



DEPARTMENT OF HEALTH & HUMAN SERVICES  
Health Care Financing Administrator

Center for Medicaid and State Operations  
Family and Children's Health Programs Group  
7500 Security Boulevard  
Baltimore, MD 21244-1850

MAY - 8 1998

Ms. Linda Caballero  
Director  
Department of Health and Welfare  
450 W. State Street, 10th Floor  
P.O. Box 83720  
Boise, Idaho 83720-0036

Dear Ms. Caballero:

The Department of Health and Human Services has reviewed your responses to our May 1 questions on your State Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act. Under the law, HCFA must either approve, disapprove or request additional information on a proposed Title XXI State Plan within ninety days. The ninety-day review period for Idaho's Title XXI State Plan proposal began on February 17, 1998, when we received your plan.

In our May 1 discussion, we requested additional information on the criteria underlying the "prudent layperson standard" to be used to determine whether a family can afford access to other available coverage for its children. Based on the attachments included with your May 6 letter, we understand that Health Insurance Portability and Accountability Act standards for creditable coverage will be used as the test of "comprehensiveness" of other coverage. To assure that all SCHIP applicants under the new Medicaid eligibility group are evaluated comparably, as required by Medicaid statute, the "affordability" test must also be applied in a consistent manner. For instance, you may compare premiums to a standard percentage of income as the threshold of affordability. Without a standard methodology, we are concerned that eligibility determinations could be made inconsistently by self-reliance specialists, violating Medicaid comparability provisions. Therefore, we request that you provide additional information describing the standard decision rules that self-reliance specialists will apply to assess the affordability of coverage.

With respect to crowding out of current health coverage, once your State's SCHIP income eligibility level does not exceed 150% of the Federal poverty level, we require only that your plan include a strategy for monitoring crowd-out. However, if you choose to apply more scrutiny, you may adopt the approach you have proposed as long as the standards used to evaluate eligibility are consistent. Alternatively, you may wish to consider crowd-out strategies adopted by other States, such as application of a three to six-month waiting period for Title XXI eligibility.

Processing of your Title XXI State plan will cease until a substantive response is received. Upon receipt of the additional information, the ninety-day review period will resume at the point at which it was stopped by this request. A final decision will be made by day ninety of the review period, unless the information submitted is incomplete and it is again necessary to request additional information. Please send your response, either on disk or electronically, as well as in hard copy to Nancy Goetschius, Project Officer for Idaho's Title XXI proposal, with a copy to HCFA Region X. Ms. Goetschius's Internet address is: [NGoetschius@HCFA.GOV](mailto:NGoetschius@HCFA.GOV). Her mailing address is:

Division of Integrated Health Systems  
Health Care Financing Administration  
Mail Stop C3-18-26  
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We appreciate the efforts of your staff and share your goal of providing health care to low income, uninsured children through Title XXI. In the meantime, if you have questions or concerns regarding the matters raised in this letter, your staff may contact either Ms. Goetschius at (410) 786-0707 or Bob Reed, Acting Chief, Medicaid Branch, for the HCFA Region X Division of Medicaid and State Operations, at (206) 615-2330. They will provide or arrange for any technical assistance that you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

Richard Fenton  
Deputy Director

cc: Bob Reed, Region X