



STATE OF MAINE  
DEPARTMENT OF HUMAN SERVICES  
11 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0011

ANGUS S. KING, JR.  
GOVERNOR

KEVIN W. CONCANNON  
COMMISSIONER

January 4, 2001

Regina Fletcher  
Project Officer  
Health Care Financing Administration  
Division of Integrated Health Systems  
Mail Stop S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Dear Ms. Fletcher:

This letter is in response to your request for additional information regarding the Maine State Children's Health Insurance Program plan amendment.

**Section 1. General Description and Purpose of the State Child Health Plans**

The State has indicated that the **State** Children's Health Insurance Program will be expanded to cover children age **1** through **18** in families with incomes from **151** percent through **200** percent of the Federal Poverty Level (**FPL**), yet this expansion does not include infants **ages** 0-12 months who are only covered up to **185%** FPL in Medicaid. Please explain this omission, including the State's plan to address this omission.

Response: The Maine State Children's Health Insurance Program authorizing legislation, P.L. 1998, Chapter 777, limited eligibility to children "one year of age or older and under 19 years of age". Legislation passed during the Legislative session that ended in April 2000 amended the State statute to allow the Program to serve children under age 1. Effective September 1, 2000, children under age **1** were able to enroll in Cub Care.

**Section 4. Eligibility Standards and Methodology**

- Section 4.4.4** Please describe the process the State utilizes to identify **AI/AN** children and to insure that **AI/AN** children do not participate in cost sharing.



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2. Section 4.4.4 recognizes the non-existence of cost-sharing on American Indian children. However, there is no mention of outreach efforts specifically targeting this population to further educate American Indian families about program options and the new waiver of cost sharing. Therefore, please describe in greater detail the specific activities that will be employed to reach the Native American population?

Response: In December 1999, Barbara Feltes, Director, Financial Eligibility, Bureau of Family Independence, and Bureau of Medical Services staff provided a one day Medicaid/Cub Care training session for tribal personnel. All tribes were represented. As part of that training, Ms. Feltes informed participants that Native American children participating in SCHIP are not required to pay premiums. In January 2000, Ms. Feltes called staff at all of the Indian Health Centers to remind them of the new policy.

The Medicaid/Cub Care brochure/application has been revised to advise Native Americans that they do not have to pay a premium for children enrolled in Cub Care and to add a question asking applicants to indicate if they are a member of a federally recognized tribe. In the event an applicant indicates he/she is a Native American, eligibility workers are able to "override" the system and no premium coupon is issued.

In April 2000, Ms. Feltes sent Department of Human Services regional office eligibility workers a notice reminding them of the policy exempting Native Americans from paying a Cub Care premium.

#### Section 9. Strategic Objectives and Performance Goals for the Plan Administration

■ Section 9.10 Please provide a revised budget to reflect the increase in eligibility created by the proposed expansion.

2. How many children does the State expect to enroll?
3. Please identify the **source(s)** of the **non-Federal** share of your Title XXI expenditures.
4. Please elaborate upon the relationship you have with the Robert Wood Johnson (RWJ) Covering Kids "**grantee**" specifically.

Response: A revised budget is attached. State general fund dollars are used as the non-Federal share of our Title XXI expenditures. Please note that based on conversations with the Health Care Financing Administration, Maine does not accept contributions from the Covering Kids grantee for use as the non-Federal

share of funding for services provided by the Covering Kids grantee.

The State expects to enroll approximately 1,200 children birth through age 18 with family income between 185% - 200% FPL in FFY 2000.

Enclosed are the amendment pages originally submitted in November 1999 updated to (1) indicate that Cub Care will be serving infants under age 1, (2) revise the premium schedule based on the new FPL, and (3) adjust the premiums for those with family income between 185% - 200% FPL as required by legislation passed in the Legislative session that ended in April 2000. Please contact Linda Schumacher at 207 624-5529 if you need additional information.

Sincerely,

Eugene Gessow  
Director  
Bureau of Medical Services

Cc: Ronald Preston  
Richard Pecorella  
Linda Schumacher

**Maine SCHIPS**

Including Costs of Expanding from 185% to 200% (including <1)

	FFY 2000	FFY 2001	FFY 2001
<b>Benefit Costs</b>			
Insurance payments			
Managed Care	\$256,481	\$277,305	\$286,822
Fee For Services	\$12,567,554	\$3,587,947	\$14,054,287
<b>Total Benefit Costs</b>	\$12,824,034	\$3,865,252	\$14,341,110
Offsetting Beneficiary Cost Sharing	-\$289,191	~-\$340,149	-\$374,164
<b>Net Benefit Costs</b>	\$12,534,844	\$3,525,103	\$13,966,946

**Administrative Costs**

Personnel			
Bureau of Medical Services (Project Mgt.)	\$96,599	\$100,463	\$104,481
Bureau of Family Independence (Eligibility)	\$529,825	\$551,018	\$573,059
General Administration 1/	\$0	\$0	\$0
Contractors\Brokers 1/	\$0	\$0	\$0
Claims Processing 1/	\$0	\$0	\$0
Outreach\Marketing Costs	\$20 (447	\$208,464	\$216,803
<b>Total Administrative Costs</b>	\$826,871	\$859,944	\$894,343
10% Administrative Ceiling	\$1,253,484	\$1,352,000	\$1,396,695

1/ State does not currently cost allocate these functions to SCHIPS

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

he State will use funds provided under Title XXI for (Check appropriate box):

- 1.1.  Obtaining coverage that meets the requirements for a State Child Health Insurance Plan (Section 2103); **OR**
- 1.2.  Providing expanded benefits under the State's Medicaid plan (Title XIX); **OR**
- 1.3.  **A combination of both of the above. *The state's Medicaid program (Title XIX) covers children from birth to 12 months of age in families with income up to 185% of the federal poverty level (FPL), children age 1 through 5 in families with income up to 133% of the FPL, and children age 6 through 18 in families with income up to 125% of the FPL. Under Title XXI, the state expanded Medicaid to include children age 1 through 18 in families with income from 133%/125% through 150% of the FPL (see attachment 1) and under Cub Care provides coverage to children birth through 18 in families with income from 151% through 200% of the FPL.***

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

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)

*As noted in Section 1.3 above and described in the state's Medicaid state plan amendment, the state uses Title XXI funds to expand Medicaid eligibility for children birth through 18 with family income up to and including 150% of the FPL. Children birth through 18 with family income above 150% and up to and including 200% of the FPL are eligible for the Cub Care program, which for a nominal monthly premium, will provide children with the Medicaid benefit package. Co-payments and deductibles may not be charged for Cub Care benefits provided under the program.*

*The purpose of the Cub Care program is to provide health coverage to as many children as possible within the fiscal constraints of the program budget as defined in the Balanced Budget Act of 1997. Therefore, the maximum eligibility level is subject to adjustment by the commissioner of human services, dependent on the fiscal status of the program. If program expenditures are anticipated to exceed the program budget, the commissioner shall reduce the maximum eligibility level to the extent necessary to bring the program expenditures within the program budget. On the other hand, if Cub Care expenditures are expected to fall below the program budget, the commissioner shall increase the maximum eligibility level to the extent necessary to provide coverage to as many children as possible within the fiscal constraints of the program budget.*

*Children of higher income may not be covered unless children of lower income are also covered. If the commissioner has reduced the maximum eligibility level, children of higher income may be disqualified at the end of the six month enrollment period, but not during the six-month period.*

*The Cub Care Program provides children with all of the benefits available to a Medicaid enrolled child. The Cub Care program is integrated with the Medicaid program and administered with it in one administrative structure within DHS, with the same enrollment and eligibility process, benefit package, and outreach.*

*Services under the Cub Care program are delivered in the same manner as under the Medicaid program.*

*Currently Maine has a contract with Aetna U.S. Healthcare to administer a capitated managed care plan in 7 counties. Eligible individuals and families are enrolled on a*

*voluntary basis in these counties. Maine Primecare, the primary care case management (PCCM) program, is in operation on a mandatory basis in 7 counties but the state plans to have Maine PrimeCare operational statewide by December 2000.*

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

*For children enrolled in Medicaid under the expansion, as well as children enrolled in Cub Care, the utilization controls will be the Medicaid controls,*

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

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.

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.  Geographic area served by the plan: *Statewide*
- 4.1.2.  Age: *Individuals must be tinder 19 years ~~of~~ age.*
- 4.1.3.  Income: *In order to receive a stute subsidy under Cub Care, family income may not exceed 200% ~~of~~ the FPL.*
- 4.1.4.  Resources (including any standards relating to spend downs and disposition of resources): \_\_\_\_\_
- 4.1.5.  Residency: *To be eligible for the Cub Care program, a child must be a resident of the State ~~of~~ Maine.*
- 4.1.6.  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: *As described in section 4.4.3, children who are eligible ~~for~~ Medicaid or the State Employee Health Program or who are covered tinder a group insurance plan are not eligible ~~for~~ the Cub Care Program.*

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4.1.8.  Duration of eligibility: *In general, a child who has been determined eligible for the Cub Care Program or for Medicaid shall remain eligible for 6 months unless the child attains the age of 19 or is no longer a resident of the state. Eligibility shall be redetermined prior to the end of each six month period. A child enrolled in Cub Care will be ineligible for a subsequent 6-month period of eligibility for a specified length of time (as described in section 8.2) for nonpayment of premiums.*

*As described in section 8.2, the state will allow families to purchase coverage for a child whose family income at the end of the 6-month enrollment period exceeds 200% of FPL. The purchase of coverage will be available for 18 months. The child's family will pay the full premium, which will cover the benefit cost plus an administrative cost not to exceed the maximum allowable under COBRA.*

4.1.9.0 Other standards (identify and describe):

*There will be no other standards.*

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.

*Cub Care and Medicaid children will both use the same simplified eligibility form and enrollment process. BFI has simplified the existing Medicaid eligibility form to ask questions regarding names and ages of all household members, pregnancy, income, and insurance coverage. The form may be requested from the BFI and returned through the mail to BFI when completed. Eligible individuals also have the option of going to the regional offices to fill in the application, however, it is not necessary.*

*BFI will be making eligibility determinations for both Cub Care and Medicaid using the same form and thus ensuring no administrative gap in the process for assignment of a client to the appropriate program. As described in section 1.3, children up through 150% FPL will be enrolled in Medicaid and children above 150% FPL and up through 200% FPL will be enrolled in Cub Care. Children enrolled under Medicaid expansion eligibility criteria and those enrolled under Cub Care criteria will be given distinct eligibility codes in order to track coverage under both programs.*

*As described in section 4.1.8, a child who has been determined eligible for the Cub Care Program or for Medicaid shall remain eligible for 6 months unless the child attains the age of 19 or is no longer a resident of the state. A child determined to be eligible for Medicaid will be sent an enrollment card each month. A child determined to be eligible for Cub Care will be sent an enrollment card and a bill for the monthly premium each month.*

*New eligibility workers were hired by BFI to handle the increase in the number of applications processed. Both current eligibility workers and the newly hired workers were trained in making eligibility determinations for both Medicaid and Cub Care and making appropriate distinctions between the two.*

*Eligibility shall be redetermined prior to the end of each six month period. BFI will send written notification that a child's coverage is ending at the end of the 6-month eligibility period, along with an application form which can be mailed back to BFI upon completion.*

*A child will be ineligible for a subsequent 6-month period of eligibility for a specified length of time (as described in section 8.2) for nonpayment of premiums.*

*As described in section 8.2, the state will allow families to purchase coverage for a child whose family income at the end of the 6-month enrollment period exceeds 200% of FPL. The purchase of coverage will be available for 18 months. The child's family will pay the full premium, which will cover the*

- 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))

*Children currently covered by group health insurance will not be eligible for Cub Care. As described in section 4.3, the DHS will use the same simplified eligibility form for both Cub Care and the Medicaid program. This form will collect information about current coverage and coverage in the past three months. If an applicant has lost coverage in the 3 months prior to application, the BFI will review applications to determine whether applicants or employers of applicants have discontinued employer-sponsored dependent coverage in order to participate in the Cub Care program.*

*Children who had employer-sponsored coverage within the previous three months (for which the employer paid at least 50% of the premium), who lost coverage for reasons related to the availability of the Cub Care program (e.g., no longer purchasing family coverage) will not be eligible. Children who lost coverage for any of the following reasons unrelated to the availability of the Cub Care program will be eligible for Cub Care:*

- a) the cost of the employee's share of family coverage exceeds 10% of family income,*
- b) the loss of coverage for the child was due to a change in employment, termination of COBRA coverage or termination was for a reason not in the control of the employee (parent), or*
- c) a determination of good cause exception is made by DHS.*

- 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))

*After consultation with federally recognized Indian nations, tribes or bands of Indians, the state and the commissioner adopted rules regarding eligibility and participation of children who are members of a nation, tribe, or band, consistent with Title 30, section 6211, in order to best achieve the goal of providing access to health care for all qualifying children with program requirements, while using all available federal funds. The intent is that any eligible child who is Indian will be enrolled in the appropriate program (Medicaid or Cub Care) and be treated as any other eligible child, except the child is not required to enroll in mandatory managed care or to pay a premium or other cost sharing.*

**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: Families will pay premiums for Cub Care coverage for children based on a sliding scale applied to gross family income as follows:

- below 150% FPL - Medicaid, no premium
- 150% TO 160% - premiums of 5% of benefit cost per child (\$5.00 per month), with a limit of 5% of the cost for 2 children (\$10.00 per month) per family.
- 160% TO 170% FPL - premiums of 10% of benefit cost per child (\$10.00 per month), with a limit of 10% of the cost for 2 children (\$20.00 per month) per family.
- 170% to 185% FPL - premiums of 15% of benefit cost per child (\$15.00 per month), with a limit of 15% of the cost for 2 children (\$30.00 per month) per family.
- 185% to 200% FPL - premiums of 20% of benefit cost per child (\$20.00 per month), with a limit of 20% of the cost for 2 children (\$40.00 per month) per family.

Premiums must be paid at the beginning of each month for coverage for that month. When a premium is not paid at the beginning of a month, DHS shall give notice of nonpayment at that time and again at the beginning of the 6th month of the 6-month enrollment period if the premium is still unpaid. DHS shall provide an opportunity for a hearing and a grace period in which the premium may be paid and no penalty assessed. If nonpayment is for the 1st through 5th months of the 6-month enrollment period, the grace period is equal to the remainder of the 6-month period. If nonpayment is for the 6th month of the 6-month enrollment period, the grace period is equal to 6 weeks.

If a premium is not paid by the end of the grace period, coverage must be terminated unless DHS has determined that waiver of premium is appropriate. DHS shall adopt rules allowing waiver of premiums for good cause. A child whose coverage under the Cub Care program has been terminated for nonpayment of premium and who has received coverage for a month or longer without premium payment may not re-enroll until after a waiting period that equals the number of months of coverage under the

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*Cub Care program without premium payment, not to exceed 3 months. BFI will collect premiums for Cub Care. Monthly bills for premiums will be mailed out with the eligibility cards each month. Cub Care recipients will have the option of paying a premium each month or the entire 4-month premium at the beginning of the eligibility period.*

*As stated in section 4.1.8, the state allows families to purchase coverage for a child whose family income at the end of the 4-month enrollment period exceeds 200% of FPL. The purchase of coverage will be available for 18 months. The child's family will pay the full premium, which will cover the benefit cost plus an administrative cost not to exceed the maximum allowable under COBRA.*

*The current Medicaid program allows buy-in after eligibility ends, consistent with COBRA. The 18 month extension premiums will be collected through the system already in place for the Medicaid buy-in. BFI will notify BMS of anyone whose coverage is ending and who wishes to purchase the extension coverage. BMS would then calculate the cost of the premium, including the administrative portion and send a bill for the full premium amount. A tracking system is in place to follow-up on nonpayment of premiums. BMS will develop rules regarding nonpayment, grace period and penalties.*

8.2.2. Deductibles: *Not applicable*

8.2.3. Coinsurance: *Not applicable*

8.2.4. Other: *Not applicable*

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

*The outreach campaign described in section 5.1, will contain information on the premium schedule. Both the media spots and any written information will explain the existence of the premium for the Cub Care program and the dollar amount of the premium by income level.*

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))

*As described in section 8.2, premiums will be limited to a predetermined percentage of the benefit cost, based on a sliding scale and number of children enrolled. As shown in the following table, the premium is never higher than the equivalent of 1.8% of family income for those at the lowest end of the FPL range.*

No. of Children	Premium as a % of Benefit Cost		Monthly Premium Cost*		Minimum Monthly Income**		Premium as a % of Minimum Income	
	1	2	1	2	1	2	1	2
FPL:								
150% - 160%	5%	10%	\$5	\$10	\$1,407	\$1,769	.4%	.6%
160% - 170%	10%	20%	\$10	\$20	\$1,500	\$1,887	.7%	1.1%
170% - 185%	15%	30%	\$15	\$30	\$1,594	\$2,005	1.0%	1.5%
185% - 200%	20%	40%	\$20	\$40	\$1,735	\$2,182	1.2%	1.8%

\*\* Minimum monthly income corresponds to 150% (for 150% - 160%), 160% (for 160% - 170%), 170% (for 170% - 185%), and 185% (for 185% - 200%) of FPL.

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 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:

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CHIPAmend