

August 29, 2002

Ms. Barbara Ladon
Director, Child Health Plan Plus Division
Colorado Department of Health Care Policy and Financing
1575 Sherman Street
Denver, CO 80203-1714

Dear Ms. Ladon:

Thank you for your State Children's Health Insurance Program (SCHIP) State Plan Amendment submitted on June 28, 2002. As you are aware, your proposal has been undergoing review by the Department of Health and Human Services. In order to proceed with our review, we find it necessary to seek further information. Our major concerns relate to the following areas.

- Section 4.4.3, related to enrolling children into SCHIP. Section 42 CFR 431.363(b)(4) requires that the State implement specific procedures to assist children who have applied, but are determined ineligible, for Medicaid, in applying for and enrolling in SCHIP. The State must describe this process.
- Section 12 of the State Plan relates to applicant and enrollee protections. Section 42 CFR 457.1120 requires that the State plan include a description of the State's review process. Additional information is needed related to the review processes for eligibility and enrollment matters and for health services matters.

The enclosure more fully explains this and other areas of the proposal that require additional information and clarification. CMS may have further questions in addition to the information requested at this time.

Under section 2106(c) of the Act, CMS must approve, disapprove, or request additional information on a proposed title XXI State plan amendment within 90 days. This constitutes our notification that specified additional information is needed in order to assess fully the concerns raised in this letter. The 90-day review period has been stopped by this request and will resume as soon as the State's response to this request for additional information is received. The members of the Review Team will 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 Ms. Karen Shields, project officer for the Colorado title XXI proposal, with a copy to CMS Central Office. Karen's Internet address is kshields@cms.hhs.gov. Her mailing address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
1600 Broadway, Suite 700
Denver, CO 80202

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 Karen Shields at (303) 844-7082 or Maurice Gagnon at (410) 786-0619. They will provide or arrange for any technical assistance you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

Richard Chambers
Director

Enclosure

cc: CMS Region IV, DMSO

Section 3: Methods of Delivery and Utilization Control

1. Please explain the self-insured network referenced in Section 3. Is this a fee for service or managed care delivery system?
2. Please describe the managed care utilization standards that are applicable to this program as discussed in Section 3.2.

Section 4: Eligibility Standards and Methodology

3. Section 42 CFR 457.320(b)(6) prohibit discrimination against non-citizens to the extent that the individual applying for coverage is a qualified alien, as defined in section 431 of the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA), as amended, and except to the extent that the 5-year bar contained in section 403 of PRWORA precludes such non-citizen from receiving benefits. Further, the 5-year bar does not apply to all legal permanent residents, nor to many other qualified aliens. Thus, it appears that Colorado is denying eligibility to immigrants (1) who, while not legal permanent residents, are nonetheless a qualified alien and (2) who have been qualified aliens for less than 5 years, but who are not subject to the 5-year bar imposed by section 403 of PRWORA. Please clarify how the State's eligibility standards in Section 4.1.5 comply with SCHIP rules related to qualified aliens.
4. In Section 4.1.9, please specify whether the State requires a social security number for an applicant in accordance with 42 CFR 457.340(b)?
5. In Section 4.3.1, please describe how and when the State will notify the public and CMS of the waiting list prior to implementation. In addition, please describe how the State screens the applicants for Medicaid eligibility, how current enrollees are affected and, once the cap is lifted, how an applicant can enroll. If the State is unable to provide this information, please assure that the State will submit an amendment prior to implementation of the waiting list.
6. 42 CFR 431.363(b)(4) requires that the State implement specific procedures that the State Medicaid agency takes to assist children who have applied, but are determined ineligible, for Medicaid, in applying for and enrolling in SCHIP. Please clarify in the State's Procedures for providing this assistance in Section 4.4.3.
7. Please describe how the State *monitors* for substitution of coverage in Section 4.4.4.1.

Section 7: Quality and Appropriateness of Care

8. Please describe how the State *monitors* access to covered services, including emergency services in both the HMO and self-insured networks in Section 7.2.2.
9. Please describe in Section 7.2.3 how the State monitors and treats enrollees with chronic, complex, or serious medical conditions in both the HMO and self-insured networks. Please explain the Division of Insurance regulations regarding this issue.

Section 9: Strategic Objectives, Performance Goals, and Plan Administration

10. The State Plan must include one or more performance goals for each strategic objective. Performance goals should express target levels of performance in the form of tangible, measurable expected levels of achievement against which actual achievements for an explicit time frame can be measured. In section 9.2, please provide measurable performance goals or assure that the State will submit an amendment once the process for revising performance goals is complete.
11. Please describe how performance under the State Plan will be measured through objective, independently verifiable means and compared against performance goals in order to determine the State's performance in Section 9.3, or assure that the State will submit an amendment once the process for revising performance goals is complete.
12. In section 9.9, please describe the mechanisms in place to allow for ongoing public involvement in the implementation of the plan.
13. Please identify the source of State funding in Section 9.10.

Section 12: Applicant and Enrollee Protections

14. In section 12.1, regarding reviews of eligibility and enrollment matters:
 - A. Please assure that applicants and enrollees have the opportunity for review of the following eligibility or enrollment matters in 42 CFR 457.1130(a): 1) denial of eligibility; 2) failure to make a timely determination of eligibility; and, 3) suspension or termination of enrollment, including disenrollment for failure to pay cost sharing.

We note that if you are using the Medicaid fair hearing process, the State will comply with 42 CFR 457.1130(a) and will only need to respond that the Medicaid fair hearing process is used. If the Medicaid fair hearing process is used, the remaining questions pertaining to eligibility or enrollment matters are not applicable and the State does not need to respond to the questions.

- B. Please describe how the State completes reviews of eligibility or enrollment matters in a reasonable amount of time, consistent with 42 CFR 457.1160(a). Please also

describe how the State considers the need for expedited review when there is an immediate need for health services.

- C. Please describe how the State provides enrollees with an opportunity for continuation of enrollment, consistent with 42 CFR 457.1170.
- D. Please describe how the State provides applicants and enrollee with timely written notice of determinations related to eligibility or enrollment matters and describe whether the information contained within such notice is consistent with 42 CFR 457.1180.
- E. Please clarify that review decisions are written, consistent with 457.1140(c).
- F. Please describe how the State ensures that applicants and enrollees are guaranteed the rights set forth in 457.1140(d)(2) and (3) during the review process.

15. In section 12.2, regarding reviews of health services matters:

- A. Please assure that the health services matters subject to review under Title 10, C.R.S. and the Colorado Division of Insurance Regulations are consistent with the intent of 42 CFR 457.1130(b).