



George H. Ryan, Governor
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February 29, 2000

Richard Fenton
Deputy Director
Center for Medicaid and State Operations
Health Care Financing Administration
Mail Stop C2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850

Attn: Linda Welle

Dear Mr. Fenton:

This letter provides information in response to your letter of December 20, 1999, concerning Illinois's Title XXI plan amendment.

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

Section 4.4.4

- 1. The State indicates that it will seek a legislative change "at the first opportunity" to ensure the provision of child health assistance to targeted low-income children of American Indian/Alaska Native (AI/AN). Because cost sharing poses a unique financial barrier to care for AI/AN children, States that impose cost-sharing on AI/AN children are not in compliance with the access provision of section 2102(b)(3)(D). Please revise your amendment to comply with this policy. The revision should include a plan with a specific time frame when the State will be in compliance as well as a temporary system while the State works with the*

legislature to change the State law.

Response:

Upon further review, the Department has determined that the State may conform to federal policy concerning AI/AN children without amending the Illinois Children's Health Insurance Program Act. As a result, the Department has filed an emergency amendment to the Illinois' KidCare rules effective March 1, 2000, to exempt families with American Indian or Alaska Native children from paying either copayments or premiums. The Department will immediately operationalize this policy by sending notices to all AI/AN families with children enrolled in KidCare Share or KidCare Premium advising them that they are no longer required to pay copayments. For families with children enrolled in KidCare Premium, the notice will also advise the families that they are not required to pay premiums. Notices will also be sent to all enrolled providers advising them of this change.

Section 4.3

- 2. The Administrative Budget table heading refers to "\$\$ in millions." This should read "\$\$ in thousands." Please submit a change page.*

Response:

As requested, a corrected page is enclosed with this letter. A column showing the administrative budget for FFY01 has been added. Other responses appearing on the page have been updated as well.

Response:

- 3. The revised budget tables now only list two years. Please provide a budget for three years. Please include in your budget any offsets of cost from cost-sharing amounts collected from enrollees. In preparing the budget, the cost-sharing amounts received by the State should reduce the program expenditures.*

Response:

A three-year budget is provided below. Please note, FFY00 numbers have changed from my November 18, 1999, letter because the Department has better information upon which to base spending estimates for the current year. Offsets for premiums received are now shown in the table. Please note that Illinois does not offset rates paid to providers for copayments they receive for treating children enrolled in KidCare Share or KidCare Premium. The State's costs, therefore, are not offset by copayment receipts.

KidCare (SCHIP only) Distributive Budget
For Federal Fiscal Years 1999, 2000 and 2001
(\$ in millions)

	FFY99 Expended	FFY00 Liability	FFY01 Projected
KidCare Assist* (Medicaid SCHIP expansion)	\$21.5	\$26.9	\$31.7
KidCare Share	\$0.3	\$3.1	\$6.5
KidCare Premium	<u>\$0.3</u>	<u>\$3.1</u>	<u>\$6.6</u>
TOTAL	\$22.2	\$33.1	\$44.8
KidCare Premium Receipts	(.1)	(.8)	(1.6)
TOTAL NET PREMIUMS	22.1	32.3	43.2

*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.

4. *The revised Distributive budget table no longer includes the estimated number of enrollees. Please indicate how many additional beneficiaries will be enrolled under this amendment by fiscal year.*

Response:

The table below displays total children enrolled at the end of each federal fiscal year.

Total Number of Children Enrolled (SCHIP only) by FFY

	FFY99 Actual	FFY00 Estimated	FFY01 Projected
KidCare Assist (Medicaid SCHIP Expansion)	32,248	43,000	44,000
KidCare Share	4,182	7,879	13,843
KidCare Premium	<u>3,634</u>	<u>7,975</u>	<u>14,011</u>
Total	40,064	58,854	71,854

5. *The estimated medical service costs from the revised Distributive Budget table are significantly less than the amounts from the previous submission, particularly for KidCare Share ('00 - \$17.5m to \$4.3m) and KidCare Premium ('00 - \$35.9m to \$3.5m). Please explain the discrepancy.*

Response:

The Department had little experience upon which to base estimates of expenditures under KidCare Share and KidCare Premium when the amendment was submitted in November 1998. Since that time, data has become available to enable better estimates of expenditures. Illinois has worked significantly to publicize KidCare and to encourage families to enroll their children in the program. The State's aggressive outreach has resulted in the receipt of 200-300 KidCare applications per day since April 1999. The State's Medicaid and SCHIP application is the same, however, and over 80 percent of approved applications result in enrollment into Medicaid. The results of Illinois' outreach has resulted in a larger proportion of children eligible for Medicaid than the State anticipated when the Title XXI amendment was originally submitted. As required by federal law, these children are not enrolled in KidCare Share or KidCare Premium.

6. Does the administrative budget reflect the costs of the application agents? If so, where is this reflected?

Response:

Expenditures for KidCare Application Agents are included in the administrative budget. They are included in amounts shown for Outreach Efforts. In FFY99 expenditures for KidCare Application Agents were \$143.8 thousand. The Department estimates that expenditures will be \$1.6 million in FFY00 and \$1.2 million in FFY01.

Although Illinois' estimated administrative expenditures exceed ten percent of the estimated distributive budget, the Department assures that, pursuant to the restrictions of Title XXI, the Department will not claim reimbursement for administrative expenditures in excess of ten percent of distributive expenditures.

I trust these answers complete the information you require to approve our Title XXI amendment. I look forward to receiving your approval shortly.

Sincerely,

/s/

Ann Patla, Dr.HL
Director

Enclosures

cc: Vera Drivalas

Attachment

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

	FFY 1999 Expended	FFY 2000 Estimated	FFY 2001 Projected
Personal Services & Fringe Benefits	\$379.0	\$2,375.1	\$3,377.8
Outreach Efforts	506.7	2,320.9	2,037.9
Other Contractual	198.4	691.4	638.4
Travel	4.9	5.7	6.0
Printing/Commodities	61.3	71.2	117.3
Equipment	128.2	336.3	103.4
Telecommunications	0.0	22.9	24.9
TOTAL	\$1,278.5	\$5,823.5	\$6,305.7

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 at 65 percent federal match against the Title XXI allotment is \$26.9 million, of which \$17.5 million is federal funding and \$9.4 million is State funding. The total SFY00 budget for KidCare Share and KidCare Premium is \$6.2 million, of which \$4.0 million is federal funding and \$2.2 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 \$19 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.