



George H. Ryan, Governor
Ann Patla, Director

Illinois Department of Public Aid

201 South Grand Avenue East
Springfield, Illinois 62763-0001

Telephone: (217) 782-1200
TTY: (800) 526-5812

November 18, 1999

Richard Fenton
Deputy Director
Center for Medicaid and State Operations
Health Care Financing Administration
7500 Security Boulevard
Baltimore, MD 21244-1850

Attn: Linda Welle

Dear Mr. Fenton:

This letter provides information to complete Illinois' response to your letter of December 18, 1998, concerning Illinois' Title XXI plan amendment dated November 6, 1998.

In George Hovanec's letter of December 23, 1998, question number 4 was addressed. You responded in a letter dated February 22, 1999, in which HCFA rejected Illinois's request to approve the benefits offered under Illinois' proposed Title XXI plan amendment as Secretarial Approved Coverage. As a result of this decision, Illinois obtained an actuary's certification that the benefits provided under the State's Title XXI plan amendment satisfy the requirements for a benchmark equivalent plan as set forth in Section 2103(a)(2.) This certification was received by the Department on October 27, 1999. Please refer to Attachment A for the Actuary's Certification.

The State has found it necessary to provide clarification of the date when eligibility for coverage by KidCare Share or KidCare Premium may become effective. A child may obtain coverage for the period of time beginning two weeks prior to the date of the initial application and continuing until coverage under KidCare Share or Premium is effective.

Furthermore, effective April 12, 1999, the State began reimbursing KidCare Application Agents \$50 for each completed KidCare application that results in enrollment in the program. Please refer to Attachment B for the justification of payments to KidCare Application Agents.

For ease of comprehension, HCFA's questions are repeated below in italics. Illinois' responses follow each immediately.

Section 4.4.2 Eligibility Standards and Methodology

- 1. When a child enrolled in KidCare Share or Premium becomes pregnant and is disenrolled, is she automatically enrolled in KidCare Moms and Babies and are benefits immediate? How long will it take? Does this time frame include weekends and/or holidays?*

Response:

When a KidCare Share or Premium enrolled child becomes pregnant and is therefore likely to be eligible for Medicaid under Title XIX, she will be enrolled in KidCare Moms and Babies after her family income has been reviewed to determine that she in fact meets the KidCare Moms and Babies financial eligibility criteria. The time it takes to complete the review will depend on the responsiveness of the pregnant girl and her family. Once any necessary information is obtained, the financial review can be completed in a day or two. Once Medicaid eligibility is determined, it may be established retroactively for three months, pursuant to Medicaid policy. She will also be disenrolled from KidCare at that time; therefore, benefits will continue in an uninterrupted fashion.

The State has great concern that coverage not be interrupted because a family fails to provide information necessary to make a determination of the child's eligibility for Medicaid when her eligibility for KidCare Share or Premium remains in force. Therefore, the State will maintain the child's enrollment in KidCare Share or Premium until either she is enrolled in Medicaid or she is otherwise disenrolled from the program as described in Section 4.1.8. The State will claim FFP under Title XXI for services she receives while she is enrolled in KidCare Share or Premium.

Section 4.3

- 2. With the anticipated increase in applications, how will the State assure that applications are processed in a timely manner?*

Response:

Illinois is committed to prompt review of KidCare applications. The State standard for approving or denying requests for Medicaid under Title XIX is 45 days. This will also be the target for applications under Title XXI. The Department has established a central unit dedicated to processing KidCare applications and KidCare applications are also processed by eligibility staff working for the Illinois Department of Human Services at 129 local offices throughout Illinois. Most of the increase in applications resulting from KidCare outreach efforts are received centrally in the Department of Public Aid. The Department has hired 111 permanent and 55 temporary staff for its Bureau of KidCare in Springfield. This fall, a second site opened

in Chicago to perform initial data input and currently has 37 staff. The State is committed to increasing staffing further as necessary to handle KidCare applications expeditiously. Note, all eligibility determinations are made by State employees.

The State has also streamlined the eligibility data system to make KidCare eligibility determination processing by the Department significantly more efficient.

Section 4.4.4

- 3. Although Illinois is not designated as a federally defined Reservation State, Illinois does have Indian Health Care facilities. Please provide a response for question 4.4.4 on the application template to address the Indian population of Illinois.*

Response:

Only one Indian Health Care facility currently operates in Illinois. Pursuant to Section 1861 of the Social Security Act, this facility is recognized as an FQHC under the Department's Title XIX program. Under KidCare, this facility will continue to operate as a fully integrated FQHC, providing primary care services itself and referrals for other services. The Department has consulted with this facility concerning KidCare outreach and enrollment strategies that are appropriate for reaching American Indian children.

The State is aware that HCFA's proposed rules for CHIP include new policy concerning no application of cost sharing to American Indian and Alaska Native children. Initiation of this policy change in Illinois will require a change in State law. The Department will seek the necessary statutory change at the first opportunity.

Section 6.2 Coverage Requirements for Children's Health Insurance

- 4. The State has elected to provide a Medicaid look-alike benefit package and requested Secretary-approved coverage under Section 2103(a)(4). In accordance with Question 91 from "The Administration's Responses to Questions About the State Children's Health Insurance Program" dated July 29, 1998, secretary-approved coverage is available for situations in which the coverage being provided under the non-Medicaid program option is the same as is provided under the State's Medicaid State plan. Because Illinois chooses to provide different benefits from those in the Medicaid plan, this option does not apply and it will be necessary to select a benchmark plan and provide evidence that the benefit package meets the requirements for either benchmark coverage (Section 2103(a)(1)) or benchmark-equivalent coverage (including an actuarial analysis) under Section 2103(a)(2) of Title XXI.*

Response:

The State has chosen to provide benchmark equivalent coverage under KidCare Share and KidCare Premium pursuant to Section 2103(a)(2) of the Social Security Act. The State has

obtained an actuary's certification that KidCare Share and KidCare Premium satisfy the requirements of Section 2103. (See Attachment A).

Section 8.2 Cost Sharing and Payment

5. *Please clarify that routine preventive and diagnostic dental services are subject to the prohibition against cost-sharing. (Section 2103(e)(2))*

Response:

No copayments are charged for well-baby, well-child, or immunization services in any plan. In addition, no copayments are charged for visits to health care professionals or hospitals solely for lab or radiology services or routine preventive and diagnostic dental services.

Section 9.10 Strategic Objectives and Performance Goals for the Plan Administration

6. *It appears the budget submitted includes some title XIX costs (e.g. Moms and Babies) that will be reimbursed at the regular FMAP. Please provide a budget reflecting only Title XXI expenditures, including the Medicaid CHIP expansion by Federal Fiscal Year.*

Response:

Revised tables appear below:

KidCare Title XXI Distributive Budget
For Federal Fiscal Years 1999 and 2000
(\$ in millions)

	<u>FFY99</u>	<u>FFY00</u>
	<u>Expended</u>	<u>Liability</u>
KidCare Assist* (expansion only)	\$21.5	\$29.1
KidCare Share	\$0.3	\$4.3
KidCare Premium	\$0.3	\$3.5
TOTAL	\$22.2	\$36.9

*These numbers are a subset of the KidCare Program. They represent Title XXI only. KidCare Assist is also funded by Title XIX. Those numbers are not shown in this table per HCFA's instruction.

KidCare Title XXI Administrative Budget
For Federal Fiscal Years 1999 and 2000
(\$ in millions)

	FFY 1999 Expended	FFY 2000 Budgeted
Personal Services & Fringe Benefits	\$379.0	\$2,375.1
Outreach Efforts	506.7	2,320.9
Other Contractual	198.4	691.4
Travel	4.9	5.7
Printing/Commodities	61.3	71.2
Equipment	128.2	336.3
Telecommunications	0.0	22.9
TOTAL	\$1,278.5	\$5,823.5

7. *Please provide a breakdown of the budget by federal and state spending and identify the source of the non-federal share. Also, please provide assurances that premiums are not included in the State's share. (Section 2107(d))*

Response:

The total SFY00 budget for KidCare Assist claimable under Title XXI is \$29.1 million, of which \$18.9 million is federal funding and \$10.2 million is State funding. The total SFY00 budget for KidCare Share and KidCare Premium is \$7.8 million, of which \$5.1 million is federal funding and \$1.7 million is State funding.

State source funding will be from the General Revenue Fund (GRF). The primary sources into GRF are personal income taxes, corporate income taxes and sales tax receipts. Unrestricted FY00 State source GRF totals \$18 billion. Conversely, SCHIP premium payments, deposited directly into GRF, will not exceed \$1 million in FY00. This relatively insignificant revenue source has no effect on appropriation decisions.

Richard Fenton
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I trust with this submission Illinois has satisfied HCFA's concerns and I look forward to your approval of our Title XXI plan amendment. As always, my staff and I are available to discuss any further questions you may have.

Sincerely,

Ann Patla, Dr.HL
Director

Enclosures

cc: Vera Drivalas

Actuarial Report
State Children's Health Insurance Program
State of Illinois

Milliman & Robertson, Inc. (M&R) has been commissioned by the Illinois Department of Public Aid (Illinois) to prepare an actuarial report with respect to the actuarial value of coverage of the benchmark plan selected by Illinois and the actuarial value of coverage offered under the proposed State Child Health Plan. The purpose of the actuarial memorandum is to demonstrate compliance with the requirements set forth in Title XXI of the Social Security Act. Specifically, this report has been prepared to illustrate that the coverage has aggregate actuarial value equivalent to a benchmark package. This memorandum may not be appropriate for other purposes.

I. BENCHMARK BENEFIT PACKAGE

The benchmark benefit package selected by Illinois for determination of actuarial equivalency is the Quality Care Health Plan (QCHP). The QCHP is a health benefits coverage plan that is offered and generally available to State employees in the State of Illinois. Although the QCHP is a PPO plan, we assumed 100% in-network participation. A summary of the in-network benefits provided under the QCHP plan is provided in Appendix A.

II. STATE CHILD HEALTH PLAN

Illinois has developed the KidCare Health Plan to provide health benefit coverage to eligible families under the Children's Health Insurance Program (CHIP). The KidCare Health Plan includes KidCare Share for children with family income over 133% through 150% of the Federal Poverty Line and KidCare Premium for children with family income above 150% and up to 185% of the Federal Poverty Line.

A summary of the benefits provided under both KidCare Share and KidCare Premium is provided in Appendix B.

III. DETERMINATION OF ACTUARIAL VALUES

A. METHOD

Actuarial cost models were developed for the benchmark benefit package, the KidCare Premium benefit package, and the KidCare Share benefit package. These cost models provide the net projected per member per month cost of benefits. The models were developed using the *M&R Health Cost Guidelines*[™] (HCGs) and *Dental Cost Guidelines*[™] (DCGs) as the standard utilization bases for the calculation of actuarial equivalency. The HCGs and DCGs are an internal M&R resource developed through research that provide standardized utilization rates and adjustment factors to reflect geographic area, demographics, and covered services. As required, the cost models were developed without taking into account any differences in coverage based on the method of delivery or means of cost control or utilization used. The assumptions used in the actuarial analysis of QCHP are the same as those used in the analysis of KidCare. The assumptions have been used consistently throughout the actuarial analysis

ATTACHMENT A
ACTUARY'S CERTIFICATION OF BENCHMARK EQUIVALENCE

B. ASSUMPTIONS

Utilization Factors

Utilization factors in the actuarial cost models were developed using the HCGs and DCGs with adjustments to reflect the benefit plan design, age and gender demographics, and geographic region. The HCGs and DCGs starting utilization factors were adjusted to reflect the geographic region of the State of Illinois. The geographic region adjustment was required since the starting factors are nationwide values.

Price Factors

The price factors were developed based on estimated approved Medicaid reimbursement rates for the State of Illinois. This basis was chosen as the standardized set of assumptions.

Cost Sharing

Cost sharing amounts reduced the price factors.

Age/Gender Adjustments

The age and gender factors for both the benchmark plan and KidCare Premium and KidCare Share reflect a standardized population representative of the expected child population to be covered under those Plans. Appendix C contains the distribution of children assumed in the model. The population is representative of privately insured children of the age of children who are expected to be covered under KidCare Premium and KidCare Share Plans.

Actuarial Cost Models

Appendix D contains the actuarial cost models for the benchmark benefit package, the KidCare Premium benefit package, and the KidCare Share benefit package. The actuarial cost models provide the projected annual utilization rates per thousand, average charge, values of copays and coinsurance, and net claim cost by service category. The net claim costs are based on a July 1, 1999 claim date.

IV. ACTUARIAL EQUIVALENCY

The cost models shown in Appendix D illustrate the net claim cost per member per month for the benchmark benefit plan, the KidCare Premium plan, and the KidCare Share plan. The models contain information on the base benefits and the additional benefits. Table 1 illustrates the base benefit services net claim cost. As shown in Table 1, the actuarial values of the KidCare plans are greater than the benchmark plan.

Table 1

**STATE OF ILLINOIS
 DEPARTMENT OF PUBLIC AID
 Summary of Aggregate Actuarial Value
 Per Member Per Month Value (PMPM)**

Plan	PMPM Value
QCHP' Benchmark Plan	\$42.72
KidCare Premium	\$53.40
KidCare Share	\$54.38

Each of the additional services, prescription drugs, mental health services, vision services, and hearing services are significantly more than the required 75% of the actuarial value of these services as provided by the benchmark benefit package. Table 2 below summarizes the actuarial value of each of these services under the benchmark benefit package and KidCare Premium and Share plans.

Table 2

**STATE OF ILLINOIS
 DEPARTMENT OF PUBLIC AID
 Actuarial Value of Additional Benefits
 Per Member Per Month Value (PMPM)**

Additional Benefit	QCHP	KidCare Premium	KidCare Share
Prescription Drugs	\$7.27	\$9.27	\$10.08
Mental Health	\$1.24	\$1.42	1.45
Vision	\$0.00	\$0.97	1.01
Hearing	\$0.00	\$0.06	0.08

V. CERTIFICATION

I, Robert M. Damler, am an Actuary with the firm of Milliman & Robertson, Inc. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. The report has been prepared in accordance with the principles and standards of the Actuarial Standards Board of the American Academy of Actuaries. I was retained by the Illinois Department of Public Aid to render an opinion on the actuarial value of coverage of the benchmark benefit package and the KidCare Share and KidCare Premium Plans under the State Children's Health Insurance Program under Title XIX of the Social Security Act. I meet the qualification standards set forth in Title XXI for rendering the opinion.

APPENDIX A

Quality Health Care Plan Schedule of In-Network Benefits

Life Time Maximum	Unlimited
Annual Plan Deductible	
Member	\$150 (deductible increases with annual salary)
Dependent	\$100
Family Limit	\$300
Additional Emergency Room Deductible	\$100
Out-of-Pocket Maximum	
Individual	\$800
Family	\$2,000

Copayments for prescription drugs and mental health/substance abuse services do not apply to the out-of-pocket maximum.

<u>Service Category</u>	<u>In-Network Benefit Level</u>
Inpatient Hospital	90% after deductible
Outpatient Services	
Emergency Room	80% after emergency room deductible
Surgical Facility	90% after deductible
Diagnostic Lab/X-Ray	100% after deductible
Physician & Surgeon Services	
Inpatient/Outpatient/Office	80% after deductible
Chiropractor	Excludes maintenance services
Preventative Services	
Mammograms	100% of usual and customary
Well Baby Care	80% after deductible
Immunizations	100% of usual and customary
Physical Exams	80% after deductible – office visit
	100% - required lab work
Other	
DME/Prosthetics	80% after deductible
Home Health Care	80% after deductible
Ambulance	80% after deductible
Prescription Drugs	\$12 brand/\$6 generic copayment
Family Planning	80% after deductible
Inpatient Mental Health/Substance Abuse	\$50/day copayment (max \$275)
Outpatient Mental Health/Substance Abuse	\$15/visit copayment

KidCare Health Plans Schedule of Benefits

<u>Service Category</u>	<u>KidCare Share Copayment</u>	<u>KidCare Premium Copayment</u>
Inpatient Hospital Services	\$2 per admission	\$5 per admission
Outpatient Hospital Services (Including Emergency Room)	\$2 per encounter	\$5 per encounter
Physician & Surgeon Services	\$2 per visit	\$5 per visit
Chiropractor – Including Maintenance	\$2 per visit	\$5 per visit
Laboratory & X-ray Services	No copayment	No copayment
Preventative Services		
Well Baby	No copayment	No copayment
Immunizations	No copayment	No copayment
Physical Exams	No copayment	No copayment
Mammograms	No copayment	No copayment
Dental Screening, Preventative, & Diagnostic	No copayment	No copayment
Audiology Screening, Preventative, & Diagnostic	No copayment	No copayment
Optometry Screening, Preventative, & Diagnostic	No copayment	No copayment
Mental Health/Substance Abuse		
Inpatient	\$2 per admission	\$5 per admission
Outpatient	\$2 per visit	\$5 per visit
Other		
DME/Prosthetics	No copayment	No copayment
Ambulance	No copayment	No copayment
Dental Treatment Services	\$2 per visit	\$5 per visit
Prescription Drugs	\$2 copayment per script	\$3 generic/\$5 brand
Audiology Services	\$2 per visit	\$5 per visit
Optometry Services	\$2 per visit	\$5 per visit

Note: The benefits listed above only represent a brief summary of the benefits covered by KidCare Share and KidCare Premium. These benefit plans are intended to be identical to the benefits of the Medicaid program in terms of amount, duration, and scope of services covered except as follows: (1) No abortion services are covered and (2) home and community based waiver services are not covered.

APPENDIX B

**ILLINOIS DEPARTMENT OF PUBLIC AID
Division Of Medical Programs**

**Phase II KidCare Share And Premium Recipients
By Age And Gender**

Age	Female % of Total Recipients	Male % of Total Recipients	% of Total Recipients
0	1.31%	1.42%	2.73%
1	3.19%	3.15%	6.34%
2	3.65%	3.61%	7.26%
3	3.38%	3.57%	6.96%
4	3.69%	3.23%	6.92%
5	3.46%	3.73%	7.19%
6	3.27%	4.07%	7.34%
7	3.19%	3.69%	6.88%
8	2.42%	3.65%	6.07%
9	2.92%	3.00%	5.92%
10	2.73%	3.19%	5.92%
11	2.00%	2.88%	4.88%
12	2.23%	2.38%	4.61%
13	2.11%	2.77%	4.88%
14	2.27%	2.31%	4.57%
15	1.38%	1.96%	3.34%
16	1.73%	1.92%	3.65%
17	1.61%	1.58%	3.19%
18	0.65%	0.69%	1.35%
Grand Total	47.19%	52.81%	100.00%

APPENDIX C

APPENDIX D

**Illinois State Child Health Plan - Actuarial Equivalency
KidCare Premium Health Plan
Estimated Medical Cost as of July 1, 1999**

Benefit	Net Medical Cost						
	(1) Utilization Per 1,000	(2) Allowed Average Charge	(3) Per Member Per Month Claim Cost	(4) Frequency of Copay	(5) Copay	(6) Per Member Per Month Cost Sharing Value	(7) Per Member Per Month Net Claim Cost
Hospital Inpatient							
Medical	86 Days	\$1,401.53	\$10.04	29	\$5.00	\$0.01	\$10.03
Surgical	56 Days	2,431.25	11.35	16	5.00	0.01	11.34
Psychiatric	20 Days	416.28	0.69	2	5.00	0.00	0.69
Alcohol & Drug Abuse	5 Days	416.25	0.17	1	5.00	0.00	0.17
Maternity	0 Days	1,637.91	0.00	0	5.00		0.00
Skilled Nursing Care	1 Days	250.02	0.02	1	5.00	0.00	0.02
	168 Days		\$22.27			\$0.02	\$22.25
Hospital Outpatient							
Emergency Room	193 Visits	\$172.65	\$2.78	193	\$5.00	\$0.08	\$2.70
Surgery	44 Visits	1,085.28	3.98	44	5.00	0.02	3.96
Other Outpatient Services							
Radiology	62 Cases	380.77	1.97				1.97
Laboratory	67 Cases	123.25	0.69				0.69
Pharmacy and Blood	228 Services	46.97	0.89				0.89
Cardiovascular	93 Services	83.68	0.65				0.65
PT/OT/ST	32 Services	62.34	0.17				0.17
Other	80 Services	149.60	1.00				1.00
Maternity Non-Delivery	0 Cases	447.01	0.00				0.00
			\$12.13			\$0.10	\$12.03
Physician							
Inpatient Surgery	18 Proced.	\$451.51	\$0.68				\$0.68
Outpatient Surgery	231 Proced.	92.81	1.79				1.79
Anesthesia	34 Proced.	144.77	0.41				0.41
Inpatient Visits	161 Visits	25.54	0.34				0.34
Office/Home Visits	2,525 Visits	26.45	5.57	2,525	5.00	1.05	4.52
Urgent Care Visits	65 Visits	42.13	0.23	65	5.00	0.03	0.20
Consults	45 Consults	41.28	0.15	45	5.00	0.02	0.13
Emergency Room Visits	159 Visits	28.46	0.38				0.38
Immunizations & Injections	938 Proced.	16.43	1.28				1.28
Allergy Tests & Injections	916 Proced.	2.31	0.18				0.18
Well Baby Exams	315 Exams	46.06	1.21				1.21
Physical Exams (Physician)	139 Exams	14.85	0.17				0.17
Vision, Hearing, Speech Exams	202 Exams	25.06	0.42	202	5.00	0.08	0.34
Physical Medicine	207 Services	4.89	0.08	207	4.89	0.08	0.00
Maternity Deliveries	0 Cases	0.00	0.00				0.00
Maternity Non-Deliveries	0 Cases	201.29	0.00				0.00
Radiology	374 Proced.	33.95	1.06				1.06
Laboratory	1,564 Proced.	8.16	1.06				1.06
Outpatient Psychiatric	152 Visits	48.32	0.61	152	5.00	0.06	0.55
Outpatient Alcohol & Drug Abuse	4 Visits	40.54	0.01	4	5.00	0.00	0.01
Chiropractor	131 Visits	22.98	0.25	131	5.00	0.05	0.20
Podiatrist	12 Visits	55.99	0.06	12	5.00	0.01	0.05
Misc. Medical	297 Proced.	14.73	0.36	26	5.00	0.01	0.35
			\$16.30			\$1.39	\$14.91
Other							
Prescription Drugs	4,475 Scripts	\$29.05	\$10.83	4,475	\$4.18	\$1.56	\$9.27
PDN/Home Health	25 Visits	231.49	0.48	25	5.00	0.01	0.47
Ambulance	13 Runs	268.53	0.29				0.29
DME/Prosthetics	83 Units	190.73	1.32				1.32
Glasses/Contacts	52 Services	161.24	0.70				0.70
			\$13.62			\$1.57	\$12.05
Dental							
			\$4.11			\$0.23	\$3.88
Total Cost							
			\$68.43			\$3.31	\$65.12

**Illinois State Child Health Plan - Actuarial Equivalency
KidCare Share Health Plan**

Estimated Medical Cost as of July 1, 1999

Net Medical Cost

Benefit	(1) Utilization Per 1,000	(2) Allowed Average Charge	(3) Per Member Per Month Claim Cost	(4) Frequency of Copay	(5) Copay	(6) Per Member Per Month Cost Sharing Value	(7) Per Member Per Month Net Claim Cost
Hospital Inpatient							
Medical	86 Days	\$1,401.53	\$10.04	29	\$2.00	\$0.00	\$10.04
Surgical	56 Days	2,431.25	11.35	16	2.00	0.00	11.35
Psychiatric	20 Days	416.28	0.69	2	2.00	0.00	0.69
Alcohol & Drug Abuse	5 Days	416.25	0.17	1	2.00	0.00	0.17
Maternity	0 Days	1,637.91	0.00	0	2.00		0.00
Skilled Nursing Care	1 Days	250.02	0.02	1	2.00	0.00	0.02
	<u>168 Days</u>		<u>\$22.27</u>			<u>\$0.00</u>	<u>\$22.27</u>
Hospital Outpatient							
Emergency Room	193 Visits	\$172.65	\$2.78	193	\$2.00	\$0.03	\$2.75
Surgery	44 Visits	1,085.28	3.98	44	2.00	0.01	3.97
Other Outpatient Services							
Radiology	62 Cases	380.77	1.97				1.97
Laboratory	67 Cases	123.25	0.69				0.69
Pharmacy and Blood	228 Services	46.97	0.89				0.89
Cardiovascular	93 Services	83.68	0.65				0.65
PT/OT/ST	32 Services	62.34	0.17				0.17
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Maternity Non-Delivery	0 Cases	447.01	0.00				0.00
			<u>\$12.13</u>			<u>\$0.04</u>	<u>\$12.09</u>
Physician							
Inpatient Surgery	18 Proced.	\$451.51	\$0.68				\$0.68
Outpatient Surgery	231 Proced.	92.81	1.79				1.79
Anesthesia	34 Proced.	144.77	0.41				0.41
Inpatient Visits	161 Visits	25.54	0.34				0.34
Office/Home Visits	2,525 Visits	26.45	5.57	2,525	2.00	0.42	5.15
Urgent Care Visits	65 Visits	42.13	0.23	65	2.00	0.01	0.22
Consults	45 Consults	41.28	0.15	45	2.00	0.01	0.14
Emergency Room Visits	159 Visits	28.46	0.38				0.38
Immunizations & Injections	938 Proced.	16.43	1.28				1.28
Allergy Tests & Injections	916 Proced.	2.31	0.18				0.18
Well Baby Exams	315 Exams	46.06	1.21				1.21
Physical Exams (Physician)	139 Exams	14.85	0.17				0.17
Vision, Hearing, Speech Exams	202 Exams	25.06	0.42	202	2.00	0.03	0.39
Physical Medicine	207 Services	4.89	0.08	207	2.00	0.03	0.05
Maternity Deliveries	0 Cases	0.00	0.00				0.00
Maternity Non-Deliveries	0 Cases	201.29	0.00				0.00
Radiology	374 Proced.	33.95	1.06				1.06
Laboratory	1,564 Proced.	8.16	1.06				1.06
Outpatient Psychiatric	152 Visits	48.32	0.61	152	2.00	0.03	0.58
Outpatient Alcohol & Drug Abuse	4 Visits	40.54	0.01	4	2.00	0.00	0.01
Chiropractor	131 Visits	22.98	0.25	131	2.00	0.02	0.23
Podiatrist	12 Visits	55.99	0.06	12	2.00	0.00	0.06
Misc. Medical	297 Proced.	14.73	0.36	26	2.00	0.00	0.36
			<u>\$16.30</u>			<u>\$0.55</u>	<u>\$15.75</u>
Other							
Prescription Drugs	4,475 Scripts	\$29.05	\$10.83	4,475	\$2.00	\$0.75	\$10.08
PDN/Home Health	25 Visits	231.49	0.48	25	2.00	0.00	0.48
Ambulance	13 Runs	268.53	0.29				0.29
DME/Prosthetics	83 Units	190.73	1.32				1.32
Glasses/Contacts	52 Services	161.24	0.70				0.70
			<u>\$13.62</u>			<u>\$0.75</u>	<u>\$12.87</u>
Dental			<u>\$4.11</u>			<u>\$0.09</u>	<u>\$4.02</u>
Total Cost			<u><u>\$68.43</u></u>			<u><u>\$1.43</u></u>	<u><u>\$67.00</u></u>

ATTACHMENT B
KIDCARE APPLICATION AGENT PAYMENTS

KidCare Application Agent Technical Assistance Payments

The State pays KidCare Application Agents a \$50.00 Technical Assistance Payment for each complete KidCare application submitted that results in enrollment in KidCare. KidCare Application Agents include entities or individuals that come into contact with the families of uninsured children who are likely to be eligible for KidCare. They include hospitals, FQHCs, local health departments, Community Action Agencies, faith-based organizations, schools, insurance producers, and WIC sites.

Such entities must send staff to attend a training session prior to becoming a KidCare Application Agent. Each trainee receives a thirty-page manual detailing the KidCare program and the agent's responsibilities. The training consists of a page-by-page review of the manual; the average training session is three hours in length. The training provides detail about the five KidCare plans, financial eligibility factors, non-financial eligibility factors, and the agent's responsibilities to the applicant. Trainees learn how to fill out the application on a line-by-line basis and are given instruction on proper documentation for verifications. The trainees are also given solutions to common problems. In addition to initial training, each KidCare Application Agent is given a Department liaison to contact for policy clarifications and to schedule retraining if needed.

Prior to taking applications, these entities must also enter into a written agreement with the Department encompassing the duties and responsibilities of KidCare Application Agents. A sample KidCare Application Agent Agreement is included in this Attachment.

KidCare Application Agents perform the following:

- collaborate with other community groups such as schools, social service agencies and churches to promote KidCare;
- identify families with children who are likely to be eligible for KidCare;
- inform the families about the program;
- assist families to complete an application, including assembling required documentation; and
- submit completed applications to the Department for determination of eligibility.

KidCare does not mandate enrollment into managed care. KidCare Application Agents do not perform enrollment nor do they have any role in applicants' voluntary decisions regarding managed care.

As of November 6, 1999, the Department has entered into agreements establishing 826 KidCare Application Agent sites across Illinois. KidCare Applications Agents have proven very successful at identifying potentially eligible children and assisting their families to submit a

complete application. Approximately 76 percent of the applications they submit are approved. From April through November 1999, the State has made approximately \$205,000 in Technical Assistance Payments to KidCare Application Agents.

The State will claim match under Title XXI for costs of KidCare Application Agent payments proportionate to the number of children enrolled in KidCare Assist - expansion, KidCare Share, or KidCare Premium via a KidCare Application Agent. Some KidCare Application Agents are public entities. In recognition of federal requirements the State may not pay public entities more than their costs, the Department has completed a survey and analysis to demonstrate that the \$50 payment is reasonable, does not exceed costs and, therefore, is fully eligible for match under Title XXI.

The Department selected 11 local health departments for a survey to determine the costs they incurred as KidCare Application Agents. Of the departments surveyed, ten responded within the requested time frame. The respondents were asked to identify tasks performed during the application assistance process and the length of time required for actual completion of the application forms. Information was also requested about salaries of staff involved in the KidCare Application Agent activities and any other costs associated with these activities. This information was collected for all applications regardless of whether they resulted in enrollment into a KidCare Plan. Finally, the local health departments were asked about their current rate of successful enrollment, as well as the average number of applications completed and submitted to the Department per week.

The survey responses showed that the time taken to help complete the actual KidCare application ranged from 25 minutes to 165 minutes, with an average completion time of 92.50 minutes. Salaries for outreach, clerical, nursing staff, etc., ranged from \$7.00 per hour to \$17.00 per hour. Average wage per application was \$18.00 per hour. Administration costs ranged from \$1.00 to \$25.00. Average administration costs per application were \$11.56. Fringe benefits ranged from \$1.87 to \$5.00, with the average per application being \$3.00. Travel costs ranged from \$3.10 to \$5.00, averaging \$3.26 per application. Other miscellaneous costs averaged \$1.34 per application.

For the local health departments participating in the survey, the total number of applications completed per week was 199. Percentage of applications resulting in successful enrollment averaged 50.39% (percentage of surveyed health departments only). Based on this survey, the average total cost of completed applications resulting in successful enrollment was \$73.75. The results of this survey indicate that costs incurred by certified Application Agents enrolling children into the KidCare program far exceed the \$50.00 Technical Assistance Payment paid by the State.

The following Calculation of Average Cost table supports this determination.

ILLINOIS DEPARTMENT OF PUBLIC AID \$50 Technical Assistance Fee Justification Calculation of Average Cost		
Average Minutes	92.50	
% of Apps resulting in successful enrollment	50.39%	
Avg. Wage per application	\$ 18.00	
Average Admin. Cost per App.	\$ 11.56	
Average Total Fringe	\$ 3.00	
Average Travel Cost	\$ 3.26	
Average Other Misc.	\$ 1.34	
Average total cost to complete application	\$ 37.16	
Average total cost to complete application	<u>\$ 37.16</u>	\$ 73.75
% of Apps resulting in successful enrollment	50.39%	=
Average total cost of completed applications resulting in successful enrollment	\$ 73.75	

**ILLINOIS DEPARTMENT OF PUBLIC AID
PARTICIPATION AGREEMENT**

KIDCARE APPLICATION ASSISTANCE PROGRAM

This Agreement is made between the Illinois Department of Public Aid ("Department") and ("KidCare Application Agent") to allow KidCare Application Agent to provide technical assistance in completing application forms to individuals or families interested in receiving health benefits under the Illinois Public Aid Code (305 ILCS 5/5-1 *et seq.*, 5/6-1 *et seq.* and 5/12-4.25), the Illinois Insurance Code (215 ILCS 106/1 *et seq.*), and Titles XIX and XXI of the Social Security Act (42 U.S.C. 1396 *et seq.*) ("KidCare", consisting of KidCare Assist, KidCare Moms and Babies, KidCare Share, KidCare Premium and KidCare Rebate). This Agreement shall be effective on _____.

1. KIDCARE APPLICATION AGENT QUALIFICATIONS.

1.1. KidCare Application Agent warrants that all individuals who will perform under this Agreement on its behalf will have received training on procedures for providing technical assistance in the completion of a KidCare Application ("DPA 2378MC", including DPA 2378MCS) by persons or families interested in receiving benefits under KidCare ("Potential Applicants") and will have received a copy of the KidCare Application Agent Training Manual ("Manual"), and that all such individuals are capable and qualified to provide such technical assistance as provided in this Agreement.

1.2. KidCare Application Agent warrants that it:

- A. is incorporated (including as a not-for-profit corporation) or organized under the laws of Illinois, is registered to do business in Illinois and in good standing with the Secretary of State, and is in compliance with all applicable State and Federal laws and regulations; or
- B. is an Illinois political subdivision or governmental body; or
- C. is an insurance company or insurance producer licensed under the Illinois Insurance Code, 215 ILCS 5/1, *et seq.*, will maintain such license in good standing, and is in compliance with all applicable State and Federal laws and regulations.

2. KIDCARE APPLICATION AGENT RESPONSIBILITIES.

2.1. KidCare Application Agent shall assist Potential Applicants as provided in the Manual in the completion of a DPA 2378MC for enrollment of children up to age nineteen (19) and pregnant women. The DPA 2378MC application form may not be one issued by the Department prior to April 1999.

2.2. Upon the request of the Department, KidCare Application Agent shall provide copies of its marketing plans or materials and, when directed to do so by the Department, cease and desist use of any marketing plan or materials that the Department in its sole discretion determines to be inaccurate, misleading or inappropriate.

2.3. KidCare Application Agent shall forward the completed DPA 2378MC to the Department as provided in the Manual. Only a completed DPA 2378MC shall be forwarded to the Department. A "completed 2378MC" is one that has been signed and dated by the Potential Applicant, has all relevant questions answered and has all required documentation attached, including verifications, when forwarded to the Department.

2.4. KidCare Application Agent shall not be considered the Department's agent for any purpose under this Agreement. Services performed pursuant to this Agreement are not rendered as an employee or agent of the Department or of the State of Illinois and Technical Assistance Payments ("Payments") made pursuant to this Agreement do not constitute compensation paid to an employee or agent. KidCare Application Agent may not and shall not determine eligibility for KidCare and may not and shall not make any representations regarding a Potential Applicant's eligibility for KidCare.

2.5. KidCare Application Agent shall not:

- A. Artificially divide families to forward more than one completed DPA 2378MC.
- B. Condition assistance to a Potential Applicant in completing a DPA 2378MC upon the purchase of any commercial insurance policy.
- C. Employ or use, in conjunction with this Agreement, any persons who have been terminated, suspended, barred or otherwise prohibited from participating in any State or Federal health care program.
- D. Offer or provide any gift, favor or other inducement to Potential Applicants unless such gift, favor or inducement is health-related and of nominal value.
- E. Provide inaccurate, misleading or coercive oral or written information or materials.

2.6. KidCare Application Agent shall immediately inform the Department of any change in its status or the status of any individual performing under this Agreement affecting its eligibility or ability to participate in this Agreement. KidCare Application Agent shall immediately inform the Department of any suspected fraud or misrepresentations related to KidCare.

2.7. KidCare Application Agent shall maintain copies of every DPA 2378MC, whether completed and forwarded to the Department or only partially completed, and every DPA 3738MC ("KidCare Application Activity Log") and provide such records to the Department upon demand. The records shall be maintained for a period of three (3) years after the date of the

initial encounter with the Potential Applicant. It is expressly recognized that the Department shall conduct such monitoring, evaluation or audits of KidCare Application Agent's performance under this Agreement as it determines may be necessary, and KidCare Application Agent shall fully cooperate in any such monitoring, evaluation or audit, including making all records related to any KidCare application available, in Illinois, to the Department, the Medicaid Fraud Control Unit of the Illinois State Police, the United States Department of Health and Human Services, the Illinois Auditor General and other State and Federal agencies with monitoring authority related to the subject matter of this Agreement. In the event of an audit or investigation, KidCare Application Agent shall retain the records required in this section until the audit or investigation is completed, even if such retention exceeds three (3) years.

3. DEPARTMENT RESPONSIBILITIES.

3.1. The Department shall educate KidCare Application Agent regarding KidCare, including providing copies of the Manual. The Department shall promptly notify KidCare Application Agent of any changes in the requirements, policies or procedures contained in that Manual.

3.2. The Department shall provide to KidCare Application Agent all necessary forms under KidCare.

3.3. The Department shall, in its sole discretion:

- A. Review the DPA 2378MC to determine whether it is complete as defined in this Agreement;
- B. Determine whether any child or pregnant woman listed on the DPA 2378MC is eligible for KidCare; and
- C. Determine whether any child or pregnant woman listed on the DPA 2378MC has already been approved for enrollment into KidCare.

3.4. If the Department determines that the DPA 2378MC was complete as defined in this Agreement when submitted, that one or more children or pregnant women are eligible for enrollment into KidCare and that no other application has already been approved for the eligible child or pregnant woman, the Department shall approve a Payment in the amount of \$50.00, which will be made to the Payee designated below:

Payee Name: _____
 Payee Address: _____

 Payee TIN: _____

3.5. In the event that more than one DPA 2378MC is submitted for the same applicant, the Payment will be made to the KidCare Application Agent whose identification number is listed on the first DPA 2378MC that is approved.

4. **GENERAL PROVISIONS.**

4.1. This Agreement shall be effective _____, and shall remain in effect until terminated by either party.

4.2. Either party may terminate this Agreement without cause upon thirty (30) days written notice to the other.

4.3. The Department shall immediately terminate this Agreement if KidCare Application Agent no longer meets the qualifications of participation in this Agreement or fails to adhere to the requirements of this Agreement. This Agreement is subject to the availability of Department appropriation for the purpose outlined in the Agreement, and the Department's obligations hereunder shall cease immediately, without penalty or further payment being required, in any year for which the General Assembly of the State of Illinois fails to make an appropriation sufficient to pay such obligation.

4.4. This Agreement may not be assigned or otherwise transferred without prior written approval by the Department.

4.5. KidCare Application Agent agrees to assume all risk of loss and to indemnify and hold the Department and its officers, agents and employees harmless from and against any and all liabilities, demands, claims, suits, losses, damages, causes of action, fines or judgments, including costs, attorneys' and witnesses' fees, and expenses incident thereto that may arise out of KidCare Application Agent's negligent or intentional acts or omissions.

4.6. KidCare Application Agent is subject to the confidentiality provisions of 305 ILCS 5/11-9, 11-10, and 11-12; 42 USC 654(26); 42 CFR Part 431, Subpart F; and 45 CFR Part 303.21, and shall protect all data and information against unauthorized disclosure. Neither KidCare Application Agent nor any of its staff shall release any data or information developed or obtained through this Agreement or use any such data or information other than for the purposes of this Agreement without prior written authorization from the Department.

4.7. KidCare Application Agent and its principals, employees and subcontractors neither have nor shall acquire any interest, public or private, direct or indirect, which may conflict in any manner with performance under this Agreement, and KidCare Application Agent shall not employ any person having such an interest in connection with its performance under this Agreement. KidCare Application Agent shall be under a continuing obligation to disclose any conflicts to the Department, which shall, in its sole good faith discretion, determine whether such conflict is cause for the non-execution or termination of the Agreement.

4.8. KidCare Application Agent shall comply with all applicable Federal and State laws and regulations including, but not limited to, those laws and regulations which require equal employment opportunity and prohibit discrimination on the basis of sex, race, color, national origin, or disability, including in the provision of assistance under this Agreement.

IN WITNESS WHEREOF the Department and KidCare Application Agent have caused this Agreement to be executed on the dates shown below by representatives authorized to bind the respective parties.

KidCare Application Agent

Illinois Department of Public Aid

By: _____

By: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

KidCare Application Agent's TIN: _____

KidCare Application Agent's SSN (if an individual): _____

KidCare Application Agent's License No. (if applicable): _____