

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP and Survey & Certification

September 30, 2010

Richard Armstrong
Director
Department of Health and Welfare
Towers Building – Tenth Floor
P.O. Box 83720
Boise, ID 83720-0036

Dear Mr. Armstrong:

Idaho's request to renew its title XXI Section 1115 demonstration, the *Children's Access Card*, has been approved under the authority of section 1115(a) of the Social Security Act (the Act). Effective as of the date of this letter, the State is approved to continue to offer premium assistance to children and their parents with family income at or below 185 percent of the Federal poverty level (FPL). The children covered in this demonstration are eligible to enroll under the State's title XXI Child Health Insurance Program (CHIP) or title XIX Medicaid expansion, but instead elect to enroll under the demonstration for premium assistance to obtain coverage either through private health insurance carriers in the individual market or through employer sponsored insurance. The demonstration renewal period is from October 1, 2010 through September 30, 2013.

As the State is aware and as specified in the attached STCs, families must be informed that children can choose to receive coverage through premium assistance or direct coverage under the CHIP or Medicaid state plan. Such enrollment must be voluntary and based on informed choice regarding the implications of choosing premium assistance, including the possibility of reduced benefits and increased cost sharing. The State must provide adequate and timely information to ensure that families understand that they can make an informed choice and that a parent of a child receiving a premium assistance subsidy can disenroll the child from the employer sponsored coverage and enroll the child in the Medicaid or CHIP State plan, effective on the first day of any month for which the child is eligible for such assistance and in a manner that ensures continuity of coverage for the child. In addition, Idaho must provide information as to where children may receive well-baby and well-child services in the event these services are not covered in the individual market or ESI plan in which they are enrolled.

The State and CMS have agreed on the language the State must include in printed materials concerning informed choice with respect to both the ability for families to opt-out of premium assistance and where children may receive well-baby and well-child services in the event these services are not covered in the ESI or individual market health plans in which they are enrolled. The State will notify families every six months beginning October 1, 2010.

The State must submit any changes to these informing materials to CMS for review 30 days prior to the publication date. CMS must review these materials within 30 days. The State must receive CMS approval on any changes of content and frequency of the approved materials that it proposes to change to inform families of the options they have under this demonstration.

Consistent with the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009, and as specified in Section 2111(b)(1) of the Act, States providing title XXI coverage of parents through a Section 1115 demonstration may request an automatic extension to continue coverage of parents through September 30, 2011. At Idaho's request, the State has been granted such an extension. The CHIPRA also provides States with the option in fiscal years 2012 and 2013 to continue covering parents with title XXI funds if they achieve outreach and benchmarks related to performance in providing coverage to children. If the State intends to extend coverage to parents beyond September 30, 2011, the State will need to notify CMS prior to the expiration date of coverage for this population. With respect to the automatic extension of the parents, Idaho will continue to be subject to its currently approved Special Terms and Conditions (STCs), and CMS will continue to monitor the demonstration.

In addition, as specified in STC XIII(1)), the State must submit to CMS for approval a draft evaluation design for an overall evaluation of the demonstration no later than 60 days after the approval of the demonstration. At a minimum, the draft design must include a discussion of the goals and objectives set forth in Section III of these STCs, as well as the specific hypotheses that are being tested. The draft evaluation design must include a detailed analysis plan that describes how the effects of the demonstration must be isolated from other initiatives occurring in the State. CMS is required to provide comments on the materials within 60 days of receipt from the State.

All requirements of the Medicaid and CHIP programs, as well as of the section 1115 demonstration project No., 21-W-00018/10, expressed in law, regulation, and policy statement, and that are not expressly waived or identified as not applicable in the attached comprehensive list of waiver and expenditure authorities, shall apply to coverage of services for the demonstration populations.

The attached STCs, and list of waiver and expenditure authorities are incorporated in their entirety into this approval letter and supersede all previously granted authorities and STCs. We have enclosed a complete copy of the revised STCs.

Medicaid Costs Not Otherwise Matchable

Under the authority of section 1115(a)(2) of the Act, State expenditures for the provision and administration of medical assistance to the demonstration populations described below (which would not otherwise be included as matchable expenditures under section 1903 of the Act) shall, for the period of the project, be regarded as expenditures under the State's title XIX plan. All requirements of the Medicaid statute will be applicable to such expenditures, except those specified below as not applicable to these expenditure authorities.

Demonstration Population 1: Children ages 6 through 18 years with family incomes above 100 percent of the FPL through 133 percent of the FPL who meet the eligibility standards for Idaho's title XXI Medicaid Expansion, and would not have been eligible under the Medicaid state plan as of March 31, 1997, but who elect not to apply for enrollment in the Medicaid expansion but instead choose to enroll under the demonstration for premium assistance benefits (as defined in the STCs).

Medicaid Requirements Not Applicable to the Medicaid Expenditure Authorities:

All Medicaid requirements apply to Demonstration Population 1, except the following:

1. Eligibility—Section 1902(a)(10)

To enable the State to limit this eligibility group to a subset that would not otherwise be considered a reasonable category of those who meet the applicable income and age requirements based on the applicant's choice not to receive direct coverage that is otherwise offered under the State plan.

2. Amount, Duration and Scope of Services (Comparability)—Section 1902(a)(10)(B)

To enable the State to modify the Medicaid benefit package in order to offer a different benefit package that would otherwise be required under the state plan. This authority is granted only to the extent necessary to allow certain optional Medicaid eligibles (as described in the application and in the STCs) to elect to receive coverage through a private or employer-sponsored insurance plan, which may offer a different benefit package than available through the State plan. As described in the STCs, such enrollment in a private or employer-sponsored plan is voluntary and the child may elect to switch to direct state coverage at any time, and then children will be fully informed of the implications of choosing premium assistance rather than direct State coverage.

3. Early and Periodic Screening, Diagnostic and Treatment (EPSDT)—Section 1902(a)(43)(A)

To permit the State to not be required to provide EPSDT services to children enrolled in premium assistance outside of the coverage available through the underlying individual or

employer-sponsored insurance plan, which may not offer the full range of EPSDT services. As described in the STCs, such enrollment in a private or employer-sponsored plan is voluntary and the child may elect to switch to direct coverage at any time, and then children will be fully informed of the implications of choosing premium assistance rather than direct state coverage.

4. Cost Sharing—Section 1902(a)(14)

For the period during which an eligible individual elects to receive coverage through a private or employer-sponsored insurance plan, these requirements do not apply, to the extent a private or employer plan would require cost sharing in excess of the limits outlined in statute.

5. Retroactive Coverage –Section 1902(a)(34)

Individuals who elect the *Children’s Access Card* program will not be retroactively eligible.

6. Qualified Employer Sponsored Coverage Section under 1906(A)

To permit the State to offer a premium assistance subsidy that does not meet the requirements of section 1906(A).

CHIP Costs Not Otherwise Matchable

In addition, under the authority of section 1115(a)(2) of the Act as incorporated into title XXI by section 2106(e) of the Act, State expenditures for the provision and administration of child health assistance to the demonstration populations described below (which would not otherwise be included as matchable expenditures under title XXI), shall for the period of this project and to the extent of the State’s available allotment under section 2104 of the Act, be regarded as matchable expenditures under the State’s title XXI plan. All requirements of the title XXI statute will be applicable to such expenditures, except specified below as not applicable to these expenditure authorities.

Demonstration Population 2: Children from birth through 18 years with family incomes above 133 percent of the FPL through 185 percent of the FPL meet the standards for eligibility for Idaho’s title XXI Separate Child Health Program but elect not to enroll in that program, but instead elect to enroll under the demonstration for premium assistance benefits (as defined in the STCs).

Demonstration Population 3: Uninsured parents of children who are eligible for Medicaid or SCHIP, who are themselves ineligible for Medicare or Medicaid, with family incomes above the section 1931 low-income families group through 185 percent of the FPL (as defined in the STCs).

CHIP Requirements Not Applicable to the CHIP Expenditure Authorities:

All CHIP requirements apply, except for the following requirements that are not applicable:

1. Cost Sharing—Section 2103(e)

Rules governing cost sharing under section 2103(e) of the Act shall not apply to the demonstration populations to the extent necessary to enable the State to impose cost sharing in private or employer-sponsored insurance plans.

2. Cost Sharing Exemption for American Indian/Alaskan Native (AI/AN) Children—Section 2102(b)(3)(D), 42 CFR 457.535

To the extent necessary to permit the State to impose cost sharing on AI/AN children who elect to enroll in the premium assistance program.

3. Benefit Package Requirements—Section 2103

To permit the State to offer a benefit package that does not meet the requirements of section 2103 at 42 CFR 457.410(b)(1).

4. General Requirements, Eligibility and Outreach—Section 2102

The State child health plan does not have to reflect the demonstration populations, and eligibility standards do not have to be limited by the general principles in section 2102(b) of the Act. To the extent other requirements in section 2102 of the Act duplicate Medicaid or other CHIP requirements for these or other populations, they do not apply, except that the State must perform eligibility screening to ensure that the demonstration populations do not include individuals otherwise eligible for Medicaid.

5. Federal Matching Payment and Family Coverage Limits—Section 2105

Federal matching payment is available in excess of the 10 percent cap for expenditures related to the demonstration populations, and limits on family coverage are not applicable with respect to the demonstration populations. Federal matching payments remain limited by the allotment determined under section 2104. Expenditures other than for coverage of the demonstration populations remain limited in accordance with section 2105(c)(2).

6. Qualified Employer Sponsored Coverage Section under 2105(c)(10)

To permit the State to offer a premium assistance subsidy that does not meet the requirements of section 2105(c)(10).

Your project officer is Jeffrey Silverman, M.S. Mr. Silverman is available to answer questions concerning this demonstration project and may be contacted as follows:

Centers for Medicare & Medicaid Services
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Baltimore, MD 21244-1850
Telephone: (410) 786-8679
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E-mail: jeffrey.silverman@cms.hhs.gov

Official communications regarding program matters should be submitted simultaneously to Mr. Silverman and to Ms. Barbara Richards, Associate Regional Administrator in our Seattle Regional Office. Ms. Richards' address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and Children's Health
2201 6th Avenue
Mail Stop RX-43
Seattle, Washington 98121

If you have additional concerns regarding CMS oversight of this demonstration or questions, please contact Ms. Victoria Wachino, Director, Family and Children's Health Programs Group, Center for Medicaid and State Operations, at (410) 786-5647.

Sincerely,

/s/

Cindy Mann
Director

Enclosures

cc: Barbara Richards, ARA, Region X
Janice Adams, Health Insurance Specialist, Seattle Regional Office