

**From:** "Forba, Jackie"  
**To:** "Karen Shields (E-mail)"  
**Date:** 9/12/02 12:53PM  
**Subject:** state plan

Karen,  
Attached are our responses to your questions regarding our CHIP state plan. I will be happy to provide a final copy of the state plan incorporating these changes upon the completion your review.

Thank you for all your assistance during this process. Please contact me if you have questions or need additional information.

<<Responsesto CMS 8-9-02 & 9-10-02.doc>>

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**CC:** "Noel, Mary" "Van Diest, Linda"

Section	Question/Comment
1.2	<p>Please consider inserting "as certified on the CMS-21 expenditure report " between</p> <p>Paragraph now reads: "Expenditures for child health assistance will not be claimed as certified on the CMS-21 expenditure report prior to the time that the state has legislative authority to operate the state plan or plan amendment as approved by CMS."</p>
2.1	<p>Does the State have any recent CPS data?</p> <p>The following information has been added before the existing paragraph: "CPS data, based on a November <b>2001</b> weighting correction, show that Montana has <b>212,000</b> children under the age of <b>19</b>, of whom <b>104,000</b>, or <b>49%</b>, live in families with incomes below <b>200%</b> of the federal poverty level. <b>15%</b> of all Montana children have no health insurance coverage. According to this data, Montana has the highest rate of uninsured children below <b>200%</b> FPL when compared with all states."</p>
4.4.4.1	<p>Please describe your process for monitoring substitution of coverage.</p> <p>Response to <b>4.4.4.1</b> has been changed to: "CHIP applications ask if a child applying for CHIP has been covered by health insurance within the past three months. If the answer is yes and the coverage has not ended due to one of the allowable exceptions, the child is not eligible for CHIP. The CHIP eligibility and enrollment system is being enhanced to allow staff the ability to extract health insurance coverage information and Montana will be able to monitor and report substitution of coverage in the future.</p> <p>"Montana's high number of families living below <b>200%</b> FPL and high rate of uninsured children, coupled with Montana's dismal economy, are indicators that Montana's low income children are uninsured because their parents are unable to afford dependent health insurance. More than <b>50%</b> of Montana's employers are small employers (less than <b>50</b> employees) and most are unable to provide health insurance benefits for their employees. Health insurance plans in Montana have given no indication that children are moving from private insurance to publicly funded insurance."</p>
6.1.2	<p>Please confirm that you are still using the State employee benefit plan as your benchmark.</p> <p>Paragraph now reads: "Montana's CHIP continues to offer benchmark-equivalent coverage of Montana state employee health insurance. The actuarial report and supporting documentation were submitted with the state plan amendment dated August <b>1,2000</b>, and remain unchanged."</p>
6.2.10; 6.2.11	<p>Regarding these benefit changes effective 8/16/02-- please confirm that the extended mental health benefits that are being eliminated were never part of the benchmark and</p>

	<p>that the plan is still equivalent to benchmark.</p> <p>Please specify how the public was notified of this benefit change pursuant to 42 CFR 457.65 (See Section 9.9.2 for the public notice).</p> <p>For both sections, this final paragraph has been added: “The extended mental health benefits that have been eliminated were never part of the benchmark-equivalent coverage. CHIP remains equivalent to the benchmark. Mental health providers and the general public were notified of the changes in the monthly news bulletin dated June 21,2002. Children who had been receiving the expanded mental health benefits were notified of the changes in a letter sent to each family on July 1,2002.”</p>
9.10	<p>Please consider submitting a budget on our template (attached). Please assure that the budget has a line item under "Benefit costs" for cost sharing offset. Also, please check to see that you are using the correct fmap for 2002.</p> <p>Response in progress 8/9/2002</p>
4.1.9	<p>Please consider moving the language in the second sentence re: restrictions on disclosure of information with your discussion of enrollee protections.</p> <p>First paragraph is changed to read: “A Social Security Number is required for a child who is applying for benefits.”</p> <p>The following paragraph has been added to Section 12, Applicant and Enrollee Protections: “Enrollment will not be denied or delayed to an otherwise eligible child pending issuance of a child’s SSN. The program restricts the use of disclosure of information concerning applicants and enrollees to purposes directly connected with administration of the plan.”</p>

Questions /Comments for the State of Montana on 2002 SCHIP Compliance Amendment  
Response Date: September 10,2002

Section	Question/Comment
4.3.1	<p>What was the effective date for the implementation of the waiting list?</p> <p>The first two sentences in the first paragraph now read “Because Montana has limited state funds with which to enroll children in CHIP, a waiting list was implemented on January 1,2001. When the maximum number of children was enrolled, the enrollment was capped and a waiting list was established.”</p>
<del>6.2.10; 6.2.11</del>	<p>Regarding these benefit changes effective 8/16/02-- please confirm that the extended mental health benefits that are being eliminated were never part of the actuarial equivalence analysis.</p> <p><del>Please specify how the public was notified of this benefit change pursuant to 42 CFR 457.65 (See Section 9.9.2 for the public notice).</del></p> <p><b>For both sections,</b> this final paragraph has been added: “The extended mental health benefits that have been eliminated were never part of the benchmark-equivalent coverage. CHIP remains equivalent to the benchmark. These benefits were not included in the actuarial equivalence analysis submitted with the original state plan and approved on September 11,1998. Mental health providers and the general public were notified of the changes in the monthly news bulletin dated June 21, 2002. Children who had been receiving the expanded mental health benefits were notified of the changes in a letter sent to each family on July 1,2002.”</p>
9.9.2	<p>Please indicate how and when the public was notified of the implementation of the waiting list.</p> <p>Prior to implementing the waiting list in January 2001 Montana CHIP notified the public by distributing a press release to the media on December 21,2000. The press release was also posted on the CHIP website. Community advocates and Department contractors were subsequently given periodic updates about the size of the waiting list and the average length of time enrollees were on the waiting list.</p>
9.10	<p>Please consider submitting a budget on our template (attached). Please assure that the budget has a line item under “Benefit costs” for cost sharing offset. Also, please check to see that you are using the correct fmap for 2002.</p> <p>Please see FY2003 projected budget and revised paragraph pertaining to Benefits below.</p> <p>Note: There is no cost sharing offset listed because enrollee copays do not offset insurance premium or fee for service cost. An enrollment fee, deductible and enrollee premium are not required.</p>

**SCHIP Budget Plan**

**FFY 2003**

	Federal Fiscal Year costs
<b>Enhanced FMAP rate</b>	<b>81.07</b>
<b>Benefit Costs</b>	
Insurance payments	
Managed care	
<b>\$107.61 pmpm x 12 mos. x 9,700 enrollees</b>	<b>12,525,804</b>
Fee for Service (FFS) *	<b>1,164,000</b>
Total Benefit Costs	<b>13,689,804</b>
(Offsetting beneficiary cost sharing payments)	
Net Benefit Costs	<b>13,689,804</b>
<b>Administration Costs</b>	
Personnel	<b>444,000</b>
General administration	<b>401,000</b>
Contractors/Brokers (e.g., enrollment contractors)	
Claims Processing	<b>35,538</b>
Outreach/marketing costs	<b>15,000</b>
Other - Indirect Cost	<b>126,000</b>
Total Administration Costs	<b>1,021,538</b>
10% Administrative Cost Ceiling	<b>1,471,134</b>
<b>Federal Share (multiplied by enh-FMAP - 81.07%)</b>	<b>11,926,485</b>
<b>State Share - (18.93%)</b>	<b>2,784,857</b>
<b>TOTAL PROGRAM COSTS</b>	<b>14,711,342</b>

\* FFS: \$10 pmpm x 12 mos. x 9,700 enrollees = \$1,164,000

\*\* Co-pays do not offset insurance premium or FFS;  
Enrollment fee, deductible and enrollee premium are not required.

**Children's Health Insurance Plan Budget Assumptions**

**Benefits**

Annualized estimated monthly enrollment is **9,700** for FY 2003 and this enrollment number may decrease during the fiscal year depending upon state budgetary constraints. The insurance premium is **\$107.61** per member per month (pmpm). The fee for service cost for eyeglasses and dental services totals **\$10** pmpm. The estimated eyeglasses cost is **\$.36** pmpm and is based on the current volume purchasing contract. The estimated dental cost is **\$9.64** pmpm and there is a **\$412** annual benefit per enrollee. Reimbursement is made directly to participating dentists at a rate of **85%** of billed charges up to a maximum annual payment of **\$350** per enrollee.