

**U.S. House and Senate Notification
Monday, April 4, 2011**

To: Congressional Health Staff

**From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services**

Re: State Health Official Letter on CHIP Coverage of Children of Public Employees

Today, the Centers for Medicare & Medicaid Services (CMS) released a State Health Official (SHO) letter providing guidance to States regarding the option to receive Federal matching funds for coverage of children of State employees through the Children's Health Insurance Program (CHIP). The Affordable Care Act created this new option for States and this letter, along with the questions and answers that accompany it, detail the flexibility available through this opportunity.

States may receive Federal funding to extend CHIP eligibility to otherwise eligible children of State employees in cases where the State has either (1) maintained its contribution levels for health coverage for employees with dependent coverage, or (2) can demonstrate that the State employees' health benefits plan's out-of-pocket costs pose a financial hardship for families. This new coverage option was effective upon enactment of the Affordable Care Act on March 23, 2010.

If you have any questions, please contact the CMS Office of Legislation. Thank you.