

CHIP ADMINISTRATIVE COSTS

Pennsylvania law limits insurance companies who participate in CHIP to 10% administrative costs. Here are some questions I asked, and Pennsylvania's answers: (PMPM stands for "per member per month")

1. What is the monthly premium (PMPM cost) paid by your state to the insurance plan?

Average statewide weighted PMPM \$127

2. What portion of the monthly premium amount goes to the insurance plan for administrative costs? We prefer the dollar amount, but a percentage is also helpful.

State statute limits administrative reimbursement to 10% or less of PMPM paid. All seven of our contractors presently receive 10%.

3. Is the insurance you purchase indemnity or managed care?

Predominately managed care, some PPO in the mix (about 10% of enrollees). We pay a PMPM regardless of service delivery method.