

Please describe the specific procedures that you have in place to evaluate substitution in light of the new exemption for children with high-cost private insurance.

Children who are currently insured, regardless of the amount of cost-sharing required by their policy will be ineligible for PeachCare for Kids. PeachCare also requires children to be uninsured for three months prior to being eligible to enroll, with exceptions for non-voluntary cancellations of coverage. The application asks parents to report if their children have cancelled insurance within the previous three months and provides an opportunity to report the reason the insurance is cancelled. Once a month, these applications are manually reviewed by PeachCare for Kids staff to determine if the reason given meets one of the exceptions defined in Georgia's state plan (such as change in employment, employer dropped coverage, etc.)

At this time, the application does not ask the parent to report the cost sharing required under their previous private policy. A letter will be generated to request such information before a determination of the 5% of household income can be made.

To calculate the cost-sharing imposed on a household and the 5% threshold, the enrollment system for PeachCare will have to be modified. With this information stored on the system, PeachCare for Kids will be able to monitor on an ongoing basis the number of letters sent, the number of families providing the information about their previous coverage, and the number of children who are exempted from the waiting period.

Once the revision has been made to collect this data on the application, PeachCare will continue to monitor the number of applications requesting to be exempted from the three-month wait due to the cost of their previous insurance and the number of children who are ultimately exempted.

Please describe the specific strategies you will implement if monitoring show that substitution is occurring.

PeachCare for Kids has historically reported an average crowd out rate of 3% and does not anticipate this amendment will significantly impact overall crowd out. PeachCare plans to reevaluate substitution of coverage at the end of this State fiscal year ending June 30, 2002. At that time, a new crowd out baseline rate will be calculated. If it is determined that substitution rises above that newly determined level, the Department of Community Health will increase the cost-sharing threshold from 5% to 7.5% before an exemption from the three-month wait is granted.

Please describe the specific "trigger" that you have identified that would require the State to implement additional substitution provisions.

Since the program was implemented in 1999, 4% of applicants have been denied enrollment in PeachCare for Kids because they had private insurance at the time of application. For the month of November 2001, 49 children reported canceling private insurance within the past three months due to excessive cost or increases in the monthly premiums. This represents 1.3% of the 3,706 new eligible children enrolled the following month.