

September 10, 1999

Pamela Forton, Project Officer
Health Care Financing Administration
Center for Medicaid and State Operations
Family and Children's Health Programs Group
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Dear Ms. Forton:

This letter is in response to the letter received from Richard Fenton, dated August 12, 1999, regarding the proposed amendment to Colorado's State Children's Health Insurance Program plan. For your convenience, I restate the questions and provide answers.

1. Since your initial submission, we have been asking states to provide us with three-year budgets. Please provide a three-year budget plan with the correct enhanced FMAP rates.

See Attached A. Please note that the attached budget represents projections, not actual expenditures. Competitive bidding and contractor negotiations may alter budget projections.

2. We are unclear what constitutes "premium collections" in your budget chart under administrative costs. Is that for collecting premiums? Please explain.

"Premium Collections", shown as line 3 of administrative costs, reflect the costs of our contractor to bill families monthly, receive and track payments, implement compliance procedures set forth by the state, and report to the state. **Please note that the attached budget represents projections, not actual expenditures. Competitive bidding and contractor negotiations may alter budget projections.**

3. Your budget notes that Federal Reimbursement for administrative costs is included up to **10%** of the health care costs. Please provide a written assurance that the State will not claim Federal financial participation (FFP) for amounts greater than 10% pursuant to Section 2105©(2), and that any amount in excess of 10% will be funded by State-only permissible funds.

Colorado will not draw federal funds under Title XXI for administrative expenses in excess of 10% of health care costs, Colorado will, however, avail itself of the opportunity to roll-forward some administrative expenses into future years, at which time we project our enrollment to be considerably higher.

4. Please describe in detail the activities to be performed by the Rose Community Foundation. That is, **what** specific services will be provided by the Rose Community Foundation? Does the state

intend to claim FFP for these services? In addition, please identify the year in which the "in-kind" contribution from the Rose Community Foundation will be accepted by the State of Colorado. That is, during what period of time will the Rose Community Foundation perform financial management consultation and organizational development assistance to the Department's contractor?

See Attachment B for an "Inkind Contribution Chart" detailing the specific services provided by the Rose Community Foundation (RCF) to Child Health Advocates [CHA], the department's contractor for certain CHP+ Administrative Services. Please note that this chart was developed immediately prior to the first HCPF/CHA CHP+ Administrative Services contract period [March 1, 1999 to June 30, 1999], and reflects the plan for these functions at that time; there may be from time to time minor modifications to staffing or activities. Also note that these inkind services are being provided over the period between March 1, 1999 and June 30, 2000, with approximately \$50,000 of in-kind value provided in the contract period March 1, 1999 through June 30, 1999, with the remainder provided in the contract period July 1, 1999 through June 30, 2000.

The state has not determined if FFP could be claimed for in-kind donations, and has no plans at present to do so. Perhaps HCFA could advise on this point. If it is permissible, and if roll-forward mechanisms for administrative services allowed capture of additional FFP using in-kind contributions, the state might consider doing so. The state will not be claiming FFP for this in-kind donation.

In-kind contributions from RCF were and will be accepted in at least the state and federal fiscal years of 98-99 and 99-00. Subsequent years' contractual relationships have not yet been determined.

1. See also Attachment C, which is comprised of communications between HCFP and HCFA on the allowability of donations from RCF.

I hope you find these answers to your questions helpful. If you have any additional questions, please do not hesitate to contact Barbara Ladon of ~~this~~my staff for further clarification.

Sincerely,

James T. Rizzuto
Executive Director

Enclosures