

HOWARD DEAN, M.D.
Governor



State of Vermont
OFFICE OF THE GOVERNOR
Montpelier 05609

TEL: (802) 828-3333
Fax: (802) 828-3339
TDD: (802) 828-3345

November 5, 1998

Sally K. Richardson, Director
Center for Medicaid and State Operations
Health Care Financing Administration
7500 Security Boulevard
C4-25-02
Baltimore, Maryland 21244-1805

Dear Ms. Richardson:

After careful consideration and review with HCFA staff, Vermont is resubmitting a Child Health Plan application under Title XXI, the State Children's Health Insurance Program.

As we have said before, Vermont considers itself a leader in promoting accessible health coverage for low-income individuals through expansion of its medical assistance programs. We feel it is regrettable that based on the constraints of SCHIP that such a small number of uninsured children will benefit from coverage in Vermont (approximately 1,000) despite our proposing eligibility to children with household income up to 300% of the FPL.

Although Vermont is resubmitting the Title XXI application, we continue to have considerable reservations and concerns regarding the coverage of children under SCHIP because of the minimal financial gains and the administrative requirements and burdens of the program. For Vermont, there are no economies in scale and the cost considerations are a significant factor in our willingness to participate in the program. Nevertheless, we are willing to try to reach agreement on expanding an element of coverage for children through SCHIP.

We hope to integrate Title XXI eligibility with Medicaid coverage to underinsured children with household income up to 300% of the FPL as well as uninsured parents or caretaker relatives with dependent children in their households with household incomes up to 185% of the FPL. We have submitted an amendment to our 1115 Waiver, the Vermont Health Access Plan, to accomplish this. For Vermont, this is the only rational, seamless approach to assuring comparative coverage to our families.

Sally Richardson
Page Two
November 5, 1998

Vermont is committed to providing benefits to children. We need an indication as quickly as possible concerning coverage under SCHIP and our waiver amendment. We will be pleased to continue to work with them in the review of our plan and waiver amendment request, and will be happy to answer any questions that will assist that review. Questions may be directed to the Vermont Department of Social Welfare, 103 South Main Street, Waterbury, Vermont 05676-1201. Your contacts would be M. Jane Kitchel, Commissioner (802-241-2853 or JaneK@wpgate1.ahs.state.vt.us) or Paul Wallace-Brodeur, Director, Office of Vermont Health Access (802-241-1243 or PaulW@wpgate1.ahs.state.vt.us).

Sincerely,

Howard Dean, M.D.
Governor

cc: Ronald Preston, Ph.D., Associate Regional Administrator, HCFA
Cornelius Hogan, Secretary, Vermont Agency of Human Services
M. Jane Kitchel, Commissioner, Vermont Department of Social Welfare
Paul Wallace-Brodeur, Director, Office of Vermont Health Access

APPLICATION FOR
STATE CHILD HEALTH PLAN UNDER TITLE XXI
OF THE SOCIAL SECURITY ACT
STATE CHILDREN'S HEALTH INSURANCE PROGRAM
(Required under 4901 of the Balanced Budget Act of 1997 (New section 2102(b)))

STATE OF VERMONT

November 1998

a

**APPLICATION FOR
STATE CHILD HEALTH PLAN UNDER TITLE XXI OF THE SOCIAL SECURITY
ACT
STATE CHILDREN'S HEALTH INSURANCE PROGRAM**

(Required under 4901 of the Balanced Budget Act of 1997 (New section 2101(b)))

State/Territory: **Vermont**

As a condition for receipt of Federal funds under Title XXI of the Social Security Act,

_____ Howard Dean, M.D.,
Governor Date

submits the following State Child Health Plan for the State Children's Health Program and hereby agrees to administer the program in accordance with the provisions of the State Child Health Plan, the requirements of Title XXI of the Act and all applicable Federal regulations and other official issuances of the Department.

Application for
State Child Health Plan under Title XXI of
The Social Security Act
State Children's Health Insurance Program
State of Vermont



Overview –State Children's Health Insurance Program (SCHIP)	1
Title XXI Application	9
General Information	9
Section 1: General Description and Purpose.....	10
Section 2: General Background and Description of State Approach	11
Section 3: General Contents of State Child Health Plan.....	13
Section 4: Eligibility Standards and Methodology	14
Section 5: Outreach and Coordination	16
Section 6: Coverage Requirements for Children's Health Insurance	17
Section 7: Quality and Appropriateness of Care	22
Section 8: Cost Sharing and Payment	23
Section 9: Strategic Objectives and Performance Goals for the Plan Administration.....	26
Section 10: Annual Reports and Evaluations.....	30
Appendix 2 –Appendix to Section 2: General Background and Description of State Child Health Coverage.....	34
Appendix 4 –Appendix to Section 4: Eligibility Standards and Methodology	37
Appendix 5 –Appendix to Section 5: Outreach and Coordination	40
Appendix 6 –Appendix to Section 6: Coverage Requirements	42
Appendix 8 –Appendix to Section 8: Cost Sharing and Payment	44
Appendix 9 –Appendix to Section 9: Strategic Objectives and Performance Goals	47
Appendix 10 –Appendix to Section 10: Annual Reports and Evaluations	51

**State of Vermont
Vermont Health Access Plan**

**Overview
State Children's Health Insurance Program (SCHIP)**

I. Introduction

The State of Vermont applauds the federal government for its enactment of Title XXI of the Social Security Act and its promotion of affordable and accessible health coverage for low-income children and families. Vermont is equally committed to this objective.

Vermont considers itself one of the leaders in promoting accessibility to health coverage for low-income individuals through expansion of its medical assistance program. Working with HCFA, the State has expanded coverage to children up to 225% of FPL via the Dr. Dynasaur program and expanded coverage to uninsured adults up to 150% of FPL via its 1115 Waiver program, the Vermont Health Access Plan (VHAP).

The State wishes to build on the success of the current Dr. Dynasaur programs to provide coverage, relying on the guidelines of Title XXI and accessing the federal funds available for this purpose. This application therefore requests federal authority for Vermont to provide coverage to low-income uninsured children with a State designed, Medicaid-like program. The eligibility expansion described below will enable Vermont and the federal government to further extend coverage to more than 1,100 low-income children. The State intends to adhere to the requirements of Title XXI.

The remainder of this document is divided into the following sections:

- ! Overview of Current Program
- ! Proposed Eligibility Requirements
- ! Description of Benefits
- ! Implementation Activities
- ! Projected Budget for SCHIP

Attached is Vermont's completed Title XXI application template.

II. Overview of Current Program - Dr. Dynasaur

Vermont has made extensive efforts to ensure access to health care services for its children. Children (up to age 18) in families with incomes up to 225 percent of the Federal Poverty Level (FPL) are eligible for enrollment in Dr. Dynasaur, a Medicaid 1902 (r)(2) expansion program, which covers a full range of health

**State of Vermont
Title XXI Application
State Children's Health Insurance Program
November 1998**

insurance benefits. Approximately 16,000 children are enrolled in Dr. Dynasaur, which has been operating in Vermont since 1989 as a state-funded program and since 1992 as a state-federal Medicaid expansion program. The Dr. Dynasaur program became part of the State's 1115 Waiver in January, 1996.

Dr. Dynasaur is available to low-income children regardless of private health insurance coverage status. Children who do not have major insurance coverage, defined as hospital and physician coverage, are enrolled with a managed health plan. All Medicaid services that are not part of the managed care benefit package are accessed on a fee-for-service basis. Children with private, major coverage are eligible for all Medicaid services on a fee-for-service basis. However, in accordance with federal regulations, Medicaid is the payer of last resort. In some cases, these children have coverage through a managed care plan.

The State is proud of the Dr. Dynasaur program's success in extending health care benefits to children. Approximately one-third (1/3) of all Vermont children are covered through this program. Another success of the program relates to its ability to provide low-income, insured children with coverage for important children's services often not covered or inadequately covered by commercial plans, including dental services, personal care, home health services and vision care. The modest cost of providing these services to an insured child is an important long-term investment in the child's overall health.

The State charges a monthly premium of \$10.00 per household for children living in households with incomes between 185 and 225 percent of the Federal Poverty Level.

III. Proposed Eligibility Expansion

The State proposes to extend SCHIP eligibility to low-income children to provide comprehensive benefits to uninsured children in families with incomes at or below 275 percent of FPL. The actual income level will extend to **300** percent of FPL through application of income disregard rules for calculation of income. The State estimates that approximately 1,100 children are likely to enroll in the first full federal fiscal year.

IV. Description of Benefits

A. Covered Services

All children enrolled under the SCHIP will be eligible for benefits equal to the full Medicaid Dr. Dynasaur benefit package. Children will be enrolled in managed care plans. Non-capitated services will be provided on a fee-for-service basis.

State of Vermont
 Title XXI Application
 State Children's Health Insurance Program
 November 1998

B. Premiums

The State will charge a premium for all children enrolled under this initiative. The premiums were designed to be reasonable and consistent with premiums charged under the current program. The premiums will be the same as the current Dr. Dynasaur program until such time as the administrative systems are in place to implement a premium of \$20 per household per month. Premiums for current and future periods are as follows:

Population	Income level (% FPL)	Premium
Current (Dr. Dynasaur)	185 to 225%	\$10 per month per household
<i>Proposed</i>		
<i>Effective 10/1/98</i>	<i>225% to 300%</i>	<i>\$10 per month per household</i>
<i>When administratively possible</i>	<i>225% to 300%</i>	<i>\$20 per month per household</i>

C. Copayments

The State proposes to permit providers to collect modest copayments for services provided. Initially, no copayment will apply. Effective July 1, 1999, physicians and other professional providers including dentists will be permitted to collect a copayment of \$10.00 per office visit. The Medicaid paid amount will be reduced by the copayment amount. There will be no cost-sharing requirements for well-baby, well-child visits including age appropriate immunizations or for diagnostic and preventive dental services.

Since the maximum cost sharing for premiums and copayments is 5% of annual income, Vermont proposes to establish a single annual maximum for all households with incomes 225% to 300% of the Federal Poverty Level (FPL). The maximum is then adjusted to reflect the annual premium cost and the remaining amount is apportioned to apply to medical and dental services. This accommodates the fact that medical services will be tracked in the managed care delivery system and dental services will be tracked in the fee for service delivery system.

Effective July 1, 1999, the maximum after premiums is \$950 per calendar year. The medical/dental apportionment is \$650/\$300.

State of Vermont
Title XXI Application
State Children's Health Insurance Program
November 1998

V. Implementation Activities

Implementation of this proposal will include the following key activities:

- ! Development of outreach and education strategy and materials
- ! Eligibility systems changes
- ! MMIS modifications
- ! Staff training
- ! Provider education

The State recently undertook similar activities to implement VHAP and will rely on **these** approaches, where proven effective, to implement this proposal. The State's Title XXI template application (attached) provides a description of implementation activities.

The State intends to commence implementation activities **as** soon as the application is approved, and in some cases earlier. Enrollment will begin during October, with a current targeted effective date **of** October 1, **1998** for coverage under the program.

State of Vermont
 Title XXI Application
 State Children's Health Insurance Program
 November 1998

VI. Projected Budget

Summary of Expenditures: Uninsured Children - Federal Fiscal Years 1999- 2001

FY 1999		
Year End Enrollment		1,072
Average Caseload		739
Total Eligible Months		8,869
Benefit Expenditures per Eligible Month		\$83.41
Total Benefit Expenditures		\$739,784
Total Administrative Expenditures		\$82,198
MMIS Startup	\$2,100	
Outreach	\$800	
Equipment	\$700	
Salaries/Benefits	\$32,807	
Travel	\$330	
MMIS/Data Processing	\$23,061	
Other	\$22,400	
Total Program Expenditures		\$821,982
Federal Match		
Federal Match (62.18%)		\$511,108
Enhanced Match (11.35% (30% of 37.82))		\$93,295
Subtotal: Federal Share (73.53%)		\$604,403
State Share		\$217,579
FY 2000		
Year End Enrollment		1,088
Average Caseload		1,081
Total Eligible Months		12,967
Benefit Expenditures per Eligible Month		\$87.13

State of Vermont
Title XXI Application
State Children's Health Insurance Program
November 1998

Total Benefit Expenditures		\$ 1,129,771
Total Administrative Expenditures		\$ 125,530
Salaries/Benefits	\$48,957	
Travel	\$552	
MMIS/Data Processing	\$38,538	
Other	\$37,483	
Total Program Expenditures		
Federal Match		
Federal Match (62.18%)		
Enhanced Match (11.35% (30% of 37.82))		\$ 1,255,301
Subtotal: Federal Share (73.53%)		
State Share		\$780,546
		\$ 142,477
		\$923,023
		\$332,278
FFY 2001		
Year End Enrollment		1,104
Average Caseload		1,097
Total Eligible Months		13,163
Benefit Expenditures per Eligible Month		\$90.99
Total Benefit Expenditures		\$1,197,722
Total Administrative Expenditures		\$ 133,080
Salaries/Benefits	\$51,715	
Travel	\$586	
MMIS/Data Processing	\$40,949	
Other	\$39,844	
Total Program Expenditures		\$ 1,330,802
Federal Match		
Federal Match (62.18%)		\$ 827,493

State of Vermont
Title XXI Application
State Children's Health Insurance Program
November 1998

Enhanced Match (11.35% (30% of 37.82))	\$ 151,046
Subtotal: Federal Share (73.53%)	\$978,539
State Share	\$353,263

See notes **and** sources on next page.

State of Vermont
Title **XXI** Application
State Children's Health Insurance Program
November 1998

Summary of Expenditures: Uninsured Children - Federal Fiscal Years 1999- 2001

Notes:

- Totals not exact due to rounding.
- The federal allotment shown here is net of premiums.

Sources:

- Eligible estimates based on data from the Vermont Banking, Insurance, Securities, and Health Care Administration (BISHCA) administered 1997 Vermont Family Health Insurance Survey. Eligibles converted to enrollees 85% (historical rate for Dr. Dynasaur).
- PMPM cost estimates based on current **VHAP** health plan capitation rates and historical cost experience within the Dr. Dynasaur program.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

General Information:

NOTE: Vermont appendices are numbered to coincide with the sections to which they apply; for example, Appendix 2, item 2.2.1 refers to Section 2, 2.2.1.

Additional documents available for review upon request include the following:

Agency of Human Services Brochures:

*Doctor Dynasaur: A Health Care Program **for** Vermonters
Medicaid Covered Services*

Maximus Policy and Procedures Manual

Medicaid Policy Manual

Medicaid Procedures Manual

Office of Vermont Health Access Brochures:

*Answers to Your Questions About Managed Care
Health Care Programs Handbook*

*VHAP: To Help Pay **for** Your Medical Care*

*VHAP Pharmacy and VScript: Programs to Help Pay **for** Prescription Drugs*

Vermont Health Access Plan (VHAP) Policy Manual

VHAP Operational Protocol

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

Section 1. General Description and Purpose of the State Child Health Plans (Section 2101)

The state will use funds provided under Title XXI primarily for (Check appropriate box):

- 1.1 : Obtaining coverage that meets the requirements for a State Child Health Insurance Plan (Section 2103); OR

- 1.2 9 Providing expanded benefits under the State's Medicaid plan (Title XIX); OR

- 1.3 9 A combination of both of the above.

Vermont assures that the Title XXI State plan will be conducted in accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000[d] et seq.), Section 504 of the Rehabilitation Act of 1973 (2 U.S.C 70[b]) and the regulations at 45 C.F. R. Parts 80 and 84. No individual shall be subject to discrimination under this State plan on the grounds of race, color, national origin and handicap.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Section 2. General Background and Description of State Approach to Child Health Coverage (Section 2102(a)(1)-(3)) and (Section 2105)(c)(7)(A)-(B))

- 2.1. Describe the extent to which, and manner in which, children in the state including targeted low-income children and other classes of children, by income level and other relevant factors, such as race and ethnicity and geographic location, currently have creditable health coverage (as defined in section 2110(c)(2)). To the extent feasible, make a distinction between creditable coverage under public health insurance programs and public-private partnerships (See Section 10 for annual report requirements).

See Appendix 2.

- 2.2. Describe the current state efforts to provide or obtain creditable health coverage for uncovered children by addressing: (Section 2102)(a)(2))

- 2.2.1. The steps the state is currently taking to identify and enroll all uncovered children who are eligible to participate in public health insurance programs (i.e. Medicaid and state-only child health insurance):

See Appendix 2.

- 2.2.2. The steps the state is currently taking to identify and enroll all uncovered children who are eligible to participate in health insurance programs that involve a public-private partnership:

See Appendix 2.

- 2.3. Describe how the new State Title XXI program(s) is(are) designed to be coordinated with such efforts to increase the number of children with creditable health coverage so that only eligible targeted low-income children are covered:
(Section 2102)(a)(3)

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

See Appendix 2.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Section 3. General Contents of State Child Health Plan (Section 2102)(a)(4))

9 Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 4.

3.1. Describe the methods of delivery of the child health assistance using Title XXI funds to targeted low-income children: (Section 2102)(a)(4))

Vermont proposes to use the same methods of delivery as are used under its Medicaid plan.

3.2. Describe the utilization controls under the child health assistance provided under the plan for targeted low-income children: (Section 2102)(a)(4))

Vermont proposes to use the same utilization controls as are used under its Medicaid plan.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Section 4. Eligibility Standards and Methodology. (Section 2102(b))

9 Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 5.

A summary of eligibility standards is provided in Appendix 4. In general, existing Vermont methodologies for establishing Medicaid/Dr. Dynasaur/VHAP eligibility and enrolling recipients in managed care will apply to Title XXI. Related Medicaid, Dr. Dynasaur, and VHAP policy and procedures and the procedures and protocols of our benefits counseling and enrollment contractor, Maximus, are available upon request.

4.1. The following standards may be used to determine eligibility of targeted low-income children for child health assistance under the plan. Please note whether any of the following standards are used and check all that apply. If applicable, describe the criteria that will be used to apply the standard. (Section 2102)(b)(1)(A))

- 4.1.1. 9 Geographic area served by the Plan:_____
- 4.1.2 : Age:_____
- 4.1.3 : Income:_____
- 4.1.4 9 Resources (including any standards relating to spend downs and disposition of resources):_____
- 4.1.5. 9 Residency:_____
- 4.1.6. 9 Disability **Status** (so long as any standard relating to disability status does not restrict eligibility):_____
- 4.1.7. : Access to or coverage under other health coverage:_____
- 4.1.8. 9 Duration of eligibility:_____
- 4.1.9. 9 Other standards (identify and describe):_____

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- 4.2. The state assures that it has made the following findings with respect to the eligibility standards in its plan: **(Section 2102)(b)(1)(B))**
 - 4.2.1. : These standards do not discriminate on the basis of diagnosis.
 - 4.2.2. : Within a defined group of covered targeted low-income children, these standards do not cover children of higher income families without covering children with a lower family income.
 - 4.2.3. : These standards do not deny eligibility based on a child having a pre-existing medical condition.

- 4.3. Describe the methods of establishing eligibility and continuing enrollment.
(Section 2102)(b)(2))

- 4.4. Describe the procedures that assure:
 - 4.4.1. Through intake and followup screening, that only targeted low-income children who are ineligible for either Medicaid or other creditable coverage are furnished child health assistance under the state child health plan.
(Section 2102)(b)(3)(A))

 - 4.4.2. That children found through the screening to be eligible for medical assistance under the state Medicaid plan under Title XIX are enrolled for such assistance under such plan. **(Section 2102)(b)(3)(B))**

 - 4.4.3. That the insurance provided under the state child health plan does not substitute for coverage under group health plans. **(Section 2102)(b)(3)(C))**

 - 4.4.4. The provision of child health assistance to targeted low-income children in the state who are Indians (as defined in section 4(c) of the Indian Health Care Improvement Act, 25 U.S.C. 1603(c)). **(Section 2102)(b)(3)(D))**

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- 4.4.5. Coordination with other public and private programs providing creditable coverage for low-income children. (Section 2102)(b)(3)(E))

Section 5. Outreach and Coordination (Section 2102(c))

Describe the procedures used by the state to accomplish:

- 5.1. Outreach to families of children likely to be eligible for assistance or under other public or private health coverage to inform them of the availability of, and to assist them in enrolling their children in such a program: (Section 2102(c)(1))

See Appendix 5.

- 5.2. Coordination of the administration of this program with other public and private health insurance programs: (Section 2102(c)(2))

See Appendix 5.

State of Vermont

Title **XXI** Application
State Children's Health Insurance Program
November 1998

Section 6. Coverage Requirements for Children's Health Insurance (Section 2103)

9 **Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 7.**

6.1. The state elects to provide the following forms of coverage to children:
(Check all that apply.)

6.1.1. 9 Benchmark coverage; (Section 2103(a)(1))

6.1.1.1.9 FEHBP-equivalent coverage; (Section 2103(b)(1))
(If checked, attach copy of the plan.)

6.1.1.2.9 State employee coverage; (Section 2103(b)(2)) (If checked, identify the plan and attach a copy of the benefits description.)

6.1.1.3.9 HMO with largest insured commercial enrollment (Section 2103(b)(3)) (If checked, identify the plan and attach a copy of the benefits description.)

6.1.2. 9 Benchmark-equivalent coverage; (Section 2103(a)(2)) Specify the coverage, including the amount, scope and duration of each service, **as** well as any exclusions or limitations. Please attach signed actuarial report that meets the requirements specified in Section 2103(c)(4). **See instructions.**

6.1.3. 9 Existing Comprehensive State-Based Coverage; (Section 2103(a)(3)) [Only applicable to New York; Florida; Pennsylvania] Please attach a description of the benefits package, administration, date of enactment. If "existing comprehensive state-based coverage" is modified, please provide an actuarial opinion documenting that the actuarial value of the modification is greater than the value as of

State of Vermont

Title XXI Application
State Children's Health Insurance Program
November 1998

8/5/97 or one of the benchmark plans. Describe the fiscal year 1996 state expenditures for existing comprehensive state-based coverage.

6.1.4. : Secretary-Approved Coverage. (Section 2103(a)(4))

6.2. The state elects to provide the following forms of coverage to children:

(Check all that apply. If **an** item is checked, describe the coverage with respect to the amount, duration and scope of services covered, as well **as** any exclusions or limitations) (Section 2110(a))

Vermont proposes to provide the same amount, duration and scope of services to SCHIP children as are provided under its Medicaid plan. See Appendix 6.

6.2.1. : Inpatient services (Section 2110(a)(1))

6.2.2. : Outpatient services (Section 2110(a)(2))

6.2.3. : Physician services (Section 2110(a)(3))

6.2.4. : Surgical services (Section 2110(a)(4))

6.2.5. : Clinic services (including health center services) and other ambulatory health care services. (section 2110(a)(5))

6.2.6. : Prescription drugs (Section 2110(a)(6))

6.2.7. : Over-the-counter medications (Section 2110(a)(7))

6.2.8. : Laboratory and radiological services (Section 2110(a)(8))

6.2.9. : Prenatal care and prepregnancy family services and supplies (section 2110(a)(9))

6.2.10. : Inpatient mental health services, other than services described in 6.2.18., but including services furnished in a state-operated mental hospital and including residential or other **24-hour** therapeutically planned structural services (Section 2110(a)(10))

6.2.11. : Outpatient mental health services, other than services described in 6.2.19, but including services furnished in a state-operated mental hospital and including community-based services (Section 2110(a)(11))

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- 6.2.12. : Durable medical equipment and other medically-related or remedial devices (such as prosthetic devices, implants, eyeglasses, hearing aids, dental devices, and adaptive devices) (Section 2110(a)(12))
- 6.2.13. : Disposable medical supplies (Section 2110(a)(13))
- 6.2.14. : Home and community-based health care services (See instructions) (Section 2110(a)(14))
- 6.2.15. : Nursing care services (See instructions) (Section 2110(a)(15))
- 6.2.16. : Abortion only if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest (Section 2110(a)(16))
- 6.2.17. : Dental services (Section 2110(a)(17))
- 6.2.18. : Inpatient substance abuse treatment services and residential substance abuse treatment services (Section 2110(a)(18))
- 6.2.19. : Outpatient substance abuse treatment services (Section 2110(a)(19))
- 6.2.20. : Case management services (Section 2110(a)(20))
- 6.2.21. : Care coordination services (Section 2110(a)(21))
- 6.2.22. : Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders (Section 2110(a)(22))
- 6.2.23. : Hospice care (Section 2110(a)(23))
- 6.2.24. : Any other medical, diagnostic, screening, preventive, restorative, remedial, therapeutic, or rehabilitative services. (See instructions) (Section 2110(a)(24))
- 6.2.25. 9 Premiums for private health care insurance coverage (Section 2110(a)(25))
- 6.2.26. : Medical transportation (Section 2110(a)(26))
- 6.2.27. : Enabling services (such as transportation, translation, and outreach services (See instructions) (Section 2110(a)(27))
- 6.2.28. : Any other health care services or items specified by the Secretary and not included under this section (Section 2110(a)(28))

6.3. **Waivers - Additional Purchase Options.** If the state wishes to provide services

State of Vermont

Title XXI Application
State Children's Health Insurance Program
November 1998

under the plan through cost effective alternatives or the purchase of family coverage, it must request the appropriate waiver. Review and approval of the waiver application(s) will be distinct from the state plan approval process. To be approved, the state must address the following: (Section 2105(c)(2) and(3))

6.3.1. 9 **Cost Effective Alternatives.** Payment may be made to a state in excess of the 10% limitation on use of funds for payments for: 1) other child health assistance for targeted low-income children; 2) expenditures for health services initiatives under the plan for improving the health of children (including targeted low-income children and other low-income children); 3) expenditures for outreach activities as provided in section 2102(c)(1) under the plan; and 4) other reasonable costs incurred by the state to administer the plan, if it demonstrates the following:

6.3.1.1. Coverage provided to targeted low-income children through such expenditures must meet the coverage requirements above; **Describe the coverage provided by the alternative delivery system. The state may cross reference section 6.2.1 - 6.2.28.** (Section 2105(c)(2)(B)(i))

6.3.1.2. The cost of such coverage must not be greater, on an average per child basis, than the cost of coverage that would otherwise be provided for the coverage described above; and **Describe the cost of such coverage on an average per child basis.** (Section 2105(c)(2)(B)(ii))

6.3.1.3. The coverage must be provided through the use of a community-based health delivery system, such as through contracts with health centers receiving funds under section 330 of the Public Health Service Act or with hospitals such as those that receive disproportionate share payment adjustments under section 1886(d)(5)(F) or 1923 of the Social Security Act. **Describe the community based delivery system.** (Section 2105(c)(2)(B)(iii))

State of Vermont

Title XXI Application
State Children's Health Insurance Program
November 1998

- 6.3.2. 9 **Purchase of Family Coverage.** Describe the plan to provide family coverage. Payment may be made to a state for the purpose of family coverage under a group health plan or health insurance coverage that includes coverage of targeted low-income children, if it demonstrates the following: (Section 2105(c)(3))
 - 6.3.2.1. Purchase of family coverage is cost-effective relative to the amounts that the state would have paid to obtain comparable coverage only of the targeted low-income children involved; and **(Describe the associated costs for purchasing the family coverage relative to the coverage for the low income children.)** (Section 2105(c)(3)(A))
 - 6.3.2.2. **The** state assures that the family coverage would not otherwise substitute for health insurance coverage that would be provided to such children but for the purchase of family coverage. (Section 2105(c)(3)(B))

State of Vermont

Title XXI Application
State Children's Health Insurance Program
November 1998

Section 7. Quality and Appropriateness of Care

9 Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 8.

Vermont proposes to use the same methods used to assure the quality and appropriateness of care and to assure access to covered services as are used under its Medicaid plan.

7.1. Describe the methods (including external and internal monitoring) used to assure the quality and appropriateness of care, particularly with respect to well-baby care, well-child care, and immunizations provided under the plan. (2102(a)(7)(A))

Will the state utilize any of the following tools to assure quality?
(Check all that apply and describe the activities for any categories utilized.)

- 7.1.1. : Quality standards
- 7.1.2. : Performance measurement
- 7.1.3. 9 Information strategies
- 7.1.4. 9 Quality improvement strategies

7.2. Describe the methods used, including monitoring, to assure access to covered services, including emergency services. (2102(a)(7)(B))

State of Vermont

Title XXI Application
State Children's Health Insurance Program
November 1998

Section 8. Cost Sharing and Payment (Section 2103(e))

9 Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 9.

See Appendix 8 for a summary of cost sharing and payment aspects.

8.1. Is cost-sharing imposed on any of the children covered under the plan?

- 8.1.1. : YES
- 8.1.2. 9 NO, skip to question 8.5.

8.2. Describe the amount of cost-sharing and any sliding scale based on income:
(Section 2103(e)(1)(A))

- 8.2.1. Premiums: *Effective 10/1/98 - \$10 per month per household. When administratively possible - \$20 per month per household.*
- 8.2.2. Deductibles _____
- 8.2.3. Coinsurance: _____
- 8.2.4. Other: *Copayments: \$10 per office visit for physician and other professional providers including dentists.*

8.3. Describe how the public will be notified of this cost-sharing and any differences based on income:

8.4. The state assures that it has made the following findings with respect to the cost sharing and payment aspects of its plan: (Section 2103(e))

- 8.4.1. : Cost-sharing does not favor children from higher income families over lower income families. (Section 2103(e)(1)(B))

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- 8.4.2. : No cost-sharing applies to well-baby and well-child care, including age-appropriate immunizations. (Section 2103(e)(2))
 - 8.4.3. : No child in a family with income less than 150% of the Federal Poverty Level will incur cost-sharing that is not permitted under 1916(b)(1).
 - 8.4.4. : No Federal funds will be used toward state matching requirements. (Section 2105(c)(4))
 - 8.4.5. : No premiums or cost-sharing will be used toward state matching requirements. (Section 2105(c)(5))
 - 8.4.6. : No funds under this title will be used for coverage if a private insurer would have been obligated to provide such assistance except for a provision limiting this obligation because the child is eligible under the this title. (Section 2105(c)(6)(A))
 - 8.4.7. : Income and resource standards and methodologies for determining Medicaid eligibility are not more restrictive than those applied as of June 1, 1997. (Section 2105(d)(1))
 - 8.4.8. : No funds provided under this title or coverage funded by this title will include coverage of abortion except if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest. (Section 2105(c)(7)(B))
 - 8.4.9. : No funds provided under this title will be used to pay for any abortion or to assist in the purchase, in whole or in part, for coverage that includes abortion (except as described above). (Section 2105(c)(7)(A))
- 8.5. Describe how the state will ensure that the annual aggregate cost-sharing for a family does not exceed 5 percent of such family's annual income for the year involved: (Section 2103(e)(3)(B))

See Appendix 8.

- 8.6. The state assures that, with respect to pre-existing medical conditions, one of the following two statements applies to its plan:

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

- 8.6. . . . The state shall not permit the imposition of any pre-existing medical condition exclusion for covered services (Section 2102(b)(1)(B)(ii)); OR
- 8.6.2. 9 The state contracts with a group health plan or group health insurance coverage, or contracts with a group health plan to provide family coverage under a waiver (see Section 6.3.2. of the template). Pre-existing medical conditions are permitted to the extent allowed by HIPAA/ERISA (Section 2109(a)(1),(2)). Please describe:
-

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Section 9. Strategic Objectives and Performance Goals for the Plan Administration (Section 2107)

- 9.1. Describe strategic objectives for increasing the extent of creditable health coverage among targeted low-income children and other low-income children: (Section 2107(a)(2))

See Appendix 9.

- 9.2. Specify one or more performance goals for each strategic objective identified: (Section 2107(a)(3))

See Appendix 9.

- 9.3. Describe how performance under the plan will be measured through objective, independently verifiable means and compared against performance goals in order to determine the state's performance, taking into account suggested performance indicators as specified below or other indicators the state develops: (Section 2107(a)(4)(A),(B))

See Appendix 9.

Check the applicable suggested performance measurements listed below that the state plans to use: (Section 2107(a)(4))

- 9.3.1. : The increase in the percentage of Medicaid-eligible children enrolled in Medicaid.
- 9.3.2. : The reduction in the percentage of uninsured children.
- 9.3.3. : The increase in the percentage of children with a usual source of care.
- 9.3.4. : The extent to which outcome measures show progress on one or more of the health problems identified by the state.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- 9.3.5. 9 HEDIS Measurement Set relevant to children and adolescents younger than 19.
- 9.3.6. 9 Other child appropriate measurement set. List or describe the set used.
- 9.3.7. 9 If not utilizing the entire HEDIS Measurement Set, specify which measures will be collected, such as:
 - 9.3.7.1.9 Immunizations
 - 9.3.7.2.9 Well child care
 - 9.3.7.3.9 Adolescent well visits
 - 9.3.7.4.9 Satisfaction with care
 - 9.3.7.5.9 Mental health
 - 9.3.7.6.9 Dental care
 - 9.3.7.7. : Other, please list:

*Minimum Data Set as approved for VHAP 1115
Demonstration Waiver Program*

- 9.3.8. 9 Performance measures for special targeted populations.
- 9.4. The state assures it will collect all data, maintain records and furnish reports to the Secretary at the times and in the standardized format that the Secretary requires. (Section 2107(b)(1))
- 9.5. The state assures it will comply with the annual assessment and evaluation required under Section 10.1. and 10.2. (See Section 10) Briefly describe the state's plan for these annual assessments and reports. (Section 2107(b)(2))
- 9.6. The state assures it will provide the Secretary with access to any records or information relating to the plan for purposes of review of audit. (Section 2107(b)(3))

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- 9.7. : The state assures that, in developing performance measures, it will modify those measures to meet national requirements when such requirements are developed.
- 9.8. The state assures, to the extent they apply, that the following provisions of **the** Social Security Act will apply under Title XXI, to the same extent they apply to a state under Title XIX: (Section 2107(e))
- 9.8.1. : Section 1902(a)(4)(C) (relating to conflict of interest standards)
 - 9.8.2. : Paragraphs (2), (16) and (17) **of** Section 1903(i) (relating to limitations on payment)
 - 9.8.3. : Section 1903(w) (relating to limitations on provider donations and taxes)
 - 9.8.4. : Section 1115 (relating to waiver authority)
 - 9.8.5. : Section 1116 (relating to administrative and judicial review), but only insofar **as** consistent with Title XXI
 - 9.8.6. : Section 1124 (relating to disclosure of ownership and related information)
 - 9.8.7. : Section 1126 (relating to disclosure of information about certain convicted individuals)
 - 9.8.8. : Section 1128A (relating to civil monetary penalties)
 - 9.8.9. : Section 1128B(d) (relating to criminal penalties for certain additional charges)
 - 9.8.10. : Section 1132 (relating to periods within which claims must be filed)
- 9.9. Describe the process used by the state to accomplish involvement of the public in the design and implementation of the plan and the method for insuring ongoing public involvement. (Section 2107(e))

See Appendix 9.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- 9.10. Provide a budget for this program. Include details on the planned use of **funds** and sources of the non-Federal share of plan expenditures. (Section 2107(d))

See projected budget within "Overview B State Children=s Health Program (SCHIP)" section of this document.

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

Section 10. Annual Reports and Evaluations (Section 2108)

- 10.1. Annual Reports. The state assures that it will assess the operation of the state plan under this Title in each fiscal year, including: (Section 2108(a)(1),(2))
- 10.1.1. The progress made in reducing the number of uncovered low-income children and report to the Secretary by January 1 following the end of the fiscal year on the result of the assessment, and
- 10.1.2. Report to the Secretary, January 1 following the end of the fiscal year, on the result of the assessment.

The State assures that it will meet all Title XXI reporting requirements. The State has and will continue to use the chart suggested to allow comparisons to be made between states and on a nationwide basis. Vermont's baseline submittal is found at Appendix 2 of the application and represents data obtained from its Medicaid Management Information System (MMIS) and the 1997 Vermont Family Health Insurance Survey performed by the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) in December 1997. See Appendix 10.

Below is a chart listing the types of information that the state's annual report might include. Submission of such information will allow comparisons to be made between states and on a nationwide basis.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Attributes of Population	Number of Children with Creditable Coverage XIX OTHER SCHIP	Number of Children without Creditable Coverage	TOTAL
Income Level:			
< 100%			
≤ 133%			
≤ 185%			
≤ 200%			
> 200%			

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

<u>Age</u>			
0 B 1			
1 B 5			
6 B 12			
13 B 18			
<u>Race and Ethnicity</u>			
American Indian or Alaskan Native			
Asian or Pacific Islander			
Black, not of Hispanic origin			
Hispanic			
White, not of Hispanic origin			
<u>Location</u>			
MSA			
Non-MSA			

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- 10.2. : State Evaluations. The state assures that by March 31,2000 it will submit to the Secretary an evaluation of each of the items described and listed below: **(Section 2108(b)(A)-(H))**
- 10.2.1. : **An** assessment of the effectiveness of the state plan in increasing the number of children with creditable health coverage.
- 10.2.2. **A** description and analysis **of** the effectiveness of elements of the state plan, including:
- 10.2.2.1. : The characteristics of the children and families assisted under the state plan including age of the children, family income, and the assisted child's access to or coverage by other health insurance prior to the state plan and after eligibility for the state plan ends;
 - 10.2.2.2. : The quality of health coverage provided including the types of benefits provided;
 - 10.2.2.3. : The amount and level (including payment of part or all **of** any premium) of assistance provided by the state;
 - 10.2.2.4. : The service area of the state plan;
 - 10.2.2.5. : The time limits for coverage of a child under the state plan;
 - 10.2.2.6. : The state's choice of health benefits coverage and other methods used for providing child health assistance, and
 - 10.2.2.7. : The sources of non-Federal funding used in the state plan.
- 10.2.3. : **An** assessment of the effectiveness of other public and private programs in the state in increasing the availability of affordable quality individual and family health insurance for children.
- 10.2.4. : A review and assessment of state activities

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

to coordinate the plan under this Title with other public and private programs providing health care and health care financing, including Medicaid and maternal and child health services.

- 10.2.5. : An analysis of changes and trends in the state that affect the provision of accessible, affordable, quality health insurance and health care to children.
- 10.2.6. : A description of any plans the state has for improving the availability of health insurance and health care for children.
- 10.2.7. : Recommendations for improving the program under this Title.
- 10.2.8. : Any other matters the state and the Secretary consider appropriate.
- 10.3. : The state assures it will comply with future reporting requirements as they are developed.
- 10.4. : The state assures that it will comply with all applicable Federal laws and regulations, including but not limited to Federal grant requirements and Federal reporting requirements.

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

Current Child Health Coverage

Attributes of Population	Number of Children with Creditable Coverage Title XIX	Number of Children Without Creditable Coverage	TOTAL
<u>Income Level:</u>			
< 100%	23,997	766	24,763
≤ 133%	5,371	360	5,731
≤ 185%	1,815	2,081	3,896
2200%	12,023	320	12,343
> 200%: ≤ 300%	6,161	2,520	8,681
<u>Age</u>			
0 B 1	2,930	0	2,930
1 B 5	14,825	1,286	16,111
6 B 12	21,106	2,457	23,558
13 B 17	11,506	2,303	13,809
<u>Race and Ethnicity:</u>			
American Indian or Alaskan Native	59	17	76
Asian or Pacific Islander	174	43	217
Black, not of Hispanic origin	323	24	347
Hispanic	88	78	166
White, not of Hispanic origin	48,723	5,885	54,608
<u>Location</u>			
MSA	7,752	1,078	8,830
Non-MSA	41,615	4,969	46,584

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Sources: Vermont MMIS and 1997 Family Health Insurance Survey. Differences due to rounding.

2.2.: Public Health Insurance Programs

Vermont has made extensive efforts to ensure access to health care services for its children. Children (up to age 18) in families with income up to 225 percent of the Federal Poverty Level are eligible for enrollment in Dr. Dynasaur, a Medicaid 1902 (r)(2) expansion program, which covers the full range of Medicaid health care benefits. In September, 1998, **16,000** children were enrolled in Dr. Dynasaur, which has been operating in Vermont since 1989 as a state funded program, and since 1992 as a Medicaid expansion program.

2.2.1.: Identification and Enrollment

Efforts to identify and continue to enroll children in Dr. Dynasaur have been ongoing since the program's inception. The Department of Social Welfare through its district offices and the Department of Health through WIC clinics, local school health nurses, its local offices, and free health clinics located in the larger population centers do continuous outreach to potentially eligible families and children. The State covers 49,000 children through Medicaid/Dr. Dynasaur, approximately 34% of all children under age 18.

Since the implementation of the Vermont Health Access Plan (VHAP) in 1995, the State's outreach activities have been enhanced by the addition of a contracted benefit-counseling firm. The firm's efforts have included:

- ! A multi-media campaign, including print, brochures, and flyers, targeting individuals eligible for enrollment in VHAP, the State's program for the uninsured, under which services are provided through managed care plans. This has had the related "case-finding" effect of encouraging participation of children eligible for coverage under the Dr. Dynasaur program. Children covered by Dr. Dynasaur are also enrolled in managed care, unless they have private health insurance for hospital and physician coverage. The efforts of the benefit-counseling organization have been supplemented by press stories and television and radio interviews with State officials about the State's efforts to provide health insurance coverage to eligible populations;
- ! Outreach through community groups and organizations;

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- ! Educational sessions in community locations, including Department of Social Welfare district offices, for individuals eligible for enrollment; and
- ! Operating a toll-free telephone line which individuals can contact to learn about the program.

2.2.2.: Public-Private Health Insurance Programs

VHAP is a public-private partnership to the extent that the State contracts with private sector managed care plans to provide services to some eligible individuals. The current coverage of children through managed care is described in Section 2.2.1. There are no other large-scale public-private programs in the State that provide health insurance coverage to low income children.

2.3.: Coordination of Titles XIX and XXI

The State intends to fully integrate the Children's Health Insurance Program (SCHIP) with the current Medicaid Program, which includes the VHAP program for the uninsured covered as a result of the **VHAP** 1115 Research and Demonstration program. The State intends to use the same covered services benefit package and service delivery systems for SCHIP as are used for Medicaid, Dr. Dynasaur, and **VHAP** with the exception of dental services. Initially, the dental component of this program will be provided through the State's fee for service delivery system. In the future, the State plans to explore a self-funded, commercially administered dental plan that will be selected through a competitive bidding process.

Outreach and enrollment efforts will be conducted by the Department of Social Welfare and the State's contracted benefits-counseling firm. In addition, special outreach efforts through the Department of Health and school health nurses will be made to inform potentially eligible families of the availability of coverage through SCHIP. Materials used for outreach and enrollment purposes will be developed or modified to incorporate information regarding the newly eligible populations.

Actual determination of eligibility for all populations, including those newly eligible, will be the responsibility of the Department of Social Welfare, as it is today. General eligibility policy found in the Medicaid and **VHAP** Policy Manuals will be used with modifications as necessary for SCHIP. Existing application forms and other materials used to determine

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

eligibility will be modified **as** necessary to include the new population. In addition, the Department's automated eligibility system, **ACCESS**, will be modified to identify the newly eligible.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Appendix 4 Eligibility Standards and Methodology

4.1. and 4.2.: Eligibility Standards

Currently, uninsured children (up to age 18) up to 225% of poverty are eligible for Medicaid benefits under the Dr. Dynasaur program. Vermont proposes a State SCHIP program to expand eligibility to 300% of the Federal Poverty Level (FPL). SCHIP eligibles will be entitled to the full range of health services covered under the State's Medicaid plan. Vermont estimates that 1,100 children will become eligible.

To be eligible, children must meet the following specific requirements (as well as all the general types of eligibility requirements used for Medicaid/Dr. Dynasaur):

Age: the child must be under age 18.

Income: the child must reside in a household with income up to 300% of the FPL.

Resources: current Medicaid standards will be used, no resource test applies.

Uninsured: the child must not have or qualify for Medicaid or have coverage under a group health plan or under health insurance coverage and must not have dropped such coverage without good cause in the month prior to the date of eligibility.

4.3.: Methodology for Determining Eligibility

The Department of Social Welfare is responsible for determining eligibility for all medical assistance programs, including eligibility made possible by Medicaid, Dr. Dynasaur, and VHAP. The Department will also be responsible for determining eligibility for SCHIP. The process for determining eligibility is essentially the same, requiring an application and evaluation of program requirements. Applications for medical assistance are processed at the centrally located Health Access Eligibility Unit in Waterbury or in the district eligibility offices. With this application process, the State can ensure that applications are processed using appropriate program standards and that eligibles can be identified by program and fully integrated into the existing service delivery mechanisms. Individuals under the SCHIP expansion will be given unique eligibility codes which will allow access to SCHIP services, assure appropriate payments to providers or contracted health plans, and facilitate expenditure tracking under the State's MMIS system.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

4.4.: Availability of Creditable Coverage

The rules for eligibility are found in the Medicaid Policy Manual. This SCHIP program will not alter the financial eligibility determination procedures but will increase the income eligibility test to 300% of the FPL.

Vermont uses an automated, integrated eligibility system, ACCESS. Application information is entered into this system. It is reviewed in conjunction with programmed requirements. If eligibility criteria are not met, an "edit" is created and reported to the eligibility staff for resolution. Once edits are cleared, the system produces an eligibility result requiring worker action. This can be a denial or an approval.

All family Medicaid eligibility requirements will apply to SCHIP with the exception of the higher income test. ACCESS will assign eligibility category codes to children found eligible for coverage. Medicaid/Dr. Dynasaur codes will be assigned to children found eligible for Medicaid/Dr. Dynasaur. SCHIP codes will be assigned for SCHIP. ACCESS will not allow staff to change codes to SCHIP codes if income is less than or equal to **225%** of the Federal Poverty Level.

Vermont intends to monitor to assure that SCHIP does not substitute for coverage under group health plans; that is, that crowd-out does not occur. It has always been the State's philosophy that applicants and eligibles be encouraged to obtain and retain any insurance coverage to minimize program expenditures and assure that insurance continues to be available should eligibility end.

The State plans to pursue eligibility coverage under its Waiver for the insured. Providing coverage for deductibles, coinsurance, and copayments as well as benefits not available or exhausted diminishes the possibility of low-income families dropping existing coverage in order to participate in Medicaid, Dr. Dynasaur, or SCHIP. Vermont currently offers Dr. Dynasaur to both uninsured and insured children. Approximately 40 percent of children enrolled in Dr. Dynasaur also have private coverage. Of this group, less than **9** percent lose or drop private coverage after six months of Dr. Dynasaur enrollment. This experience is not unique. Evidence from Minnesota, as reported in the *New England Journal of Medicine* (October 8, 1997), indicates that only 7.1 percent of the population covered by MinnesotaCare have given up insurance prior to enrollment in the program.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Vermont's eligibility application will include a request for information regarding other insurance for each individual. Information captured will include enrollment, coverage type(s), and current and past availability of insurance coverage. This information will be used in the eligibility process. Applicants with creditable coverage will not be eligible for Title XXI coverage. In addition, those who had such insurance within one month of the date of determination will not be eligible unless the insurance is lost during this period because of:

- ! loss of employment, or
- ! death or divorce, or
- ! loss of eligibility for coverage as a dependent under a policy held by a parent(s).

Eligibility staff will note if applicants report that employers have dropped insurance coverage so that their employees must rely on public programs for coverage.

Eligibles will be required to have their eligibility reviewed at least annually. At that time their insurance status will be reviewed as well.

The Department of Social Welfare had contacted the Vermont Banking, Insurance, Securities and Health Care Administration (BISHCA) to determine our authority to use tape matches to determine if employer coverage is in place but was not reported or became available after eligibility determination. We found we have no specific authority and the two largest insurers, BlueCross Blueshield of Vermont and Kaiser Permanente, are reluctant to do tape matches. They are more concerned that they would be responsible for additional coverage for their current beneficiaries who are simultaneously eligible for Vermont's publicly funded health insurance programs.

Every six months, Vermont will select a sample of all individuals found eligible in the previous six months to determine the percentage of enrollees who had coverage prior to eligibility and had dropped it. Surveys will be mailed to the sample to determine the reason(s). Reasons would include, but not be limited to, cost of premiums; scope of services covered; cost sharing requirements; and access to providers.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Appendix 5 Outreach and Coordination

5.1.: Outreach to New Eligibles

As described in Appendix 2, the State will coordinate SCHIP outreach efforts with the existing outreach and enrollment activities performed by the Department of Social Welfare and the Department of Health. Some outreach activities will be a responsibility of the State's contracted benefits counseling firm. Specific activities related to the newly eligible populations include but are not limited to the following:

- Modification of current outreach and enrollment materials to include information for newly eligible populations.
- Development of outreach materials (flyers, brochures) to be distributed through public schools.
- Conducting/participating in education and training sessions on the new eligibility standards and current procedures for application with organizations that serve the target populations, such as public schools, community-based service organizations, hospitals, FQHCs and RHCs, etc.
- Continuation of current media campaign strategies, including radio and print advertising.
- Continued presence of benefit counseling staff at Department of Social Welfare offices, free health clinics, and other community settings.
- Ongoing operations of the toll-free information line.
- Activities of the Department of Health to identify eligible children through WIC clinics, local school health nurses, and local offices of the Department. A particular focus will be through the local schools and special education staff at both the State and local level.

5.2.: Coordination with Other Public/Private Health Insurance

As described in Appendix 2, the State intends to integrate the Children's Health Insurance

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Program with the health plans providing services under the Vermont Health Access Plan. Currently, Vermont's two largest private health insurance carriers contract with the State to provide managed care *services* under the Vermont Health Access Plan (VHAP) program: Bluecross Blueshield of Vermont and Kaiser Permanente. Most providers in Vermont are participating in one or both of these health plans. Thus, SCHIP eligible uninsured children are not only integrated into the State's current public health insurance programs, but are integrated into "mainstream" health plans.

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

Appendix 6 Coverage Requirements

6.2.: Covered Benefits

All SCHIP eligible children will have available the full range of services covered by Medicaid. The majority of services will be provided through one of the contracted managed care organizations; the balance will be covered using the fee-for-service delivery system.

The following list provides a brief summary of covered services. Limits and exclusions may apply. A more detailed description of services is available in the Medicaid Policy Manual. Services provided by managed care organizations are described in the VHAP Operational Protocol.

Core Services

- Inpatient hospital care
- Outpatient services in a general hospital or ambulatory surgical center
- Physician services
- Oral surgery
- Cornea, kidney, heart, heart-lung, liver and bone marrow transplants, including expenses related to providing the organ or doing a donor search
- One comprehensive vision examination in a 24-month period
- Home health care
- Hospice services by a Medicare-certified hospice provider
- Outpatient therapy services (home infusion therapies and occupational, physical, speech and nutrition therapy)
- Prenatal and maternity care
- Ambulance services
- Short-term inpatient rehabilitation services
- Medical equipment and supplies
- Skilled nursing facility services for up to 30 days length of stay per episode
- Mental health and chemical dependency services
- Podiatry services
- Prescription drugs and over-the-counter drugs prescribed by a physician for a specific disease or medical condition

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Out of Plan Supplemental Services for Uninsured Children (up to 300% of the FPL)

Dental

Family Planning

Eyeglasses

Chiropractic Services (for individuals 12 years of age and older, and under **twelve with prior authorization**)

Non-emergency transportation services

Nursing home care

Other long term care services

State of Vermont

Title XXI Application
State Children's Health Insurance Program
November 1998

Appendix 8 Cost Sharing and Payment

8.2.: Cost Sharing

Nominal cost sharing will be required for SCHIP eligible populations just as it is currently required under the Dr. Dynasaur and Vermont Health Access Plan (VHAP) programs. The State believes that the incomes of these families is sufficient to allow them to pay out-of-pocket for many covered services, so that the added coverage will represent a substantial benefit despite the requirement for supplemental payments. The State further believes that it can reasonably assure that the cost sharing does not favor children from higher income families over lower income families and that costs will not exceed five percent (5%) of any family's income in a given year. Specific cost sharing requirements are as follows:

There are no deductibles or coinsurance for covered services. The following premiums will apply:

Families up to 185% of the FPL (Medicaid):
None as Medicaid eligible.

Families above 185%, up to 225% of the FPL (Dr. Dynasaur):
\$10 per month per household (as approved by HCFA and currently charged).

Families above 225%, up to **300%** of the FPL (SCHIP):
\$10 per month per household effective 10/1/98.
\$20 per month per household when administratively possible.

Copayments: Copayments only apply to families above 225%, up to **300%** of the FPL. Selected providers, identified as those who bill using the HCFA 1500 billing form (physicians, podiatrists, optometrists, psychologists, audiologists, chiropractors, and nurse practitioners), will be allowed to charge a \$10.00 copayment per office visit when beneficiaries are in managed care. Dentists will also be allowed to charge a \$10.00 copayment per office visit. There will be no cost-sharing requirements for well-baby, well-child visits including age appropriate immunizations or for diagnostic and preventive dental services.

Non-covered services and services that are not medically necessary do not count towards

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

the family out-of-pocket limit.

8.3.: Public Notification

Premium payments are related to current Dr. Dynasaur payments but will be increased to reflect the higher income of the **SCHIP** families. Notification has been provided under the same public notification requirements used for public policy promulgated under Vermont's Administrative Procedures Act. Information on the specific cost sharing amounts will be included in outreach activities, as described in Appendix 5. Additionally, the State will continue to use the committees established for the VHAP/Medicaid program as sources of feedback and input on this initiative. For more information on these committees see Appendix 9.

8.5.: Annual Aggregate Cost Sharing

Vermont proposes to establish a single annual maximum for all households with incomes 225% to 300% of the Federal Poverty Level (FPL). This maximum will be an amount that does not exceed 5% of the 225% FPL for a household of two. This assumes that at least one child must be in the household to qualify for Title XXI and that selecting the 225% FPL income level to set the maximum assures that no household in the income bracket will exceed the 5% mark.

The maximum is then adjusted to reflect the annual premium cost and the remaining amount is apportioned between medical and dental services. This accommodates the fact that medical services will be tracked in the managed care delivery system and dental services will be tracked in the fee for service delivery system and neither system can readily accept routine adjustments to their tracking. The apportionment between medical and dental services is based on the ratio of expenditures of medical professional to dental services. Once the maximum is reached for the service type, medical or dental; no further copayment applies for that type. A beneficiary may reach the maximum for one service type and not the other.

Effective July 1, 1999, the maximum after premiums is \$950 per calendar year based on the 225% FPL for a household of two in 1998 of \$24,413. The medical/dental apportionment is \$650/\$300.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

The responsibility for tracking copayment amounts against the maximum cost-sharing amount rests with the claims processing agents responsible for the services, the managed care organization for medical professional services and the Medicaid MMIS for dental services. Each agent will set up a counter for each household. As services for beneficiaries are billed and approved, a debit will be applied to the counter. When the bill is paid to the provider, s/he will receive a notice of how the bill was processed including the amount of the copayment that was due and that was applied to the counter. If the provider collected a \$10 copayment at the time of the service and that is more than the amount that should have been collected, the provider will repay the excess. The provider may opt to wait to bill the beneficiary until s/he receives notice of the copayment amount that is due so as to avoid having to repay any excess amounts.

Upon determination of eligibility, notice letters to households with SCHIP beneficiaries will indicate that:

- ! Copayments of up to \$10 per visit may apply for medical services (for example, doctors and other medical professionals) when the beneficiary is enrolled in managed care.

- ! Copayments of up to \$10 per visit may apply for dental services.

- ! Copayments do not apply to well-baby, well-child visits including immunizations and to preventive and diagnostic dental work.

- ! The total of all Copayments in a calendar year may not exceed \$650 per household for medical services and \$350 per household for dental services.

- ! A household may use the toll free number of their managed care plan's Member Services Unit to determine their status regarding the medical service maximum and related medical claims.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- ! A household may use the toll free number of the Office of Vermont Health Access Member Services Unit to determine their status regarding the dental service maximum and related dental claims.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Appendix 9 Strategic Objectives and Performance Goals

9.1. through 9.8.: Objectives and Goals

This initiative will build upon two of the objectives of the Vermont Health Access Plan (VHAP) 1115 Waiver Demonstration Project, which are summarized as follows:

To improve access to health care services for low income Vermonters by offering affordable health insurance.

To improve access, service coordination, and quality of care for the beneficiaries of the program.

With these in mind, Vermont proposes the following:

1. Vermont's objective is to continue its success in reducing the number of uninsured children in the state.

- 1 Vermont's goal is to institutionalize a committee of state and public parties to develop an outreach strategy to market expanded coverage as discussed in Appendix 8. Possible participants would include representatives of the Agency of Human Services with its responsibility for children's programs, the Department of Social Welfare in its Medicaid/Dynasaur/SCHIP oversight capacity, the Department of Health as responsible for maternal and child health activities, the Department of Education with their interest in school based services, and interested public organizations in Vermont such as Parent to Parent which represents children with special health needs. Input would be provided by such Vermont bodies as the Medicaid Advisory Board and the Health Access Legislative Oversight Committee.

The target for formation of this committee is the inception of the SCHIP and other Medicaid/Dynasaur expansion initiatives.

The measure of the success of this goal will be the number of applications received in comparison to the targets found in the Projected Budget in the Overview of this application. The Vermont MMIS will be used to

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

assess progress.

- ' In the fall of 1997, the Vermont Banking, Insurance, Securities, and Health Care Administration (BISHCA) administered the 1997 Vermont Family Health Insurance Survey. This was used as a basis for the projections used in this SCHIP plan. The survey found that 4% of all Vermont children, age 0-17, are uninsured. In the case of the SCHIP initiative, the State anticipates enrolling an additional 1,100 uninsured children by FFY 2001. With that, Vermont's goal is to reduce the percentage to 3%.

The Vermont MMIS will be used to assess progress.

2. Vermont's objective is to improve access to care.

- ' Vermont's goal is to increase access to pediatric care by decreasing the number of uninsured children as described above.

BISHCA's 1997 Family Health Insurance Survey found that 34% of the uninsured reported having no visits to a doctor in 1997 while only 12% of insured individuals reported no visits.

Vermont will rely on ongoing BISHCA survey activities to assess progress towards this goal.

- ' Vermont's goal is to increase access by enrolling SCHIP participants in managed care organizations where each eligible will have access to a primary care physician (PCP). Individuals may choose a PCP upon enrollment in managed care. If none is selected, the managed care organizations will contact members within ten (10) days of being notified of enrollment, providing at least two (2) options. If the member does not select within ten (10) days, the organization will assign a PCP within five (5) days.

Vermont will use managed care contract oversight activities to monitor the success on this.

3. Vermont's objective is to improve service coordination through managed care enrollment.

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

- ¹ Vermont's goal is to enroll **60%** of all SCHIP participants in managed care no later than the second month after eligibility determination and the remainder of participants no later than the third month after eligibility determination.

The Vermont MMIS will be used to assess progress.

4. Vermont's objective is to improve care through the offering of health insurance.

- ¹ As a measure of the care received by SCHIP beneficiaries, Vermont's objective is to increase the percentage of two year old children who are fully immunized. Vermont's percentage is currently 84% of all such children. With the availability of SCHIP coverage as well as Vermont Department of Health initiatives, the goal is to increase the percentage to **90%**.

VDH data will be used to measure progress towards this goal.

9.9.: Public Notification and Involvement

The Primary Care Advisory Committee of the Department of Health discussed the plan at one of its meetings. The design of this program has been routinely reviewed with the Legislative Oversight Committee, which ~~was~~ established to oversee the implementation of the VHAP program. In addition, the Medicaid Advisory Board has had the opportunity to discuss the SCHIP proposal on numerous occasions throughout 1998. The State policy has been reviewed by the public and presented **and** approved by the Vermont Administrative Rules Committee.

Separately, the State has relied on the above and a third work group to provide feedback and input on this initiative. Specifically:

- Quality Improvement Advisory Committee: This committee, which includes consumers, advocates, health plan representatives, provider representatives, and State staff, has formed work groups to address specific issues such **as** children with special health needs, prenatal care and birth outcomes, data collection activities, and primary and behavioral care integration.

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

Medicaid Advisory Board: The Board, comprised of beneficiaries, providers, advocates and State staff, meets monthly to address all aspects of the Medicaid program.

Legislative Oversight Committee: This committee includes members from both houses of the Vermont Legislature, and is directed to oversee and monitor the VHAP program with respect to compliance with legislative mandates, program expenditures, and overall administration.

Administrative Rules Committee: This committee includes appointed members from both houses of the Vermont Legislature charged with reviewing all policies promulgated by the State.

State of Vermont

**Title XXI Application
State Children's Health Insurance Program
November 1998**

Appendix 10 Annual Reports and Evaluations

10.2.: State Evaluations

Vermont plans to administer Title XXI along with other publicly funded health insurance programs through the Agency of Human Services, Department of Social Welfare, Office of Vermont Health Access (OVHA). OVHA collaborates with the Vermont Department of Health on maternal and child health services for all eligible children through a formalized memorandum of understanding.

The State plans to enroll eligibles in managed care and offer the same benefit package to all eligible children as is available to children covered under MedicaidDr. Dynasaur. It will be available on a statewide basis with no time limits. State funding will be provided through the Vermont General Fund in the same ~~manner~~ as MedicaidDr. Dynasaur.

The State intends to provide all the information necessary for the evaluation of SCHIP. Information will be used in comparison to the baseline information found in Appendix 2. ACCESS, the Department's eligibility determination system, and the MMIS will be used to determine enrollments and expenditures. This includes such factors as age and income with income identified based on eligibility category codes that are assigned at eligibility based on reported income: geographic information, including district office, county; and/or town; and eligibility segments.

Access to or coverage by other insurance information will be gathered on eligibility applications at the time of initial eligibility and as part of periodic reviews. Information will include enrollment status and coverage type(s). The Department plans to survey samples of eligibles that have dropped insurance coverage to determine the cause.

The State will rely on the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) in its oversight and licensing roles for information about private insurance and the insurance status of all Vermonters. Periodic surveys have and will continue to assess private coverage, including coverage before and after SCHIP eligibility.

Quality of care for SCHIP eligibles will be assessed using 11 15 Waiver quality monitoring and improvement activities, BISHCA surveys, and Vermont Department of

State of Vermont

Title XXI Application

State Children's Health Insurance Program

November 1998

Health initiatives. The amount and level of assistance will be identified using the MMIS and the State's Decision Support System.

The State is confident that the methodologies, systems, and relationships described here will be sufficient for required Title XXI evaluations.