



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Childrens' Health Program Group
Division of Integrated Health Systems
7500 Security Boulevard
Baltimore, MD 21244-1850

APR 27 1999

Rod L. Betit
Executive Director
Utah Department of Health
Martha Hughes Cannon Building
288 North 1460 West
Salt Lake City, Utah 84114

Dear Mr. Betit:

Thank you for your April 6 response regarding the amendment to your State Children's Health Insurance Program under Title XXI of the Social Security Act. As you are aware, your response has been undergoing review by the Department of Health and Human Services. In order to proceed with our review, further clarification is necessary in the following area:

1. Will beneficiaries be at risk for disenrollment on non-payment of copays? If so, please describe such circumstances. If a State disenrolls beneficiaries for failure to pay cost sharing amounts, the State must have in place procedures that provide beneficiaries with a reasonable notice and opportunity to pay cost sharing amounts prior to the disenrollment of a beneficiary. Examples of this type of disenrollment procedures include granting grace periods to the beneficiary prior to disenrollment, waiving cost sharing because of temporary financial hardship, or working out a payment plan for the beneficiary.
2. Section 2103(e) of Title XXI specifies the maximum amounts that a State may impose under CHIP for cost sharing must be nominal, consistent with regulations implementing section 1916(a)(3) for persons covered by Medicaid, "with such appropriate adjustment for inflation or other reasons as the Secretary determines to be reasonable." In a February 13, 1998 letter to State Health Officials, we stated that, "[b]ecause CHIP is designed for families with incomes above the Medicaid eligibility levels," the Department of Health and Human Services would adjust the limits for CHIP cost sharing. That rationale does not apply to the population you have proposed serving, since that population does not have incomes above the Medicaid eligibility levels. Thus, we do not believe the adjustment to the CHIP cost sharing limits should apply. In other words, we are clarifying the policy set forth in our February 13, 1998 letter. The Department of Health and Human Services does not believe it is reasonable to increase the cost sharing limits

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for families with incomes below 100% of FPL. Please revise your plan amendment to comply with the nominal copays as described in Medicaid regulations at 42 CFR 447.

Under Section 2106(c) of the Social Security Act, HCFA must either approve, disapprove, or request additional information on a proposed Title XXI State Plan amendment within ninety days. This letter constitutes our notification that specified additional information is needed in order to fully assess your plan. The 90-day review period has been stopped by this request and will resume as soon as a substantive response to all of the enclosed questions is received. The members of the review team would be happy to answer any questions you may have in regard to this letter and to assist your staff in formulating a response.

Please send your response, either on disk or electronically, as well as in hard copy to Diona Kristian, project officer for Utah's Title XXI proposal, with a copy to Spencer Ericson, Associate Regional Administrator for the HCFA Region XIII Division of Medicaid and State Operations. Ms. Kristian's Internet address is: DKristian@HCFA.GOV. Her mailing address is:

Division of Integrated Health Systems
Health Care Financing Administration
Mail Stop C3-18-26
7500 Security Boulevard
Baltimore, Maryland 21244-1850

We appreciate the efforts of your staff and share your goal of providing health care to low income, uninsured children through Title XXI. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Ms. Kristian at (410) 786-3283 or Mr. Ericson at (303) 844-2121. They will provide or arrange for any technical assistance you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

Richard Fenton
Deputy Director
Family and Children's Health Programs Group
Center for Medicaid and State Operations

CC: Denver Regional Office