

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

Center for Medicaid and State Operations, Family & Children's Health Programs Group

April 20, 2009

Lesley Cummings
Executive Director
California Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769

Dear Ms. Cummings:

Thank you for your Children's Health Insurance Program (CHIP) State Plan Amendment (SPA) submitted on April 1, 2009. 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 key concerns relate to the following areas:

- Section 2103 of the Act, which sets forth requirements related to CHIP coverage;
- Section 2103(e)(3)(B) of the Act, which sets forth provisions regarding the CHIP five percent cost-sharing maximum;
- Section 2106(b)(3)(B)(i) of the Act, which sets forth public notice requirements related to CHIP SPAs; and
- Section 2107(d) of the Act, which sets forth provisions related to the description of the CHIP State Plan budget.

The enclosure more fully explains those areas of the proposal that require additional information and clarification. The Centers for Medicare & Medicaid Services (CMS) may have further questions in addition to the information requested at this time.

Under Section 2106(c) of the Social Security Act, CMS must approve, disapprove, or request additional information on a proposed title XXI SPA within 90 days. This constitutes our notification that specified additional information is needed in order to fully assess 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. However, if a response to this request is not received by CMS within 180 days of the date of this letter, the SPA will be disapproved. The members of the Federal Review Team are available 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 electronically, as well as, in hard copy to Ms. Tonya Moore, Project Officer for the California title XXI proposal, with a copy to the CMS Region IX Office. Please make all changes to the proposed amendment in track changes to facilitate our review.

Ms. Moore's email address is Tonya.Moore@cms.hhs.gov. Her mailing address is:

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Center for Medicaid and State Operations
Division of State Children's Health Insurance
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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 Ms. Moore at (410) 786-0019. She can provide or arrange for any technical assistance you may require in preparing your response.

Sincerely,

/s/

Kathleen Farrell
Director
Division of State Children's Health Insurance

Enclosure

cc: Ms. Gloria Nagel, ARA, CMS San Francisco Regional Office

ENCLOSURE

Section 1.4

1. The State's requested effective date of December 19, 2007 for the wait list/disenrollment infrastructure does not comply with the 60-day submission period required by 42 CFR 457.65(b). Please change the effective date to comply with 42 CFR 457.65(b).
2. Section 501 of the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009 requires states to provide certain dental coverage by October 1, 2009. Please keep in mind that, if approved, your requested cap on dental benefits scheduled to be effective on July 1, 2009, may only be in effect for a short period if inconsistent with CHIPRA requirements.

Section 4.1.5

3. Please confirm that the State is referring to "mothers of unborn children" served through the State's approved title XXI coverage for the unborn. If so, please replace the term "pregnant women" with the term "mothers of unborn children" and use this terminology consistently in the State Plan.

Section 4.1.9

4. Please verify that the individuals who are eligible for the California Public Employees' Retirement System Health Benefits Program are in fact State employees.
5. Indicate how the State will identify and track those individuals in the California Public Employees' Retirement System Health Benefits Program that make contributions of less than \$10 as outlined in 42 CFR 457.310(c)(1)(ii).

Section 4.3

6. The State crossed-out language regarding conducting audits to verify income and citizenship eligibility using the IEVS and SAVE systems. Please confirm that the State will continue to utilize a systematic audit process for verifying income and citizenship eligibility. What verification systems will the State utilize instead of IEVS and SAVE? Be sure to include how these alternative systems are comparable to IEVS and SAVE and why the State has chosen to use these systems. Update the State Plan to reflect this change in process.

Section 4.3.1

7. Please indicate how the State will notify CMS prior to implementing the wait list/disenrollment structure.

8. Please clarify how the public will be given prior notice that the State has decided to implement the wait list/disenrollment structure.
9. The following questions relate to the State's requested wait list. The State must update section 4.3.1 to address the processes questioned below.
 - a. Indicate whether placement on the wait list will be limited to new applicants or will enrollees subject to redetermination also be placed on the wait list.
 - b. Indicate whether children who were formerly eligible for Medicaid and are now eligible for CHIP will be subject to the wait list or have their eligibility transferred.
 - c. Indicate whether CHIP eligible siblings and newborns of current enrollees will be placed on the wait list.
 - d. When the State begins enrollment from the wait list, indicate whether there is a time limit for the family to return the pre-printed application to the State's program office. If a family fails to respond within the given timeframe, will this result in denial of their application, requiring them to reapply and/or lose their slot on the wait list?
10. If the State decides it has to disenroll enrollees, describe the process the State will use to provide notice to enrollees.

Section 4.4.1

11. As in section 4.3, the State crossed-out language regarding conducting audits to verify income and citizenship eligibility using the IEVS and SAVE systems. Please confirm that the State's new income and citizenship verification processes are compliant with State program administration requirements outlined in 42 CFR 457.910.
12. The State indicates that it enrolls certain individuals with employer coverage into its Access for Infants and Mothers (AIM) Program, but does not claim Federal Financial Participation (FFP) for these enrollees. Please indicate how the State separately tracks these enrollees and ensures their associated costs are not claimed for FFP.

Section 8.2.1

13. The State indicates that families may choose Family Value Packages and Community Provider Plans other than those designated by the State, but the family will be responsible for paying the monthly difference in cost. Please indicate how the State notifies families of their five percent limit, as well as, how the State will track this out-of-pocket cost to ensure that enrollee cost-sharing does not exceed the five percent cost-sharing maximum.
14. Related to the question above, if a family that chooses a higher priced health plan reaches the five percent cost-sharing maximum, indicate whether the State will begin paying the difference between the higher priced health plan and the State designated health plan or require families to enroll in a State designated health plan.

15. Clarify whether the State currently maintains two premium structures under AIM (one for participants enrolled prior to July 1, 2004 and a separate for participants enrolled on or after July 1, 2004). If so, what is the State's justification for maintaining two premium structures under AIM? If not, update this section (and corresponding section 8.2.3) to only include current cost-sharing.

Section 8.5

16. Update this section to specifically describe the method the State uses to track family cost-sharing to ensure it does not exceed the five percent cost-sharing maximum.
17. In "Table 2: Aggregate Cost Sharing for Families Above 150-200% FPL for HLP," double check that all calculations in the table are accurate. CMS found mathematical errors in column "V" of the table.

Section 9.9.1

18. Update this section to describe the State's current process for actively engaging Indian Tribes.

Section 9.9.2

19. Provide samples of the notices provided to CHIP enrollees and providers regarding the benefit and premium changes associated with this SPA.

Section 9.10

20. Please provide a budget for Federal Fiscal Year 2009 using the provided SPA budget template. Accordingly, the State must update section 9.10 to include a current description of the program's budget. Your budget description should include:
 - a. Projections on how these program changes will impact caseload;
 - b. Estimates on total program savings and Federal savings related to these program changes; and
 - c. Estimated savings attributable specifically to the reduction of vision benefits and implementation of the annual dental cap.

Attachment 6

21. On page 12, explain what will happen in the case of a child that has a serious or potentially life threatening dental emergency but has reached the annual benefit limit.