

From: Rita Haverkamp
To: Tanya Haun
Date: 7/21/03 12:06PM
Subject: Re: Kansas SPA to Decrease Cost Sharing

Tanya --

Below are responses to your questions regarding the SCHIP SPA. I have indicated our responses in bold following your questions on the e-mail below. A new budget is attached. Please replace the one previously submitted with the attached.

1. Why did Kansas decide to decrease premiums after they were just raised earlier in FY 2003?

The premiums were increased in January 2003 due to budgetary constraints. The premiums are now being decreased due to a budget decision and the fact that this has been the Governor's priority to decrease premiums for consumers.

2. Will this amendment effect the same number of children as your last amendment, which increased cost sharing? If not, how many children does the state estimate will be effected by this amendment?

The same number of children would be affected.

3. In the budget (Section 9.10 of the state plan) submitted for this SPA, the footnotes that appeared below the budget table in the last approved state plan have been removed. These footnotes should be reinserted below the budget table and should read as follows:

*Note: Source of State Share - State General Fund and \$1,000,000 Tobacco settlement funds.

*Note: Contractor includes payment for applications, processing, enrollment, marketing & fiscal agent functions.

Changes have been incorporated.

4. Also in the budget (Section 9.10), please recalculate the "Total Program Costs" for FY 2004 in the budget. The actual "Total Program Costs" should be equal to the "Net Benefit Costs" + "Total Administration Costs". Also, once the "Total Program Costs" has been recalculated, the "Federal Share" and "State Share" will need to be recalculated, taking into account the 72.57% matching rate.

Budget has been recalculated and is attached.

5. Finally, in the budget (Section 9.10), the "per member/per month rate x # of member months" calculation should include both managed care and fee for service, not just managed care.

Per state statute, we only provide services via managed care. The minimal amount of FFS is for children covered primarily by managed care arrangements,

and the costs are included there.

If anything further is needed please let me know.

Thanks for your help through this approval process.

Rita Haverkamp
Contract Manager
SRS Medical Policy
915 SW Harrison, Room 651S
Topeka, KS 66612-2210

CC: "Bobbie Graff-Hendrixson", "Marcia Boswell-Carney", "Sharon Johnson"

9.10 Provide a one year projected budget. A suggested financial form for the budget is attached. The budget must describe: **(Section 2107(d)) (42CFR 457.140)**

Actual and Projected Budget for Kansas SCHIP Program - as of June 2003

	Federal Fiscal Year 2002 costs	Federal Fiscal Year 2003	Federal Fiscal Year 2004
Benefit Costs			
Insurance payments			
Managed care	45,488,531	49,451,150	57,610,000
per member/per month rate X # of member months	150.54 X 305,249	133.25 X 374,858	135.12 X 430,448
Fee for Service	464,353	500,000	550,000
Total Benefit Costs	45,952,884	49,951,150	58,160,000
(Offsetting beneficiary cost sharing payments)	646,553	1,065,960	1,862,150
Net Benefit Costs	45,306,331	48,885,190	56,297,850
Administration Costs			
Personnel			
General administration			
Contractors/Brokers (e.g., enrollment contractors)	4,357,032	4,708,123	5,704,812
Claims Processing			
Outreach/marketing costs	148,345		
Other			
Total Administration Costs	4,505,377	4,708,123	5,704,812
10% Administrative Cost Ceiling	5,034,037	5,431,688	6,255,317
Federal Share (multiplied by enhanced FMAP rate)	35,934,166	38,646,138	44,995,332
State Share	13,877,542	14,947,175	17,007,330
TOTAL PROGRAM COSTS	49,811,708	53,593,313	62,002,662

*Note: Source of State Share - State General Fund and \$1,000,000 Tobacco settlement funds (2002). Tobacco settlement funds increase to \$2,000,000 for 2003 and 2004.

*Note: Contractor includes payment for applications, processing, enrollment, marketing, and fiscal agent functions.

Planned use of funds, including --

- Projected amount to be spent on health services;
- Projected amount to be spent on administrative costs, such as outreach, child health initiatives, and evaluation; and
- Assumptions on which the budget is based, including cost per child and expected enrollment.

Projected sources of non-Federal plan expenditures, including any requirements for cost-sharing by enrollees.

Effective Date: July 1, 2003

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Approval Date: