



DEPARTMENT OF SOCIAL SERVICES

OFFICE OF THE SECRETARY
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September 16, 1999

Saul Goldberg, Project Officer
Health Care Financing Administration
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Mr. Goldberg:

This letter is in response to HCFA's letter requiring additional information regarding South Dakota's amendment to the State Children's Health Insurance Program (CHIP) State Plan under Title XXI of the Social Security Act.

The HCFA letter requires a description of the budget for the plan, including details on the planned use of funds and the sources of the non-Federal share of plan expenditures, including any requirements for cost-sharing for beneficiaries. Additionally, HCFA requires a 3-year budget for the amendment including the above information, total administrative costs, and a detailed breakout of administrative expenditures. Further, the letter requests information on the number of children that will be covered by this amendment.

Prior to submitting our CHIP State Plan Amendment (SPA), SD Department of Social Services contacted HCFA Regional Office inquiring about **the necessary documents to file** a CHIP SPA. During that telephone conversation, we were informed that it would only be necessary to submit a cover letter explaining the amendment to the original CHIP plan. Therefore, we were quite surprised by the additional documentation and request for more information, to merely take the South Dakota CHIP program from 133% to 140% of Federal Poverty Level. It is ironic to view these additional requirements, particularly in the capped administration costs, at a time when the focus seems to be on enrolling more children.

Enclosed please find the documentation requested. As you know, state budgets are not prepared three years in advance. Thus, the documentation provided is based on our best estimates at this time. All of the funds used to operate the CHIP program by matching funds, have been allocated from the state's general fund, as part of the general appropriation bill.

We trust this response meets the documentation requirements of HCFA's letter. We would appreciate hearing of the approval of the CHIP SPA as soon as possible. Thank you.

Sincerely,

James W. Ellenbecker, Secretary
South Dakota Department of Social Services

Cc: Spencer Ericson, Associate Regional Administrator
HCFA Region VIII Division of Medicaid and State Operations

Expenditures SFY 1999 (July 1, 1998 - June 30, 1999)

Services	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>	<u>% of Total</u>
Premiums Paid (Delta Dental)	\$ -	\$ 28,419	\$ 30,172	\$ 34,512	\$ 93,103	7.46%
In-Patient Hospital Services	\$ 3,053	\$ 61,746	\$ 80,773	\$ 124,477	\$ 270,049	21.65%
Physician and Surgical Services	\$ 11,526	\$ 47,562	\$ 75,504	\$ 81,445	\$ 216,037	17.32%
Out-Patient Hospital Services	\$ 7,627	\$ 26,006	\$ 42,095	\$ 57,053	\$ 132,781	10.65%
Prescribed Drugs	\$ 16,928	\$ 40,891	\$ 60,309	\$ 66,706	\$ 184,834	14.82%
Vision Services	\$ 1,996	\$ 5,168	\$ 4,160	\$ 4,609	\$ 15,933	1.28%
Other Practitioner Services	\$ 12,010	\$ 41,485	\$ 52,507	\$ 60,740	\$ 166,742	13.37%
Clinic Services	\$ 1,912	\$ 9,776	\$ 14,374	\$ 46,646	\$ 72,708	5.83%
Laboratory and Radiological Services	\$ 601	\$ 5,329	\$ 5,690	\$ 6,856	\$ 18,476	1.48%
Durable/Disposable Equipment	\$ -	\$ -	\$ -	\$ 1,434	\$ 1,434	0.11%
Screening Services	\$ 463	\$ 2,223	\$ 955	\$ 944	\$ 4,585	0.37%
Home Health Services	\$ 9	\$ 299	\$ 649	\$ 377	\$ 1,334	0.11%
Medical Transportation	\$ 211	\$ 1,519	\$ 1,845	\$ 1,065	\$ 4,640	0.37%
Case Management Services	\$ 2,274	\$ 8,565	\$ 12,054	\$ 13,119	\$ 36,012	2.89%
Other Services	\$ 1,869	\$ 6,105	\$ 9,931	\$ 10,636	\$ 28,541	2.29%
Total Services	\$ 60,479	\$ 285,093	\$ 391,018	\$ 510,619	\$1,247,209	100.00%
Administration						
Personal Services - actual					\$ 161,020	63%
Outreach - actual					\$ 33,774	13%
Data Collection & Evaluation - estimated					\$ 40,000	16%
Computer Services - estimated					\$ 20,000	8%
Total Administration					\$ 254,794	100.00%
Grand Total					\$1,502,003	

CHIP Expansion only - to 140% FPL

			FY2000		FY2001		FY2002
Estimated # of Enrollees			100		200		300
Avg cost / CHIP enrollee - services		\$	97 .00	\$	993.33	\$	1,016.18
Estimated Dollar Impact - Services		\$	97,100	\$	198,666	\$	304,854
Services							
Premiums Paid (Delta Dental)	7.46%	\$	7,248	\$	14,830	\$	22,757
In-Patient Hospital Services	21.65%	\$	21,024	\$	43,016	\$	66,008
Physician and Surgical Services	17.32%	\$	16,819	\$	34,412	\$	52,806
Out-Patient Hospital Services	10.65%	\$	10,338	\$	21,150	\$	32,456
Prescribed Drugs	14.82%	\$	14,390	\$	29,442	\$	15,179
Vision Services	1.28%	\$	1,240	\$	2,538	\$	3,894
Other Practioner Services	13.37%	\$	12,982	\$	26,560	\$	40,757
Clinic Services	5.83%	\$	5,661	\$	11,582	\$	17,772
Laboratory and Radiological Services	1.48%	\$	1,438	\$	2,943	\$	4,516
Durable/Disposable Equipment	0.11%	\$	112	\$	228	\$	351
Screening Services	0.37%	\$	357	\$	730	\$	1,121
Home Health Services	0.11%	\$	104	\$	212	\$	326
Medical Transportation	0.37%	\$	361	\$	739	\$	1,134
Case Management Services	2.89%	\$	2,804	\$	5,736	\$	8,802
Other Services	2.29%	\$	2,222	\$	4,546	\$	6,976
Total Services		\$	97,100	\$	198,666	\$	304,854
Estimated Dollar impact - Admin. 10%		\$	9,710	\$	19,867	\$	30,485
Administration							
Personal Services	63%	\$	6,117	\$	12,516	\$	19,206
Outreach	13%	\$	1,262	\$	2,583	\$	3,963
Data Collection & Evaluation	16%	\$	1,554	\$	3,179	\$	4,878
Computer Services	8%	\$	777	\$	1,589	\$	2,439
Total Administration		\$	9,710	\$	19,867	\$	30,485
Total Estimated Services + Admininst.		\$	106,810	\$	218,533	\$	335,339
Federal Share = 77.99%		\$	83,301	\$	170,434	\$	261,531
State Share		\$	23,509	\$	48,099	\$	73,808

All of the funds used to operate the CHIP program by matching funds have been allocated from the State's General fund, as part of the General Appropriation bill.

* 1st-sharing does not apply to CHIP, since there is no cost-sharing for recipients under age 18.

Total CHIP - after expansion to 140%FPL

		FY2000	FY2001	FY2002
Estimated # of Enrollees		2639	3239	3639
Avg cost / CHIP enrollee - services	\$	971.00	\$ 993.33	\$ 1,016.8
Estimated Dollar Impact - Services	\$	2,562,469	\$ 3,217,396	\$ 3,697,879
Services				
Premiums Paid (Delta Dental)	7.46%	\$ 191,286	\$ 240,176	\$ 276,043
In-Patient Hospital Services	21.65%	\$ 554,833	\$ 696,639	\$ 800,675
Physician and Surgical Services	17.32%	\$ 443,862	\$ 557,306	\$ 640,533
Out-Patient Hospital Services	10.65%	\$ 272,807	\$ 342,532	\$ 393,685
Prescribed Drugs	14.82%	\$ 379,753	\$ 475,812	\$ 548,019
Vision Services	1.28%	\$ 32,735	\$ 41,102	\$ 47,240
Other Practitioner Services	13.37%	\$ 342,582	\$ 430,140	\$ 494,377
Clinic Services	5.83%	\$ 149,383	\$ 187,563	\$ 215,574
Laboratory and Radiological Services	1.48%	\$ 37,960	\$ 47,662	\$ 54,780
Durable/Disposable Equipment	0.11%	\$ 2,946	\$ 3,699	\$ 4,252
Screening Services	0.37%	\$ 9,420	\$ 11,828	\$ 13,594
Home Health Services	0.11%	\$ 2,741	\$ 3,441	\$ 3,955
Medical Transportation	0.37%	\$ 9,533	\$ 11,970	\$ 13,757
Case Management Services	2.89%	\$ 73,989	\$ 92,899	\$ 106,773
Other Services	2.29%	\$ 58,639	\$ 73,627	\$ 84,622
Total Services		\$ 2,562,469	\$ 3,217,396	\$ 3,697,879
Estimated Dollar Impact - Admin. 10%	\$	256,247	\$ 321,740	\$ 369,788
Administration				
Personal Services	63%	\$ 161,436	\$ 202,696	\$ 232,966
Outreach	13%	\$ 33,312	\$ 41,826	\$ 48,072
Data Collection & Evaluation	16%	\$ 41,000	\$ 51,478	\$ 59,166
Computer Services	8%	\$ 20,500	\$ 25,739	\$ 29,583
Total Administration		\$ 256,247	\$ 321,740	\$ 369,788
Estimated Total Dollar Impact	\$	2,818,716	\$ 3,539,136	\$ 4,067,667
Federal Share	\$	2,198,317	\$ 2,760,172	\$ 3,172,373
State Share	\$	620,399	\$ 778,964	\$ 895,294

All of the funds used to operate the CHIP program by matching funds have been allocated from the State's General fund, as part of the General Appropriation bill.

Cost-sharing does not apply to CHIP, since there is no cost-sharing for recipients under age 18.