed that all enrollments will increase by 2% per year. We will continue to monitor the projected enrollment by actual results and make adjustments, as necessary.

The following table summarizes the FY 2021 enrollment information using end of month enrollment information by WVCHIP Gold, WVCHIP Blue, WVCHIP Premium and in total:

<u>Date</u>	<u>WVCHIP Gold</u>	<u>WVCHIP Blue</u>	<u>WVCHIP Premium</u>	<u>Total</u>	<u>Annual % Growth</u>
Jun-03	14,243	7,554		21,797	8.8%
Jun-04	15,015	8,417		23,432	7.5%
Jun-05	15,571	8,944		24,515	4.6%
Jun-06	15,907	8,928		24,835	1.3%
Jun-07	15,658	9,181	100	24,939	0.4%
Jun-08	15,227	8,902	289	24,418	-2.1%
Jun-09	14,727	9,164	664	24,555	0.6%
Jun-10	15,385	8,381	1,058	24,824	1.1%
Jun-11	14,649	8,505	1,386	24,540	-2.1%
Jun-12	14,241	8,691	2,182	25,114	2.3%
Jun-13	14,769	8,013	2,168	24,950	-0.7%
Jun-14	11,637	9,150	3,168	23,955	-4.0%
Jun-15	4,588	9,965	4,894	19,447	-18.8%
Jun-16	4,344	10,958	5,229	20,531	5.6%
Jun-17	3,681	11,597	5,722	21,000	2.3%
Jun-18	3,185	12,537	6,115	21,837	4.0%
Jun-19	3,351	12,532	6,444	22,327	2.2%
Jun-20	4,658	11,216	8,071	23,945	7.2%
Jul-20	3,371	11,825	6,558	21,754	-3.0%
Aug-20	3,347	11,749	6,542	21,638	-5.1%
Sep-20	3,223	11,567	6,488	21,278	-6.5%
Oct-20	3,149	11,444	6,503	21,096	-8.0%
Nov-20	3,050	11,264	6,486	20,800	-9.7%
Dec-20	2,939	11,151	6,458	20,548	-11.0%
Jan-21	3,998	10,456	6,515	20,969	-10.2%
Feb-21	3,292	11,000	6,433	20,725	-11.6%
Mar-21	3,226	10,956	6,388	20,570	-14.0%
Apr-21	3,099	10,865	6,339	20,303	-16.1%
May-21	3,003	10,787	6,313	20,103	-16.6%
Jun-21	2,903	10,707	6,268	19,878	-17.0%

The table below summarizes the projected fiscal year June 30th ending enrollment assumptions for the Baseline Scenario by WVCHIP Gold & Blue and WVCHIP Premium.

Baseline Scenario (300% FPL)

<u>Year End Enrollment</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>
WVCHIP Gold & Blue	13,610	13,882	14,160	14,443	14,732	14,732	14,732
<u>WVCHIP Premium</u>	<u>6,268</u>	<u>6,393</u>	<u>6,521</u>	<u>6,652</u>	<u>6,785</u>	<u>6,920</u>	<u>7,059</u>
Total	19,878	20,276	20,681	21,095	21,517	21,652	21,791

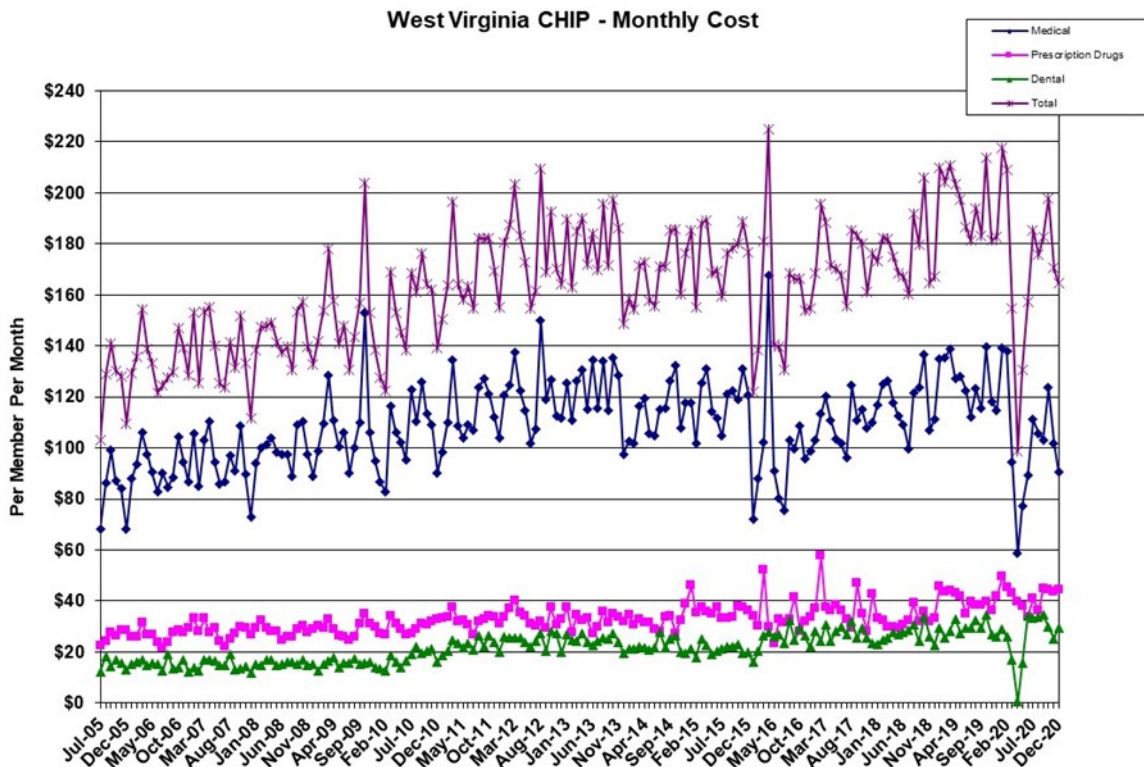
## CLAIM COST AND TREND ANALYSIS

Note that the trend analysis is as of December 31, 2020 due to the incomplete lag data for January 2021 through June 2021. The plan has experienced an overall 12-month trend of -13.0%. We have updated the medical, dental and prescription drugs trend assumptions since the June 30, 2020 Quarterly Report. The trend assumptions have been established as 2.7% for medical claims, 4.2% for dental claims and 5% for prescription drugs claims. Detail historical claim trend analysis for medical, dental and prescription drugs are summarized in the Attachments found at the end of the report.

Overall, the recent trend experience is not comparable to our composite trend assumptions for the medical, dental and prescription drug trend components due to the COVID-19 outbreak. We will continue to monitor the trend experience. The table below summarizes WV CHIP experience over the last six months, twelve months, three years, and seven years as of December 31, 2020. Note that prescription drugs trends are gross of prescription drug rebates received from CVS.

Trend Period	Six Months	Twelve Months	Three Years	Seven Years
Medical	-12.1%	-18.4%	-2.2%	-2.5%
Dental	4.0%	-12.5%	-2.1%	0.6%
Prescription Drugs	8.7%	3.4%	3.2%	3.7%
Composite	-5.3%	-13.0%	-0.9%	-0.7%

The following graph summarizes incurred claims on a per member per month (“PMPM”) basis for the major categories of medical, dental and prescription drugs based on information received through June 30, 2020. The attachment at the end of this report shows the trends for WVCHIP Gold & Blue and an average for the same three categories.



Detailed claim trends for medical, dental and prescription drugs are summarized in the Attachment found at the end of the report.

**FINANCIAL PROJECTION – STATE FISCAL YEARS 2021-2027**

Under the Baseline Scenario, we have assumed that State funding to be \$7,090,665 in FY 2021 and the same in following years. At the Federal level, the Federal funding for West Virginia is assumed to be \$49,094,204 in FY 2021 after the reductions for the Federal funding share to be used for CHIP children that transferred to Medicaid, and we have assumed that the Federal funding remains constant in the future.

CCA was engaged by the management of WVCHIP to assist in the development of preliminary fiscal year 2021 MCO capitations for the program for the contract period of January 1, 2021 through June 30, 2021. The capitation rates cover medical and dental services. Prescription Drugs are not included in the covered services of the capitation rates.

The proposed rates in the subsequent chart will apply to the entire state of West Virginia. The rates will not be differentiated by plan, age, or region. The actuarially sounds capitation rates were developed for the following categories:

1. Traditional Population Children under age 19- Monthly Capitation
2. Maternity Program for Women age 19 and older- Monthly Capitation for Non-Maternity Services
3. Maternity Program for Women age 19 and older- Pregnancy Kick Payment for Pregnant Women Maternity Services

**January 1<sup>st</sup> through June 30<sup>th</sup>, 2021 MCO Summary Rates:**

<b>Category</b>	<b>Capitation/Kick Payment</b>
Children Under 19 – All Services	<b>\$160.46</b>
Pregnant Women-Non-Maternity Services	<b>\$99.47</b>
Pregnant Women-Delivery Supplemental Payment	<b>\$6,657.88</b>



The updated incurred claims and capitations for FY 2021 is \$51,837,641 based on the FY 2021 average enrollment of 20,805 children and the incurred claim per member per month cost data assumption of \$207.63, as summarized in the following table.

Category	Current Report FY2021 Baseline Incurred Claims	Current Report FY2021 Baseline Per Member Per Month	3/31/21 Report FY2021 Baseline Per Member Per Month	12/31/20 Report FY2021 Baseline Per Member Per Month
Medical	\$ 32,748,626	\$ 131.17	\$ 131.10	\$ 130.24
Prescription Drugs	10,636,599	42.60	39.85	40.25
Dental	<u>8,452,416</u>	<u>33.86</u>	<u>31.52</u>	<u>27.99</u>
Total	\$ 51,837,641	\$ 207.63	\$ 202.47	\$ 198.48

The Medicaid Children Transfer Cost Baseline Scenario financial forecast for the Federal and State Fiscal Years 2021 through 2027 can be found in Appendix A. This scenario is based on the assumption that Federal and State funding will be transferred to West Virginia Medicaid to cover transferred children. Based on the assumptions developed under the Baseline Scenario, we are projecting a shortfall in State funding beginning in FY 2024 under the 90% funding requirement based on funding levels provided by CHIP management through FY 2027.

At the Federal level, we are not projecting a shortfall in Federal funding for the Baseline Scenario, under the assumption that Medicaid eligibility is aligned with the recently signed Healthy Kids Act and the Bipartisan Budget Act of 2018. It should be noted that the most recent reauthorization continues the 23% increase in Federal participation for FY 2018 and 2019, which means that the CHIP Program remains 100% federally funded through September 30, 2019, the last day of Federal FY 2019. After FY 2019, based on the reauthorization, the State of West Virginia Share would increase to 6.04% from October 1, 2019 through September 30, 2020. Due to the COVID-19 outbreak, the FMAP is 85% effective October 1, 2020 through September 30, 2021, and 82.28% thereafter.

Appendix A shows the baseline scenario with a seven-year projection period as requested by CHIP management. The first section of the report is the beginning balances of both Federal and State funding sources. The middle section of the report projects and reports on incurred claim, paid claim, and administrative expenses, as well as expected interest earnings and accrued prescription drugs rebates. This section also projects Federal and State shares of paid expenses, as well as incurred but not reported (“IBNR”) claim liabilities. The last section of the report projects the ending balances of both Federal and State funding sources.

Appendix A also includes the Maternity Coverage Expansion that began on July 1, 2019. CHIP was at 100% federally funded through September 30, 2019. Starting October 1, 2019, the federal share dropped to 93.96% to 98.3% to currently 85% to eventually 82.28% beginning on October 1, 2021.

The initial estimated cost of the Maternity Coverage Expansion is based on three assumptions as follows: 1) costs of newly eligible pregnant women between 185% FPL and 300% FPL expected to be around 218 women; 2) expanding maternity benefits to the current CHIP population estimated to be 65 members; and 3) newborn coverage resulting from the new CHIP population expected to be around 218 new members. The average cost of maternity and comprehensive care based on current rates is from \$12,600 to \$15,750. To add maternity benefits for the current CHIP population is \$4,500 to \$5,500 on average per pregnancy. The average cost of newborn coverage for a year is \$740 to \$930.

It should be noted that the Congress has not provided the expected Federal funding in the years of the projection and these estimates are subject to change.

Appendix B summarizes the original and restated IBNR claim liabilities for the CHIP Program in Fiscal Year 2020 to 2021. IBNR projections have been lower to reflect current claim backlog experience in recent months.

#### **STATEMENT OF ACTUARIAL OPINION**

I, Dave Bond, Managing Partner of Continuing Care Actuaries, hereby certify that I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the actuarial qualification standards to render Statements of Actuarial Opinion for the Children's Health Insurance Program and other self-insured entities. I have been retained by CHIP to render a Statement of Actuarial Opinion regarding the methods and underlying assumptions developed and used in this analysis.

This Statement of Actuarial Opinion was prepared in a manner consistent with the Code of Professional Conduct and Qualification Standards of the American Academy of Actuaries, and the Standards of Practice of the Actuarial Standards Board. Concerning the projection of health care expenses, I am of the opinion that the data and assumptions used are appropriate.

In my opinion, all estimated program and administrative costs of the agency under the plan, including incurred but unreported claims, will not exceed 90 percent of the funding available to the program for fiscal year 2021 for the State, based on current enrollment under the Baseline Scenario.

It should be noted that this opinion is based on State funding levels as illustrated in Appendix A, and FY 2021 through FY 2027 have not been appropriated by the West Virginia Legislature.

Respectfully,



Dave Bond, F.S.A., F.C.A., M.A.A.A.  
Managing Partner



Chris Borcik, F.S.A., F.C.A., M.A.A.A.  
Principal



APPENDIX A

West Virginia Children's Health Insurance Program

June 30, 2021 Quarterly Report

Medicaid Children Transfer Cost Baseline Scenario with Maternity Coverage Expansion

Available Funding - Beginning of the Year	2021	2022	2023	2024	2025	2026	2027
Federal 2020	\$70,709,208	\$22,632,533	\$0	\$0	\$0	\$0	\$0
Federal 2021	49,094,204	49,094,204	26,523,163	0	0	0	0
Federal 2022	0	48,466,486	48,466,486	28,220,787	0	0	0
Federal 2023	0	0	47,776,392	47,776,392	26,623,598	0	0
Federal 2024	0	0	0	47,051,463	47,051,463	21,453,620	0
Federal 2025	0	0	0	0	46,305,307	46,305,307	12,589,769
Federal 2026	0	0	0	0	0	45,538,843	45,538,843
Federal 2027	0	0	0	0	0	0	44,751,409
State 2020	\$4,049,144	\$0	\$0	\$0	\$0	\$0	\$0
State 2021	7,090,665	6,052,786	0	0	0	0	0
State 2022	0	7,090,665	4,833,350	0	0	0	0
State 2023	0	0	7,090,665	2,066,768	0	0	0
State 2024	0	0	0	7,090,665	0	0	0
State 2025	0	0	0	0	7,090,665	0	0
State 2026	0	0	0	0	0	7,090,665	0
State 2027	0	0	0	0	0	0	7,090,665
<b>Program Costs</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>WVCHIP Gold &amp; Blue &amp; Premium &amp; PEIA Children</b>							
Medical Expenses & Capitations	\$31,223,667	\$32,145,307	\$33,619,711	\$35,163,361	\$36,779,527	\$38,471,631	\$40,243,259
Prescription Drugs Expenses	10,636,599	10,785,966	11,551,770	12,371,946	13,250,354	14,191,129	15,198,699
Dental Expenses & Capitations	8,452,416	7,754,751	8,238,804	8,753,073	9,299,442	9,879,915	10,496,622
Administrative Expenses	3,628,687	4,552,507	4,875,735	5,221,912	5,592,668	5,989,747	6,415,019
Maternity Coverage Expansion & Capitations	1,524,959	1,588,221	1,751,608	1,922,597	2,088,558	2,181,395	2,277,704
Medical Expenses (COVID-19)	0	0	0	0	0	0	0
Premiums (WVCHIP Premium)	\$79,621	\$988,369	\$1,008,136	\$1,028,299	\$1,048,865	\$1,069,842	\$1,091,239
Program Revenues-Interest	\$91,367	\$107,800	\$97,799	\$75,108	\$0	\$0	\$0
Program Revenues-Drugs Rebates/Subrogation	2,131,643	2,216,908	2,305,584	2,397,807	2,493,719	2,593,468	2,697,207
Net Incurred Program Costs Excluding Interest	\$53,255,064	\$53,621,475	\$56,723,908	\$60,006,783	\$63,467,964	\$67,050,507	\$70,842,858
Net Paid Program Costs	55,718,723	53,616,475	56,687,908	59,968,783	63,427,964	67,007,507	70,797,858
Federal Share of Expenses	\$48,076,675	\$45,203,574	\$46,768,862	\$49,373,581	\$52,221,440	\$55,169,157	\$58,289,503
State Share of Expenses-Net of Interest	5,087,022	8,310,101	9,857,247	10,558,094	11,246,523	11,881,350	12,553,354
Beginning IBNR	\$3,133,658	\$670,000	\$675,000	\$711,000	\$749,000	\$789,000	\$832,000
Ending IBNR	670,000	675,000	711,000	749,000	789,000	832,000	877,000

**APPENDIX A**  
**West Virginia Children's Health Insurance Program**  
**June 30, 2021 Quarterly Report**  
**Medicaid Children Transfer Cost Baseline Scenario with Maternity Coverage Expansion**

<b>Funding Sources - End of the Year</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Federal 2020	\$22,632,533	\$0	\$0	\$0	\$0	\$0	\$0
Federal 2021	49,094,204	26,523,163	0	0	0	0	0
Federal 2022	0	48,466,486	28,220,787	0	0	0	0
Federal 2023	0	0	47,776,392	26,623,598	0	0	0
Federal 2024	0	0	0	47,051,463	21,453,620	0	0
Federal 2025	0	0	0	0	46,305,307	12,589,769	0
Federal 2026	0	0	0	0	0	45,538,843	0
Federal 2027	0	0	0	0	0	0	44,590,518
<b>Yearly Federal Shortfall</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State 2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State 2021	6,052,786	0	0	0	0	0	0
State 2022	0	4,833,350	0	0	0	0	0
State 2023	0	0	2,066,768	0	0	0	0
State 2024	0	0	0	0	0	0	0
State 2025	0	0	0	0	0	0	0
State 2026	0	0	0	0	0	0	0
State 2027	0	0	0	0	0	0	0
<b>Accumulated State Shortfall</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,400,661</b>	<b>\$5,556,519</b>	<b>\$10,347,204</b>	<b>\$15,809,893</b>
<b>State Shortfall – 90% Funding Requirement</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,573,782</b>	<b>\$7,979,254</b>	<b>\$14,090,089</b>	<b>\$20,947,596</b>



## **APPENDIX C**

## History and Background

WVCHIP's primary purpose is to provide health insurance coverage to uninsured children in families whose income disqualifies them from coverage available through the Medicaid Program but is less than or equal to 300% of the current Federal Poverty Level (FPL). When Congress amended the Social Security Act in 1997 to create Title XXI "State Children's Health Insurance Program", federal funding was allocated to the states for such programs over a ten-year period through 2007. CHIP was funded based on a complex allotment formula that considered the state's population of uninsured, low-income children. On February 4, 2009, the Children's Health Insurance Reauthorization Act (CHIPRA) was signed into law reauthorizing and funding the program through 2013. This bill revised the formula used to calculate each state's annual allotment to consider each state's actual projected spending and demographics, as well as national trends. On March 3, 2010, the program was once again reauthorized through 2015 with the passage of the Affordable Care Act (ACA). This legislation also increased the share of the program's federal funding from 2016 through 2019, by adding a 23% "bump" to FMAP. The program was 100% federally funded during this time. The ACA mandated that children ages 6 through 18 under 133%FPL served under WVCHIP transfer to Medicaid. Approximately 10,000 children transitioned to Medicaid throughout calendar year 2014. Although the ACA mandated this change, WV exercised its option to continue financing these children with the Title XXI funds and in October 2013 the program became a "combination" CHIP using Title XXI funding for both a CHIP/Medicaid expansion (MCHIP) and a separate CHIP (SCHIP). The Medicare Access and CHIP Reauthorization Act (MACRA) passed on March 26, 2015 extended CHIP funding through FFY 2017. On January 22, 2018, Congress passed a Continuing Resolution (CR) that included the Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable (HEALTHY KIDS) Act provided funding for CHIP for 6 years through 2023. Another CR passed on February 8, 2018 included the Advancing Chronic Care, Extenders, and Social Services (ACCESS) Act that funded CHIP an additional four years through 2027.

The West Virginia Legislature passed House Bill 4299 on April 19, 1998, to create WVCHIP. Since its inception, it has undergone several changes that include transfer of the Program from the WV Department of Health and Human Resources and establishing the Children's Health Insurance Agency within the Department of Administration, with the passage of Senate Bill 565 in 2000. WVCHIP is governed by a Board of Directors of up to eleven members, through approval of an annual financial plan and modifications to benefits. Day-to-day operations of WVCHIP are managed by the Executive Director who is responsible for the implementation of policies and procedures established by the Board of Directors. The WV Children's Health Insurance Agency is responsible for the administration of the WVCHIP. On February 19, 2015, the West Virginia Legislature passed Senate Bill 262 moving the WV Children's Health Insurance Agency from the Department of Administration to the Department of Health and Human Resources effective July 1, 2015. Senate Bill 564 was passed by the West Virginia Legislature on March 9, 2019, expanding WVCHIP to pregnant women who do not qualify for Medicaid, up to 300% FPL through 60-days post-partum.

To use Federal monies allotted for the CHIP program, each state is required to file a state plan with CMS that outlines the individuals responsible for program administration, where the program is housed within State government, the program's enrollment policies, how it proposes to use the federal monies, as well as other policies and processes used by the state to administer the program. Once the state plan is approved, the state may use its federal allotment, at the federal matching percentage, to finance program expenditures according to the plan.

Since inception in 1998, WVCHIP has undergone several changes of its State Plan to reach its current form. These changes include:

- ◆ **July 1998:** WVCHIP begins as a Medicaid expansion by covering children from ages 1 to 5 in households with incomes from 131% FPL to 150% FPL. This is referred to as Phase I.
- ◆ **April 1, 2000:** coverage is added for children from ages 6 through 18 in households from 100% to 150% FPL. WVCHIP adopts PEIA's Preferred Benefit Plan to serve as the benchmark equivalent coverage program. This is referred to Phase II.
- ◆ **June 2000:** WVCHIP notifies the federal government that it is withdrawing the Medicaid expansion program and combining it with Phase II to create a separate state program.
- ◆ **October 2000:** WVCHIP expands coverage for all children through age 18 in families with incomes between 151% and 200% FPL. This is referred to as Phase III.
- ◆ **June 2002:** WVCHIP modifies its co-payment requirements for pharmacy benefits to eliminate co-pays for generic drugs and expand co-pays for brand name drugs. It also adopts an annual benefit limit of \$200,000 and a lifetime benefit limit of \$1,000,000.
- ◆ **January 2006:** WVCHIP modifies its pharmacy benefits by implementing a Preferred Drug List (PDL) which encourages utilization of generic drugs and increases the amount of drug rebates received from drug manufacturers.
- ◆ **January 2007:** WVCHIP expands its upper income limit for program eligibility to 220%FPL. This expanded program from 200-220%FPL is called WVCHIP Premium. Families enrolled in this group are required to make monthly premium payments based on the number of children enrolled in the family. Children in this group receive full medical and drug benefits, limited dental, and no vision coverage.
- ◆ **January 2008:** WVCHIP modifies its state plan to allow the program to secure federal match to pay for comprehensive well-child exams for uninsured children entering Kindergarten using administrative funds. This health service initiative is referred to as Kids First.
- ◆ **January 2009:** WVCHIP further expands its upper income limit for program eligibility to 250% FPL. Children covered under this expanded group are enrolled in WVCHIP Premium.
- ◆ **July 2010:** WVCHIP removed restrictions on dental and vision benefits for members in WVCHIP Premium. Members in this group now receive full dental benefits, but with copayments for some services. They also receive full vision benefits.
- ◆ **July 1, 2011:** WVCHIP once again expands its upper income limits for program eligibility to 300%FPL. These children are enrolled in WVCHIP Premium. The program also eliminated annual and lifetime plan limits and made service limit changes to comply with mental health parity.
- ◆ **October 1, 2011:** WVCHIP changes its reimbursement methodology to Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs) from fee-for-service to prospective payment.

- ◆ **October 1, 2013:** WVCHIP incorporates the Modified Adjusted Gross Income (MAGI)-based eligibility process requirements in accordance with the Affordable Care Act.
- ◆ **January 1, 2014:** WVCHIP opts to cover children of state employees enrolled in the Public Employees Insurance Agency (PEIA) who are otherwise eligible. WVCHIP becomes a “combination” program by moving children aged 6 to 18 under 133%FPL from the separate CHIP to Medicaid (approximately 10,000 children) and continuing to finance these children with Title XXI funds.
- ◆ **October 2017:** WVCHIP reaffirms its compliance with mental health parity based on benefit changes made in 2011.
- ◆ **July 1, 2019:** WVCHIP expands coverage to pregnant women over age 19 who do not qualify for Medicaid and meet other WVCHIP eligibility criteria up to 300% FPL. The Program also implements a new health service initiative to provide \$225,000 in administrative funding annually to the WV Poison Control Center to help ensure this valuable service remains available for children.
- ◆ **March 1, 2020:** CMS approves WVCHIP’s “Disaster” State Plan Amendment. Under this amendment, WVCHIP has flexibilities on enrollment processes, and can waive prior authorizations and cost-sharing in response to a public emergency declared by either the federal or state governments. Once declared, WVCHIP will notify CMS that it is exercising these flexibilities through the end of the emergency.
- ◆ **July 9, 2020:** CMS approves WVCHIP’s SUPPORT ACT State Plan Amendment. The SUPPORT ACT requires that CHIP cover services necessary to prevent, diagnose, and treat a broad range of behavioral health and substance use symptoms and disorders. This amendment outlines behavioral health services covered by WVCHIP and demonstrates compliance with the Act. No benefits were added or removed because of this amendment.
- ◆ **January 1, 2021:** WVCHIP moves from a fee-for-service delivery model to managed care. This move emphasizes quality care by leveraging a broader pool of resources available through managed care organizations and reduces gaps in care experienced by members who transition between WVCHIP and Medicaid.