



DEPARTMENT OF SOCIAL SERVICES

MEDICAL SERVICES

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Gail D. Sausser  
Project Officer  
Health Care Finance Administration  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Dear Ms. Sausser:

This is our reply to the request for additional information regarding specific sections in the South Dakota Title XXI Plan. These items were discussed during a conference call that we participated in with you and the Denver regional office, and others on July 29, 1998.

We are requesting that the following written responses to your questions be added as supplements to the previously submitted South Dakota Title XXI Plan.

**Question 1. Section 2.2.1. In the State's original plan reviewed by Denver HCFA, there was an outreach provision to provide direct mailing. The regional office would like to confirm this is still in the plan even though it was not written into the revised plan submitted to HCFA Baltimore.**

Response: The State is doing direct mailings of applications to families with children ages 6 through 18 who currently have younger children on Medicaid but whose older children are not on Medicaid. Direct mailings of applications will also be made to families with age appropriate children who are receiving Food Stamps and Child Care services assistance. Informational material will also be mailed to appropriate families for whom child support enforcement services are being provided by the State's Office of Child Support Enforcement.

**Question 2. Section 2.2.2. Is the South Dakota Caring Program for Children considered health insurance coverage as defined in 45 CFR 144.103? Is the Caring program a "health insurance issuer licensed by the State"?**

Response: The Caring Program for Children is a charitable foundation that provides assistance in obtaining some basic health coverage. It is not licensed by the State as a health insurance issuer. There is no policy, no contract, or guarantee of coverage issued to participants. Given the definition of insurance in 45 CFR 144.103, "Health insurance coverage means benefits consisting of medical care (provided directly, through insurance or reimbursement, or otherwise) under any hospital or medical service policy or certificate, hospital or medical service plan contract, or HMO contract offered by a health insurance issuer.", the Caring Program is not insurance.

**Question 3. Section 2.3. Please confirm that children who are currently covered under private insurance will be eligible only for the regular Federal match, not the enhanced match under CHIP, Children with insurance are not considered targeted low income children for purposes of CHIP eligibility under 45 CFR 2110(b)(1)(C).**

Response: The Department of Social Services economic assistance case workers doing the eligibility determinations will be asking a specific question regarding insurance coverage. A child with insurance will be added to Medicaid at the regular Medicaid FMAP, and only children without insurance will be added to CHIP. Eligibility category codes will be appropriately changed as families update their information regarding the income and insurance status of a child, and FFP will be appropriately claimed.

**Question 4. Section 2.3. How will the State monitor whether families drop private coverage to participate in CHIP?**

Response: The South Dakota Behavioral Risk Factor Surveillance System survey will have specific questions targeted to address the issue of dropped insurance coverage. The Department of Social Services will contract with the Department of Health to have these questions incorporated into the SDBRFSS survey. This survey, which is contracted to a private agency, is a random phone survey to households included in the total state population which encompasses the Indian Reservations.

The regular TPL process will also allow for monitoring of insured families who drop coverage. In this process claims for individuals with insurance are accompanied by an explanation of benefits or remittance advice. The messages on these attachments will indicate a person's insurance status. We will monitor these messages to be alert for the number of individuals who are dropping coverage.

The State of South Dakota does not believe that many children in this income level (100% - 733% of FPL) have private insurance and therefore 'dropping coverage' is not anticipated to be a problem. The Department also feels that with the availability of regular Medicaid, and no discernible difference in coverage to the families, that there is no incentive for families to drop private insurance coverage under CHIP.

The Department will use information from the monitoring processes to evaluate the design of our program and to suggest possible program changes.

**Question 5. Section 9.10. Please confirm our understanding that the origin of the General fund revenues used to fund the non-Federal share of these plan expenditures is not based on provider tax(es) or donation(s).**

Response: General fund revenues used to fund the non-Federal share of the CHIP plan expenditures are not based on provider tax(es) or donation(s). The only State revenues that would be considered provider taxes are license fees collected from health facilities and practitioners. These license fees fund licensure activities and do not become part of the General fund. There are no donations in the South Dakota General fund. All of the funds used as match for the CHIP program are from general fund appropriations.

**Question 6. Clarify the CHIP match rates that will be used.**

**Response: South Dakota operations began July 1, 1998. Federal Financial Participation for uninsured, CHIP eligible children will be claimed at 77.43 %. Beginning October 1, 1998, FFP will be claimed at 77.71%. We believe these match rates to be what was published in the November 24, 1997 Federal Register on p. 62613.**

**Thank you for the opportunity to respond to the request for additional information.**

**Sincerely,**

**David M. Christensen  
Administrator**