



State of Vermont

AGENCY OF HUMAN SERVICES

DEPARTMENT OF SOCIAL WELFARE  
COMMISSIONER'S OFFICE  
103 South Main Street  
Waterbury, Vermont 05671-1201

June 16, 2000

Telephone: (802) 241-2853  
Fax: (802) 241-2830

Timothy Westmoreland  
Director  
Department of Health and Human Services  
Health Care Financing Administration  
Center for Medicaid and State Operations  
Division of Integrated Health Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850

RE: Vermont State Children's Health Insurance Program

Dear Mr. Westmoreland:

Vermont requests an amendment to its State Children's Health Insurance Program (SCHIP) to allow for the implementation of an increase in premiums to the households of uninsured children with family incomes between 225 and 300 percent of the Federal Poverty Level. This increase was authorized in the Vermont fiscal year 2001 budget that is effective July 1, 2000.

As you know, Vermont's goals in its health care initiatives have been to improve access, service coordination and quality of care to our beneficiaries. At the same time, it has been necessary to address increasing health care costs. One method, commonly used in the private sector, is to expect a greater contribution from consumers.

We have an outstanding request regarding our Title XIX, 1115 waiver demonstration to retain all program fees and premiums to enable that program to remain affordable. we request that this be permitted under the SCHIP as well. We are concerned that if premiums become too high, access will be compromised. If we are able to retain all premiums and program fees, future increases can be minimized or obviated.

Our current request is modest. You will note from the attached spreadsheet that the increase is such that no household will pay more than two percent of annual income on premiums. At the same time expenditure information indicates that the value is significant based on the program expenditures. It is even more so based on the billed amount which beneficiaries would be more likely required to pay in the absence of the program.

In this regard, attached as well are proposed revisions to Section 8 and Appendix 8 of Vermont's State Children's Health Insurance Program Plan.

Timothy Westmoreland

RE: Vermont State Children's Health Insurance Program

June 16,2000

Page 2 of 2

We request that this matter be reviewed as expeditiously as possible so as to permit the increases to apply as soon as possible after July 1,2000. If you or your colleagues have any questions, please contact *Ann* Rugg, Managed Care Senior Administrator, at 802-241-2766. As always, we appreciate your continued assistance.

Sincerely,

Eileen I. Elliott  
Commissioner

cc: Ronald Preston, Ph.D., Associate Regional Administrator, HCFA  
Howard Dean, M.D., Governor  
M. Jane Kitchel, Secretary, AHS  
Paul Wallace-Brodeur, Director, OVHA

---

Office of Vermont Health Access  
 State Children's Health Insurance Program Premium  
 FFY'99  
 6/15/00 (ar)

Category Codes		SCHIP
Premium/Fee/Year		C2,C6 \$600 per HH
Income Range		\$31,848 - \$42,420 (HH of 3)
Premium/Fee Percent of Income		1.41% - 1.88%
Average Eligibles		794
Eligibles/ Household		1.5
Expenditures/Year	\$	814,738.56
Expenditures/Average/Year	\$	1,026.12
Expenditures/Average/ Household/Year	\$	1,581.61
Billed/Year	\$	1,155,085.75
Billed/Average/Year	\$	1,454.77
Billed/Average/Household/Year	\$	2,242.31

State of Vermont  
Title XXI  
State Children's Health Insurance Program

Version: June 16,2000

**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.

*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.  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. Effective 1/1/99 - \$20 per month per household. Effective 7/1/99 - \$25 per month per household. Effective 7/1/00 - \$50 per month per household.*

8.2.2. Deductibles: \_\_\_\_\_

8.2.3. Coinsurance: \_\_\_\_\_

8.2.4. Other: \_\_\_\_\_

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))

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

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

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:
- 8.6.1.  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: \_\_\_\_\_
-

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

**Version: June 16,2000**

**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 above 225%, up to 300% of the FPL (SCHIP):  
\$10 per month per household effective 10/1/98.  
\$20 per month per household effective 1/1/99.  
\$25 per month per household effective 7/1/99.  
\$50 per month per household effective 7/1/00.

Non-covered services and services that are not medically necessary do not count towards 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 for past and current premium amounts 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 SCHIP 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

---

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

bracket will exceed the 5% mark.

The maximum will be compared to the annual premium cost to assure that premium cost does not exceed the maximum. This will occur at any time that the FPL is adjusted and/or premium changes are proposed.

For example, effective July 1, 2000, the maximum is \$1,266 per year based on the 225% FPL for a household of two being \$25,320. The annual premium cost will be \$600.

Only premium costs will count towards the family out-of-pocket limit. Non-covered services and services that are not medically necessary will not be considered.