

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 and State Operations**

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MAR 15 2010

Ms. Monica Coury  
Assistant Director  
Office of Intergovernmental Relations  
Arizona Health Care Cost Containment System  
801 East Jefferson  
Phoenix, AZ 85034

Dear Ms. Coury:

This is to inform you that your Children's Health Insurance Program (CHIP) State Plan Amendment (SPA) submitted December 31, 2009 has been approved. This amendment implements an enrollment freeze for the State's CHIP, known as KidsCare, with a retroactive effective date of January 1, 2010.

Your title XXI project officer is Mr. Maurice Gagnon. He is available to answer questions concerning this amendment and other CHIP-related issues. Mr. Gagnon's contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid and State Operations  
Mail Stop S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850  
Telephone: (410) 786-00619  
Facsimile: (410) 786-5882  
E-mail: [maurice.gagnon@cms.hhs.gov](mailto:maurice.gagnon@cms.hhs.gov)

Official communications regarding program matters should be sent simultaneously to Mr. Gagnon and to Ms. Gloria Nagle, Associate Regional Administrator for the Centers for Medicare & Medicaid Services, Region IX, Division of Medicaid and State Operations. Ms. Nagle's address is:

Centers for Medicare & Medicaid Services  
Division of Medicaid and State Operations  
90 7<sup>th</sup> Street, #5-300 (5W)  
San Francisco, CA 94103-6706

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

We look forward to continuing to work with you and your staff.

Sincerely,

  
Cindy Mann  
Director

cc: Ms. Gloria Nagle, Associate Regional Administrator, CMS Region IX Office

Once the application is approved, the applicant is enrolled with their chosen provider and AHCCCS sends a notice confirming the choice and a member identification card to the member. Following enrollment, the contractor provides a member handbook to the member, which contains important information about how to access health care for KidsCare eligible children.

AHCCCS approves a newborn of a mother who is eligible for KidsCare on the date the child is born and enrolled in the KidsCare Program. The newborn's KidsCare eligibility begins with the newborn's date of birth. Prior to approval, the agency contacts the mother by telephone to reverify household composition and monthly income. Once approved for KidsCare, AHCCCS enrolls the newborn with the mother's health plan. AHCCCS notifies the mother by mail of the newborn's enrollment into KidsCare and is given an opportunity to change health plans at that time.

If a member of a family is enrolled in KidsCare and another child is born to the family, AHCCCS enrolls the newborn in KidsCare if the family income meets the KidsCare criteria. Eligibility is prospective. The same process applies to a child who may be reunited with a family.

A member is allowed to change contractors on an annual basis and when an individual moves into a new geographic area not served by the current contractor. A member can change PCPs at any time. The option to change contractors is based on the member's anniversary date, which is the first day of the month that the member is enrolled into KidsCare. Ten months following the anniversary date, the member will be sent an annual enrollment notice advising that a different contractor may be selected. A list of contractors, with toll-free numbers and the available services, is included. The member, or parent of the child, has three weeks to change contractors. If a change is requested, the effective date is a year from the anniversary date. Enrollees must notify AHCCCS of a change in address or other circumstances that could affect continued eligibility or enrollment.

Children who elect to enroll with IHS or a 638 tribal facility are allowed to disenroll at any time upon request and choose a contractor for all KidsCare services. Similarly, Native American children enrolled with a contractor or other provider are allowed to disenroll at any time upon request and enroll with the IHS.

**4.3.1 Describe the state's policies governing enrollment caps and waiting lists (if any). (Section 2106(b)(7)) (42CFR 457.305(b))**

Due to insufficient state funds, an enrollment cap has been placed on the KidsCare program effective January 1, 2010. The program will place individuals on a waiting list and no new applications will be processed until such time that the AHCCCS Administration is able to verify that funding is sufficient, and the Governor agrees that the AHCCCS Administration may begin processing new applications.

Prior public notice of the enrollment cap will be communicated to the public by publication in the Arizona Administrative Register by the Secretary of State, posting on the AHCCCS Administration's internet website, written communication to the Legislature and Governor, the State Medicaid Advisory Committee, and other interested stakeholders. Notice to the public was also provided on October 9, 2009, when AHCCCS posted information about the potential impact of implementing a 15% reduction which identified elimination of the KidsCare program as a discretionary program that would not jeopardize federal stimulus dollars or voter protected programs. Finally, a public hearing with the opportunity to present public comments will be held on December 29, 2009 and tribal consultation will be held on December 28, 2009.

Despite the KidsCare enrollment cap, applications will continue to be evaluated and processed for potential Medicaid eligibility. If a child does not meet the Medicaid eligibility requirements, the authorized representative of the child will be notified in writing of the denial of Medicaid and will also be notified of the denial of KidsCare due to the enrollment cap. The notice will also state that the child will be placed on a waiting list for KidsCare.

Children who have current enrollment in the KidsCare program will be allowed to continue to renew their enrollment so long as they continue to meet all the eligibility and renewal criteria including timely premium payments.

When sufficient funding becomes available and the Governor agrees that the AHCCCS Administration may begin processing new applications, the Administration shall contact an applicant on the waiting list and ask the applicant to submit a new application if the original application is more than 60 days old. The Administration shall fill spaces in the order that an application is received and approved. In the event the enrollment cap is lifted, public notice will occur using the methods described above for the implementation of the cap. CMS will also be notified in writing.

**4.4. Describe the procedures that assure that:**

**4.4.1. Through the screening procedures used at intake and follow-up eligibility determination, including any periodic redetermination, that only targeted**

submits rules to the Governor's Regulatory Review Council for approval. The agency appears before the Council to answer questions regarding the rules. At this time, the public has one more opportunity to express their opinion (approval or disapproval) of the rule. After the Council approves the rules, the rule package is then filed with the Secretary of State.

### **Public notice for enrollment cap**

Prior public notice of the enrollment cap, effective January 1, 2010, will be communicated to the public by publication in the Arizona Administrative Register by the Secretary of State, posting on the AHCCCS Administration's internet website, written communication to the Legislature and Governor, the State Medicaid Advisory Committee, and other interested stakeholders. Notice to the public was also provided on October 9, 2009, when AHCCCS posted information about the potential impact of implementing a 15% reduction which identified elimination of the KidsCare program as a discretionary program that would not jeopardize federal stimulus dollars or voter protected programs. Finally, a public hearing with the opportunity to present public comments will be held on December 29, 2009 and tribal consultation will be held on December 28, 2009.

### **Public notice for cost-sharing**

**AHCCCS provided many avenues for public involvement in the Cost Sharing implementation.**

The Office of Community Relations provided Community and Provider Forums in which participants and AHCCCS staff discussed the cost-sharing changes, as well as additional information on other AHCCCS program changes and future updates. These forums were held in: Flagstaff, Tucson, Phoenix (2), and Yuma from August 26, 2003 to September 23, 2003. 404 providers, 356 community members, advocates, interested individuals, etc attended the forums. The Arizona Republic published a two-paragraph description of the Forums under the Health Briefs.

The Public Information Office had a brief description of the Forums in the Arizona Republic, which is Arizona's statewide newspaper.

The Office of Legal Assistance conducted Public Hearings in Phoenix, Tucson, and Flagstaff to reach individuals in the Northern, Central or Southern areas of Arizona. Information about date, time, and place of the Public Hearings as well as the proposed rule language were posted September 4, 2003 on the AHCCCS website ([www.ahcccs.state.az.us](http://www.ahcccs.state.az.us)). AHCCCS accepted comments from the public on the rules from September 4, 2003 until close of business on September 24, 2003.

Seventeen individuals attended the public hearings held in Phoenix, Flagstaff, and Tucson. Prior to the hearings the agency received 7 written comments and, during the hearings, received public testimony from another 6 individuals. The majority of comments were from pharmacists or pharmaceutical companies concerned about the actual implementation of copays at the pharmacy counter. Comments were reviewed and merits discussed with executive management. On September 29, 2003 the final rules were filed with the Secretary of State's office and subsequently published in the Arizona Administrative Register on October 24, 2003. The following is a summary of the principle comments received at the public hearing and the agency's response.

## Attachment S

### Title XXI Budget

	FFY 2010
Enhanced FMAP rate	76.03%
<b>BENEFIT COSTS</b>	
Insurance payments	
Managed Care and FFS	\$73,213,600
per member/per month rate X # of eligibles	\$166.35
Total Benefit Costs	\$73,213,600
(Offsetting beneficiary cost sharing payments)	(\$7,040,400)
Net Benefit Costs	\$66,173,200
<b>ADMINISTRATION COSTS</b>	
Personnel	\$6,003,300
General administration	\$1,349,300
Contractors/Brokers (e.g., enrollment contractors)	
Claims Processing	
Outreach/marketing costs	
Other	
Total Administration Costs	\$7,352,600
10% Administrative Cost Ceiling	\$7,352,600
Federal Share (multiplied by enhanced FMAP rate)	\$55,901,700
State Share	\$17,624,100
<b>TOTAL PROGRAM COSTS</b>	<b>\$73,525,800</b>

**Notes:**

- 1) Enrollment actuals through January 1, 2010.
- 2) Expenditure actuals through November 30, 2009.
- 3) Administrative Cost estimates are as of November 2009.

Effective Date: 1/1/10

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Approval Date: 3/15/10