

STATE OF COLORADO

DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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Bill Owens
Governor

James T. Rizzuto
Executive Director

December 20, 2000

Administrator
Health Care Financing Administration
7500 Security Blvd.
Baltimore, Maryland 21244

Attn: Family and Children's Health Programs Group
Center for Medicaid and State Operations
Mail Stop C4-14-16

To the Administrator:

The attached document represents proposed amendments to the Colorado Title XXI State Plan. Rather than sending a copy of the entire plan, we have enclosed only segments of the narrative that have been modified since the November, 2000 submission. This includes several changes to the Cost-Sharing and Payment Section (Section 8) and Attachment 14: Family Size and Income Criteria.

Questions about the proposed amendments to the Colorado State Plan may be directed to Barbara Ladon, Director of HCPF's Office of Program Development. She may be reached by phone at 303 866-3227 or by e-mail (barbara.ladon@state.co.us). Fax communications may be sent to 303 866-2803.

Sincerely,

James T. Rizzuto
Executive Director

cc: Karen Shields
HCFA Region VIII

Enclosures

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

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.

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

8.1.1 Yes

8.1.2 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~~ Annual Enrollment Fees, See Attachment 6

8.2.2 Deductibles None

8.2.3 Coinsurance

No coinsurance. Copayments depending on service. See Sections 6.2.1-6.2.28 or Section 7 for copayments by service provided.

American Indian/Alaska Natives are ~~not exempt from co-payment and premium annual fee requirements~~ co-pays will not be required when services are received at an Indian Health Service facility

Please see attached revised copayment cost sharing; ~~structure regarding medical transportation~~

8.2.4 Other

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

Cost-sharing requirements are outlined in the joint CHP+/Medicaid application. Correspondence sent to eligible applicants prior to enrollment reiterates cost-sharing requirements when applicable. The information also appears in the benefit booklet sent to parents of enrolled children. Parents of Colorado Child Health Plan who live in an area with an HMO option received a letter offering them the opportunity to upgrade their children’s coverage to the Child Health Plan Plus. The letter described two options: (1) continue with CCHP outpatient coverage with no change through the end of their current single year of guaranteed eligibility; or (2)

~~upgrade their CCHP coverage to the comprehensive benefits of the CHP+ delivered by a HMO for a monthly premium if their family income is at or above 63% FPL.~~

~~All enrollees are subject to the same premium amounts, with the Children's Basic Health Plan, dba CHP+, and annual enrollment fee counted toward the person's CHP+ premium. The half-price premiums for CCHP enrollees have been eliminated. Please see revised premium schedules.~~

~~Parents of children in areas without HMO penetration were given the following two options: 1) continue with CCHP outpatient coverage with no change; or 2) upgrade their CCHP coverage to the comprehensive benefits of the CHP+ delivered by the CHP+ provider network for a monthly premium if their family income is above 62% FPL.~~

~~Families applying after April 22, 1998 only have the CHP+ comprehensive benefits option, which is delivered through an HMO or through the Children's Basic Health Plan, dba CHP+ provider network if they live in an area without HMO coverage.~~

~~For children enrolled in the CCHP who enroll in the CHP+ (HMO or the provider network) above 150% FPL, the benefit expansion will entail a higher premium. For some CCHP families who enroll in the Children's Basic Health Plan, dba CHP+, (HMO or the provider network) below 150% FPL, the enriched benefit package will cost less than the CCHP outpatient package~~

~~A chart describes coverage options, the cost sharing requirements for enrollment (premiums) and specific services (copayments) based on income and family size, and the plans they can choose. A booklet designed specifically for a lower income audience describes how managed care plans work, and how to make a good choice for one's children. CCHP customer service will be expanded to staff additional extensions for the CHP+, toll-free telephone line in English and Spanish. The recorded message includes two additional options for callers to hear about the expanded CHP+, coverage offer, and about choosing a managed care plan.~~

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 [X] Cost sharing does not favor children from higher income families over lower income families. (Section 2103(e)(1)(B))

8.4.2 [X] No cost sharing applies to well-baby and well-child care, including age-appropriate immunizations. (Section 2103(e)(2))

The following procedures will be considered well-baby and well-child care:

CPT-4 codes: Preventive medicine codes: 99381-New patient under one year; 99382-New Patient age 1-4 years; 99383-New patient ages 5-11

years; 99384- New patient ages 12 through 17 years; 99391-Established patient under one year; 99392-Established patient ages 1-4 years; 99393- Established patient ages 5 through 11 years; 99394 – Established patient aged 12-17; 99431-Newborn care (history and examination); 99432- Normal newborn care.

Evaluation and Management Codes: 99201-99205-New patient; 99211-99215-Established patient.

ICD-9-CM codes: V20-V20.2-Health supervision of infant and child; V70.0-General medical examination (routine); V70.3-V70.9-General medical examination.

All infants and children should be seen by a Primary Care Provider regularly for immunizations (shots) and check-ups. The Children's Basic Health Plan, dba Child Health Plan Plus, follows the well-child visits schedule recommended by the American Academy of Pediatrics. The American Academy of Pediatric recommends that children receive well-child visits at the following ages: 1 week, 1 month, 2 months, 4 months, 6 months, 9 months, 1 year, 15 months 18 months, 2 years, 3 years, 4 years, 5 years 6 years, 8 years, 10 years, 11 years, 12 years, and 13 years.

Appropriate prenatal, well-baby and well-child visits are one of the performance goals of the CHP+ program and will be assessed using HEDIS measures.

- 8.4.3 [X] 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 [X] No Federal funds will be used toward state matching requirements. (Section 2105(c)(4))
- 8.4.5 [X] No premiums or cost sharing will be used toward state matching requirements., (Section 2105(c)(5))
- 8.4.6 [X] 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 [X] 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 [X] 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 [X] 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~~ 5 percent of such family's annual income for the year involved: (Section 2103(e)(3)(B))

~~Premiums-Annual enrollment fees for families through 100% FPL will be waived. For families between 101-151% and 150-185% with one child, premiums-annual enrollment fees will be \$925/ child/ child/month enrollment period, and for families with two or more children, \$1535/family/ family/month enrollment period. Between 151% and 169% FPL, families with one child will pay \$15/child/month, and families with two or more children will pay \$25/family/month. For families between 170% and 185% FPL with one child, they will pay \$20/child/month and families with two or more children will pay \$30/family/month. For families above 185% FPL, there will be no subsidy.~~

~~Once a child has been determined eligible, the family will be notified if they are required to pay an annual enrollment fee. For families between 151-185% FPL, children will not be enrolled until the requisite annual enrollment fee is received. The state has set family premium cost sharing for families, with incomes at or above 150% FPL, using the following steps: A change in cost-sharing policies from a monthly premium to an annual enrollment fee decreases the likelihood that families will face Children's Basic Health Plan charges that exceed 5% of their annual income.~~

~~In the circumstance that a child should spend greater than 5% of his/her family's annual income due to his/her high use of medical services, the child's family will be reimbursed for such expenditures. Nevertheless, in setting the premium subsidy and co-payment rates, the State expects such circumstances to be highly unlikely. It remains the responsibility of the family to detail their expenditures and request reimbursement if costs exceed the 5% limit. Please see the actuarial report for further detail.~~

- ~~1. Determine annual income at 150% FPL and 185% FPL for varying family sizes.~~
- ~~2. Set family monthly premium cost sharing at 1.5% of a family's income at 150% FPL.~~
- ~~3. Estimate the average family co-payment expenditure as \$50 per child per year and add~~

~~this to the value of the family monthly premium.~~

- ~~4. Add the \$50 average family cost sharing to the family premium cost sharing to verify the likelihood that the monthly combined premium and co-payment do not exceed 5% of family income.~~

~~The prices listed in the aforementioned steps were effective July 1, 1998. Families a "half price enrollment sale" from April 22, 1998 to June 30, 1998 so that CCHP families who paid a \$25 yearly enrollment fee incurred a more gradual increase in their cost sharing responsibilities and CHP+ staff had time to explain the validity of an increased family cost for an increased benefit.~~

~~The following sample family illustrates that the vast majority of families paying the premiums and copayments at the higher level beginning July 1, 1998 contribute well below 5% of their family's annual income on their children's health care expenditures. A single parent family with two children at 150% FPL earns \$19,995 in annual income. Five percent of \$19,995 is \$999.75. The family's \$25 monthly premium comes to \$300 per year. Taking this \$300 premium expense from the five percent of the family's income (\$999.75) leaves the family with \$699.75 to spend up to five percent of their family's income on their children's health care. Paying the \$699.75 in copayments at \$5 per doctor's visit or brand name and prescription drug, the family could make 140 visits per year or 70 visits per child per year without their children's health care costs exceeding 5% of their family income.~~

~~In the circumstance that a child should spend greater than 5% of his/her family's annual income due to his/her high use of medical services, the child's family will be reimbursed for such expenditures. Nevertheless, in setting the premium subsidy and co-payment rates, the State expects such circumstances to be highly unlikely. It remains the responsibility of the family to detail their expenditures and request reimbursement if costs exceed the 5% limit. Please see the actuarial report for further detail.~~

How will the State make families aware of the aggregate limit on cost sharing? The application states that responsibility rests with the family to request reimbursement for expenditures that surpass the 5 percent limit (page 57). How will this process work?

State planners feel that few families will reach their 5% limit. An analysis of the State's proposed ~~premium-cost-sharing~~ schedule suggests that ~~premium~~ the combination of the annual enrollment fee and member co-payments will rarely exceed 1% of the family's adjusted gross income. However, CHP+ administrative personnel make families aware of the aggregate limit on cost sharing through a number of information and educational sources.

Through direct communication with families, the CHP+ marketing and outreach efforts often discuss the aggregate limit on cost sharing. The first direct written communication with CHP+ families, sent December 10, 1997, instructed parents that the expenditures on their child(ren)'s

health care through CHP+ should not exceed 5% of family income. Through contracts with Managed Care Organizations, the CHP+ administration will ensure that the plans make their enrollees aware of the aggregate limit on cost sharing by including information regarding the cost-sharing limit in their member handbooks.

~~The State has~~ Per HCFA approval, the state has adopted the "shoe box" approach to reimburse families who exceed the 5% limit. Families are required to track expenditures based on the calculation of family income provided by the state and to submit receipts for all expenditures in excess of the 5% limit. Since the eligibility process will determine an "eligibility income" for each family, that family will receive notification of the exact dollar figure that will represent 5% of the family's adjusted gross income.

Once they submit evidence that they have exceeded the 5% cap, the state will issue them a "co-pay exempt" sticker to be placed on their membership card. Providers and plans will be informed that enrollees with this sticker are not being charged copay for any service. The 5% limit will be calculated on the family's income at the time of eligibility determination. The cap will be recalculated if a family applies for a redetermination before the year is complete.

~~This approach may seem onerous, however, through numerous conversations with a number of other state officials, the "shoe box" approach seems to be the most immediate practical solution. In addition, recipients of the Colorado Indigent Care Program have had experience with this approach. Recipients of services under the CICP are instructed to track expenditures and file reimbursement for all expenditures that exceed 10% of the family's adjusted gross income. When the family receives notification of CICP eligibility, the eligibility technician notifies the family of the cap.~~

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

- 8.6.1. [X]** 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. [] 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:

**SECTION 14. ATTACHMENT 3 – FAMILY SIZE
AND INCOME CRITERIA**

**Attachment 6
CHP+ Cost-Sharing**

Payment amounts are based
find your annual

Poverty Level	Family size:		4 people	5 people	6 people	7 people	8 people	Annual Enrollment Fee		Copayment
	2 people	3 people						One Child	2 or more children	
	Annual Income									For each office visit
1% - 100%	Up through \$11,060	Up through \$13,880	Up through \$16,700	Up through \$19,520	Up through \$22,340	Up through \$25,160	Up through \$27,980	No payment	No payment	No Copay
101% - 150%	\$11,061 - \$16,590	\$13,881 - \$20,820	\$16,701 - \$25,050	\$19,521 - \$29,280	\$22,341 - \$33,510	\$25,161 - \$37,740	\$27,981 - \$41,970	No payment	No payment	\$2
151% - 170%	\$16,591 - \$18,802	\$20,821 - \$23,596	\$25,051 - \$28,390	\$29,281 - \$33,184	\$33,511 - \$37,978	\$37,741 - \$42,772	\$41,971 - \$47,566	\$25	\$35 two or more children	\$5
171% - 185%	\$18,803 - \$20,461	\$23,597 - \$25,687	\$28,391 - \$30,895	\$33,185 - \$36,112	\$37,979 - \$41,329	\$42,773 - \$45,546	\$47,567 - \$51,763	\$25	\$35 two or more children	\$5