



**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Health Care Financing Administration**

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

**AUG | 2 1999**

James T. Rizzuto  
Executive Director  
Department of Health Care Policy and Financing  
1575 Sherman Street  
Denver, CO 80203-1714

Dear Mr. Rizzuto:

Thank you for your response, received August 3, 1999, to our questions concerning the State Children's Health Insurance Program under Title XXI of the Social Security Act (the Act). As you are aware, your proposed amendment and subsequent response have been undergoing review by the Department of Health and Human Services. We appreciate your thoughtful response to our inquiries but in order to proceed with our review, we find it necessary to seek further information. Our major concerns relate to the following areas:

- Section 9, relating to your budget:
  - 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. Colorado's enhanced FMAP rates for FY 1999 and FY 2000 are 65.42% and 65.0%, respectively. As yet, there are no published FMAP rates for FY 2001. We suggest using the FY 2000 rate as a proxy.
  - We are unclear what constitutes "premium collections" in your budget chart under administrative costs. Is that the cost for collecting premiums? Please explain.
  - 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(c)(2), and that any amount in excess of 10% will be funded by State-only permissible funds.
- Section 9, relating to the non-Federal share of Title XXI expenditures. 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 fiscal management consultation and organizational development assistance to the Department’s contractor?

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.

Before you prepare a written response, it would be helpful to discuss the issues identified above with you in more depth. Please contact Pamela Forton, Project Officer for the Colorado title XXI program, and she will arrange a call.

Please send your response, either on disk or electronically, as well as in hard copy to Pamela Forton, Project Officer for Colorado’s Title XXI proposal, with a copy to Spencer Ericson, Associate Regional Administrator for the HCFA Region VIII Division of Medicaid and State Operations. Ms. Forton’s Internet address is: PForton@hcfa.gov. Her mailing address is:

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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. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Ms. Forton at (410) 786-1410 or Mr. Ericson at (303) 844-1977. 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

cc: Denver Regional Office