

December 8, 1997

Dear State Official:

The Balanced Budget Act of 1997 (BBA) (Public Law 105-33), as amended by recent technical amendments (Public Law 105-100, signed into law on November 19, 1997), established the Children's Health Insurance Program (CHIP) under Title XXI of the Social Security Act (the Act). This new Title will enable States to extend health insurance coverage for uninsured children through a new CHIP State program, a CHIP expansion of the Medicaid Program, or a combination of both programs. In a letter dated August 27, 1997, the Health Care Financing Administration (HCFA) provided a summary and highlights of the provisions of this landmark legislation.

This letter and attachments are intended to provide additional and more detailed technical guidance regarding implementation of CHIP and provisions related to payment processes and requirements. We intend to incorporate the information contained in this letter and attachments into a regulation to be published in the Federal Register and appropriate State manuals. Although the attached guidance represents what we believe is required under the CHIP provisions, it is still a DRAFT and the content may change. We are sending this to you in DRAFT form both for your review and preliminary planning.

There are 3 attachments to this letter. The [first attachment](#) provides DRAFT guidance and information on the CHIP fiscal year allotment, payment processes, financial reporting forms, and related issues. The areas discussed in this attachment include:

- Allotments and redistribution process;
- Payment and grant award process including State reporting and claiming for Federal financial participation (FFP) at regular and enhanced Federal medical assistance percentages (FMAP) for expenditures under the Medicaid program and the CHIP;
- State report forms.

The second attachment is the September 12, 1997 Federal Register notice (MB-115-N) which contains the charts on the States' CHIP reserved allotments for FY 1998 and the enhanced Federal Medical Assistance Percentages (FMAPs), respectively.

The [third attachment](#) is a chart of the States' CHIP reserved allotments, revised to include a \$20 million increase in the FY 1998 Title XXI appropriation, which was one of the provisions of the recent technical amendments.

HCFA staff is available to explain the proposed payment process in greater detail. If you have any questions or require further information, please contact your HCFA Regional Office.

Sincerely,

/s/

Sally K. Richardson Director Center for Medicaid and State Operations

[Attachments](#)

Attachment 1: Child Health Insurance Program (CHIP) and Related Medicaid Program Provisions

Attachment 2: September 12, 1997 Federal Register Notice (MB-115-N)

Attachment 3: CHIP reserved allotments for FY 1998 revised to reflect additional \$20 million appropriation.

cc:

Governors' Offices All HCFA Regional Offices All PHS Regional Offices State Health Officers Ms. Lee Partridge - Director Health Policy Unit - American Public Welfare Association Ms. Jennifer Baxendell - Senior Policy Analyst - Human Resources Group - National Governors' Association Ms. Joy Wilson - Director, Health Committee - National Conference of State Legislatures