

**MODEL APPLICATION TEMPLATE FOR
STATE CHILD HEALTH PLAN UNDER TITLE XXI OF THE SOCIAL SECURITY ACT
STATE CHILDREN'S HEALTH INSURANCE PROGRAM**

Preamble

Section 4901 of the Balanced Budget Act of 1997 (BBA) amended the Social Security Act (the Act) by adding a new title XXI, the State Children's Health Insurance Program (SCHIP).

Title XXI provides funds to states to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner. To be eligible for funds under this program, states must submit a state plan, which must be approved by the Secretary. A state may choose to amend its approved state plan in whole or in part at any time through the submittal of a plan amendment.

This model application template outlines the information that must be included in the state child health plan, and any subsequent amendments. It has been designed to reflect the requirements as they exist in current regulations, found at 42 CFR part 457. These requirements are necessary for state plans and amendments under Title XXI.

The Department of Health and Human Services will continue to work collaboratively with states and other interested parties to provide specific guidance in key areas like applicant and enrollee protections, collection of baseline data, and methods for preventing substitution of Federal funds for existing state and private funds. As such guidance becomes available, we will work to distribute it in a timely fashion to provide assistance as states submit their state plans and amendments.

Form CMS-R-211

Effective Date:

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Approval Date: September 19, 2002

**MODEL APPLICATION TEMPLATE FOR
STATE CHILD HEALTH PLAN UNDER TITLE XXI OF THE SOCIAL SECURITY ACT
STATE CHILDREN'S HEALTH INSURANCE PROGRAM**

(Required under 4901 of the Balanced Budget Act of 1997 (New section 2101(b)))

State/Territory: Illinois
(Name of State/Territory)

As a condition for receipt of Federal funds under Title XXI of the Social Security Act, (42 CFR, 457.40(b))

(Signature of Governor, or designee, of State/Territory, Date Signed)

submits the following State Child Health Plan for the State Children's Health Insurance Program and hereby agrees to administer the program in accordance with the provisions of the approved State Child Health Plan, the requirements of Title XXI and XIX of the Act (as appropriate) and all applicable Federal regulations and other official issuances of the Department.

The following state officials are responsible for program administration and financial oversight (42 CFR 457.40(c)):

Name: Barry S. Maram	Position/Title: Director, IL Dept. of Public Aid
Name: Anne Marie Murphy	Position/Title: Administrator, IL Dept. of Public Aid
Name: Jane C. Longo	Position/Title: Bureau Chief, Bureau of KidCare, IDPA

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0707. The time required to complete this information collection is estimated to average 160 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, N2-14-26, Baltimore, Maryland 21244.

Section 1. General Description and Purpose of the State Child Health Plans and State Child Health Plan Requirements (Section 2101)

1.1 The state will use funds provided under Title XXI primarily for (Check appropriate box) (42 CFR 457.70):

1.1.1. Obtaining coverage that meets the requirements for a separate child health program (Section 2103); **OR**

1.1.2. Providing expanded benefits under the State's Medicaid plan (Title XIX); **OR**

1.1.3. A combination of both of the above.

1.2 Please provide an assurance that expenditures for child health assistance will not be claimed prior to the time that the State has legislative authority to operate the State plan or plan amendment as approved by CMS. (42 CFR 457.40(d))

The State assures that expenditures for child health assistance were not claimed prior to receiving legislative authority to operate the Phase I State Plan and Phase II State Plan Amendment. The Phase I State Plan was approved on 1/5/98 and did not require legislative authority. The Phase II State Plan Amendment was approved on 8/12/98. The State received legislative authority for Phase II on 8/12/98.

1.3 Please provide an assurance that the state complies with all applicable civil rights requirements, including title VI of the Civil Rights Act of 1964, title II of the Americans with Disabilities Act of 1990, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, 45 CFR part 80, part 84, and part 91, and 28 CFR part 35. (42CFR 457.130)

The State assures that it complies with all applicable civil rights requirements, including Title VI of the Civil Rights Act of 1964, Title II of the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, 45 CFR, part 80, part 84 and part 91, and 28 CFR part 35.

1.4 Please provide the effective (date costs begin to be incurred) and implementation (date services begin to be provided) dates for this plan or plan amendment (42 CFR 457.65):

Effective Date Phase I: 1/5/98

Effective Date Phase II: 8/12/98

**Effective Date Amendment (Elimination of 3-month waiting period):
7/1/02**

Effective Date Amendment #3 (unborn children): 1/1/03

Effective Date Amendment #4 (eligibility to 200%): 7/1/03

Implementation Date Phase I: 1/1/98

Implementation Date Phase II: 10/1/98

**Implementation Date Amendment (Elimination of 3-month waiting
period): 7/1/02**

Implementation Date Amendment #3 (unborn children): 1/1/03

Implementation Date Amendment #4 (eligibility to 200%): 7/1/03

Section 2. General Background and Description of State Approach to Child Health Coverage and Coordination (Section 2102 (a)(1)-(3)) and (Section 2105)(c)(7)(A)-(B))

- 2.1. Describe the extent to which, and manner in which, children in the state including targeted low-income children and other classes of children, by income level and other relevant factors, such as race and ethnicity and geographic location, currently have creditable health coverage (as defined in 42 CFR 457.10). To the extent feasible, make a distinction between creditable coverage under public health insurance programs and public-private partnerships (See Section 10 for annual report requirements). (42 CFR 457.80(a))

Illinois has chosen to target children who are under the age of 19 and who are from families with incomes at or below 133 percent of the federal poverty level (FPL). Health benefits coverage will be provided to these children through a Medicaid expansion that will cover children who are between ages 0 and 19 and who are from families with incomes above the March 31, 1997 Medicaid eligibility standard and at or below 133 percent of the FPL. The expansion will serve an additional 40,400 children. Illinois will implement this expansion on January 5, 1998.

Model Application Template for the State Children's Health Insurance Program

Estimated Number of Optional Targeted Low Income Children and Estimated Number of Potentially Medicaid-Eligible Children By Age and Family Income Relative to the Federal Poverty Level: Illinois. 1993 – 1996 Average				
POVERTY LEVEL	AGE			TOTAL
	0 – 5	6 – 13	14 – 17	
186 – 200	2,800	5,400	3,700	11,900
151 – 185	13,300	17,100	11,200	41,600
134 – 150	6,300	8,000	5,300	19,600
100 – 133		17,500	10,600	28,100
50 – 99				
< 50	(52,500)	(40,400)	(12,300)	
TOTAL				113,500

Illinois did not identify a reason to further target children by race, ethnicity or geography. In addition, an estimated 105,200 children are potentially eligible for Medicaid (under the income standards in effect March 31, 1997) and will be targeted for enrollment in the Medicaid program through intensive community-based outreach efforts.

These estimates were derived by aggregating the 1993 through 1996 Current Population Surveys and cross-tabulating age (in single years) by income relative to the federal poverty level, controlling for insurance status. Insurance status was determined by an algorithm that combined the responses to several survey items in order to determine that the child was uninsured.

Effective August 12, 1998, Illinois began enrolling children under Phase II of its Children's Health Insurance Program. Phase II expands the new children's health insurance program, KidCare, under Title XXI for

children under 19 years of age with family incomes above 133% FPL and at or below 185% FPL.

With the implementation of KidCare, the State has created a continuum of insurance plans with varying degrees of family financial responsibility. In an effort to reduce the stigma of being on Medicaid and to create health plans that resemble the private sector, KidCare includes five plans. These include:

- 1) KidCare Assist – Children with family income at or below 133% of the FPL enroll and receive services through the State's Medicaid Program under Title XIX or through the Medicaid Phase I expansion under Title XXI. This program is publicly known as KidCare Assist. No monthly copayments or premiums are charged under KidCare Assist. This plan is currently in place under the State's approved Medicaid State Plan and Title XXI State Plan.**
- 2) KidCare Moms and Babies – Pregnant women and their babies up to age one with family income at 200% of the FPL or less, receive benefits with no monthly premiums or copayments. This program is publicly known as KidCare Moms and Babies. This plan is currently in place under the State's approved Medicaid State Plan.**
- 3) KidCare Share – KidCare Share provides benefits for children with family income over 133% through 150% of the FPL, who are not covered by KidCare Moms and Babies. Under KidCare Share, no monthly premiums are imposed, but modest co-payments for prescriptions, office visits, emergency room visits are required. Co-payments are not required for well-baby visits, well-child visits, or immunizations. This plan is currently in place under the State's approved Title XXI State Plan.**
- 4) KidCare Premium – KidCare Premium provides benefits for children with family income above 150% through 185% of the FPL, who are not covered by KidCare Moms and Babies. KidCare Premium imposes modest premiums and copayments. Co-payments are not required for well-baby visits, well-child visits, or immunizations. This plan is currently in place under the State's approved Title XXI State Plan.**
- 5) KidCare Rebate – KidCare Rebate is the fifth plan and is not included under this State Plan. KidCare Rebate is available to those with family income above 133% through 185% of the FPL whose**

children are insured. KidCare Rebate reimburses part or all of the cost of private health insurance for children.

The KidCare Share and KidCare Premium Plans provide benefits that mirror the benefits provided for children under the State's approved plan under Title XIX of the Social Security Act, except for home and community-based waiver services and abortion services. KidCare Share and KidCare Premium utilize the same provider networks, including essential community providers. KidCare Share, KidCare Premium and KidCare Rebate are not considered to be an entitlement.

KidCare Rebate is further encouraging coverage of children from working families by providing an insurance rebate to families who have enrolled their children in employer sponsored or private insurance. The rebate is capped at the average Medicaid payment minus the average KidCare premium. This rebate serves as an "anti-crowd out" strategy to discourage employees from dropping current coverage to take advantage of other KidCare plans. This rebate plan is NOT included in this Title XXI State Plan and the following sections of this State Plan will address only KidCare Share and KidCare Premium. At a later date, the State may amend this plan to seek federal financial participation for portions of KidCare Rebate.

KidCare Moms and Babies is currently operating under Illinois' approved Title XIX State Plan. KidCare Assist is currently operating under the approved Medicaid State Plan and under the approved State Plan for Title XXI.

The Department's original submission of this State Plan estimated that 61,200 children with family income above 133% and at or below 185% of the FPL had no health insurance and would be potentially eligible for benefits under Phase II. The census data provided in the initial Title XXI State Plan may be under-counting the number of uninsured children in Illinois. Around 100,000 children could qualify under Phase II. Because of the unreliability of these estimates, the Illinois *Children's Health Insurance Program Act*, which implemented KidCare, requires the Department to commission a population study to establish regional estimates of the number of children:

- 1) with and without health insurance coverage;**
- 2) who are eligible for Medicaid;**
- 3) who are eligible for Medicaid and enrolled;**
- 4) with access to dependent coverage through an employer;**

- and,
5) with access to dependent coverage through an employer and enrolled.

The study shall also attempt to determine, for the population of children potentially eligible for coverage under KidCare:

- 1) the extent of access to dependent coverage;
- 2) the extent to which children are enrolled in private coverage; and
- 3) the amount of cost sharing related to such coverage.

Upon completion of this study, more accurate estimates will be available.

The State estimates that 20,000 children with income between 185% and 200% FPL will be eligible as a result of the fourth amendment to the Title XXI plan.

2.2. Describe the current state efforts to provide or obtain creditable health coverage for uncovered children by addressing: (Section 2102)(a)(2) (42CFR 457.80(b))

2.2.1. The steps the state is currently taking to identify and enroll all uncovered children who are eligible to participate in public health insurance programs (i.e. Medicaid and state-only child health insurance):

Outreach to low income children and pregnant women for the Medicaid program is conducted the the State's Maternal and Child Health (Title V) program in the Illinois Department of Human Services. *The Family Case Management* program conducts outreach and case management activities for low-income families that include a pregnant woman, infant or young child. Medicaid matching funds are claimed for outreach activities and for case management activities conducted with Medicaid-eligible families for Medicaid-covered services. The program has been operating since 1986 and has been a Medicaid-MCH partnership since 1990. The program's current budget is \$45.7 million, of which \$4.1 million is used for outreach activities.

Family Case Management activities are carried out by local agencies: local health departments, community health centers, other FQHCs and other community-based organizations.

“Outreach” activities include any activity to find and inform potential program participants of the health services available through the Medicaid program. Outreach, therefore, can include community campaigns as diverse as door-to-door canvassing, production and distribution of handbills, design and publication of newspaper announcements, and production and broadcast of public service announcements or paid advertising on radio or television. Projects also target outreach activities to employers that do not offer health insurance coverage for their employees. Presentations are made to church groups, service clubs, and other community groups. Local agencies develop networks of community health care providers, hospitals, clinics, emergency rooms, pharmacies and other agencies to distribute information on the Medicaid program. The primary objective of outreach activities is to inform potential program participants of available services, eligibility criteria and methods of accessing services (for example, the name, address and phone number of the provider). This is not to preclude the use of nontraditional methods of outreach.

Once identified through outreach activities, the Family Case Management program then helps eligible families to enroll in Medicaid. Many of the local provider agencies are also qualified to conduct Medicaid Presumptive Eligibility determinations for pregnant women. The Family Case Management providers either are WIC providers or have a linkage with the WIC Program. WIC identifies potentially eligible Medicaid clients and refers them for eligibility determination. Local providers have also established good working relationships with the eligibility determination staff at local DHS offices and can assist families in making appointments for eligibility interviews and in providing or arranging transportation and child care if necessary.

The Family Case Management program services about 140,000 families each year. This total includes currently Medicaid-eligible families as well as targeted low income children who will become eligible through the Medicaid expansion under Title XXI.

Health care services – The Maternal and Child Health program pays for primary health care services to Medicaid ineligible targeted low income children through two programs: Family Case Management, and a “Maternal and Child Health Mini-Block Grant” to the Chicago Department of Health.

A portion of the grant funds awarded to each Family Case Management agency is earmarked for primary care services. These funds may be used to purchase health care for either pregnant women or children. To use these funds, the family must be ineligible for Medicaid and not have insurance that will cover primary care services. The Chicago Department of Health uses its "Mini-Block Grant" to pay for primary health care services provided through its community-based clinics to uninsured women of reproductive age (for family planning services), pregnant women (for prenatal care) and children (for pediatric primary care). All of these funds are used only for ambulatory, preventive and primary care; they are not used for specialty or inpatient care. During SFY'97, these programs used \$1.6 million to pay for approximately 85,200 pediatric encounters.

In Illinois, 106 FQHC site locations provide medical services to families with little or no income. The FQHC staff identify potentially eligible Medicaid clients and assist them in completing the eligibility process. In 1991, the Department of Public Aid implemented procedures for Medicaid eligibility application processing for pregnant and postpartum women and children under age 19 at designated locations other than the local DHS offices. Those locations include FQHCs and disproportionate share hospitals.

In Illinois' continuing effort to improve the health status of school-aged children, the Project Success Program coordinates social and health services with parental involvement in approximately 200 designated school sites throughout the State. Project Success sites refer potentially eligible Medicaid children for eligibility determination. Additionally, sixteen school based/linked clinics provide services to school-aged children, their siblings and preschool aged children in the district. The clinics are required to assess income levels and refer those children who appear to be Medicaid eligible for eligibility determination while at the same time providing needed medical services.

In addition, Illinois has established KidCare Application Agents (KCAAs) that assist families in completing the State's KidCare Application. KCAAs receive a technical assistance payment for each complete application that results in enrollment of children into any of the KidCare plans. Organizations that have been

enrolled as KCAAs include hospitals, Federally qualified health centers (FQHCs), local health departments, faith based organizations, Women, Infant and Children (WIC) program sites, Family Case Management agencies, Community Action agencies, Early Intervention agencies, Child Care Resource & Referral agencies, and licensed insurance agents.

Organizations must enter into a written agreement with the State and participate in a training session before becoming a KCAA.

- 2.2.2. The steps the state is currently taking to identify and enroll all uncovered children who are eligible to participate in health insurance programs that involve a public-private partnership:

The State of Illinois is not directly involved in a public-private partnership concerning health insurance for children. A local public-private partnership, however, operates in suburban Cook County. The Suburban Primary Health Care Council operates the Access to Care Program in suburban Cook County. This public-private partnership includes the Community and Economic Development Association of Cook County, Inc.; the Cook County Department of Public Health; the Northwest Suburban Health Care Council; and the Park Forest Health Department. Approximately 4,500 uninsured or under-insured children from suburban Cook County (outside of Chicago) will be served during 1997.

- 2.3. Describe the procedures the state uses to accomplish coordination of SCHIP with other public and private health insurance programs, sources of health benefits coverage for children, and relevant child health programs, such as title V, that provide health care services for low-income children to increase the number of children with creditable health coverage. *(Previously 4.4.5.)* (Section 2102(a)(3) and 2102(c)(2) and 2102(b)(3)(E)) (42CFR 457.80(c))

Illinois' Title XXI program will be fully integrated with the State's Medicaid program. Procedures currently employed in the Illinois Medicaid program will be used for the identification of third party coverage for optional targeted low income children.

Coordination with public programs is attained through the single application process for all plans. The dual approach of providing eligible children with either KidCare Share and KidCare Premium, or KidCare Rebate assures coordination with private sector programs.

Section 3. Methods of Delivery and Utilization Controls (Section 2102)(a)(4))

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 4.

- 3.1. Describe the methods of delivery of the child health assistance using Title XXI funds to targeted low-income children. Include a description of the choice of financing and the methods for assuring delivery of the insurance products and delivery of health care services covered by such products to the enrollees, including any variations. (Section 2102)(a)(4) (42CFR 457.490(a))

As a Medicaid look-alike, the KidCare Share and KidCare Premium deliver child health assistance through fee-for-service and prepaid providers included in the current Illinois Title XIX State Plan and any future approved amendments. Prepaid providers include Health Maintenance Organizations, and Managed Care Community Networks. The same methods for assuring the delivery of insurance products and services that are used for Title XIX are used for Title XXI. These methods are covered in detail in the response to 7.1.

- 3.2. Describe the utilization controls under the child health assistance provided under the plan for targeted low-income children. Describe the systems designed to ensure that enrollees receiving health care services under the state plan receive only appropriate and medically necessary health care consistent with the benefit package described in the approved state plan. (Section 2102)(a)(4) (42CFR 457.490(b))

KidCare Share and KidCare Premium employ all utilization controls from the Title XIX program, including prior approval controls, peer reviews, Medical Management Information System edits, and all existing post-audit and review procedures. Section 7.1 provides a more detailed explanation of these utilization controls.

Section 4. Eligibility Standards and Methodology. (Section 2102(b))

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 5.

4.1. The following standards may be used to determine eligibility of targeted low-income children for child health assistance under the plan. Please note whether any of the following standards are used and check all that apply. If applicable, describe the criteria that will be used to apply the standard. (Section 2102(b)(1)(A)) (42CFR 457.305(a) and 457.320(a))

- 4.1.1. Geographic area served by the Plan: **The plan will be statewide.**
- 4.1.2. Age: **Under 19 years of age.**
- 4.1.3. Income: **The child's family income is above 133% and at or below 200% of the federal poverty level. Family income considers all persons living in the household, including those that are not applying for benefits. Certain income that is exempt under Title XIX is exempt under Title XXI. This includes the exemption of certain employment-related costs, child care costs, and earned income of children who are not minor parents.**
- 4.1.4. Resources (including any standards relating to spend downs and disposition of resources): **No asset limitation is applied. Met spend down cases are not eligible for KidCare Share or KidCare Premium.**
- 4.1.5. Residency (so long as residency requirement is not based on length of time in state): **The child must be a resident of the State of Illinois and a U.S. citizen or qualified legal immigrant. Qualified legal immigrants are non-citizens who meet one of the following categories:**
- 1) **Unmarried dependent children of a United States Veteran honorably discharged or a person on active military duty,**
 - 2) **Refugees under Section 207 of the Immigration and Nationality Act,**
 - 3) **Asylees under Section 208 of the Immigration and Nationality Act,**
 - 4) **Persons for whom deportation has been withheld under Section 243(h) of the Immigration and Nationality Act,**
 - 5) **Persons granted conditional entry under Section**

203(a)(7) of the Immigration and Nationality Act as in effect prior to April 1, 1980,

- 6) Persons lawfully admitted for permanent residence under the Immigration and Nationality Act, or**
- 7) Parolees, for at least one year, under Section 212(d)(5) of the Immigration and Nationality Act.**

A child in categories (6) or (7) above, who enters the United States on or after August 22, 1996, is not eligible for five years beginning on the date of entry into the United States.

- 4.1.6. Disability Status (so long as any standard relating to disability status does not restrict eligibility):
- 4.1.7. Access to or coverage under other health coverage: **Eligibility for benefits will require that:**
 - 1) The child is not a member of a family that is eligible for health benefits covered under the State of Illinois health benefits plan on the basis of a member's employment with a public agency;**
 - 2) The child is not found to be eligible for Medicaid under Title XIX.**
- 4.1.8. Duration of eligibility: **The duration of eligibility will be for 12 months unless terminated for one of the reasons described below. The twelve months of eligibility commences when the first child in a household is determined to be eligible, not when an additional child is added. Eligibility is determined at least every 12 months. Eligibility is terminated if;**
 - 1. The child loses his or her Illinois residency,**
 - 2. The child attains 19 years of age**
 - 3. The child becomes eligible for and is enrolled in Medicaid under Title XIX,**
 - 4. The child becomes an inmate of a correctional facility or a patient in a mental institution,**
 - 5. The child's family becomes eligible for health benefits coverage under a State of Illinois health benefits plan on the basis of a member's employment with a public agency,**
 - 6. The child is found to have other significant health benefits,**
 - 7. Applicable premium payments are not made, or**
 - 8. The child's parent or adult who is legally responsible**

for the child's health care makes a written requested to terminate coverage.

- 4.1.9. Other standards (identify and describe): **At the time of application: a) the child is not a patient in an institution for mental diseases, or b) the child is not an inmate of a public institution. In addition, program eligibility is limited by amounts appropriated for KidCare Share and KidCare Premium. If the plan's enrollment reaches levels that indicate that fiscal year costs for those currently enrolled are approaching the appropriation, the State will stop taking new applications. The State will again take applications once enrollment levels are reduced or funding becomes available. c) the Social Security number or proof of application for a Social Security number must be provided for applicants who are requesting coverage. Individuals on the application that are not requesting coverage are not required to provide Social Security numbers.**

4.2. The state assures that it has made the following findings with respect to the eligibility standards in its plan: (Section 2102)(b)(1)(B)) (42CFR 457.320(b))

- 4.2.1. These standards do not discriminate on the basis of diagnosis.
- 4.2.2. Within a defined group of covered targeted low-income children, these standards do not cover children of higher income families without covering children with a lower family income.
- 4.2.3. These standards do not deny eligibility based on a child having a pre-existing medical condition.

4.3. Describe the methods of establishing eligibility and continuing enrollment. (Section 2102)(b)(2)) (42CFR 457.350)

A combined application is used for all KidCare plans as described in Section 2.1. Through a single application, children are reviewed for eligibility under all of the five plans and placed into the appropriate plan. If the review finds a child to be eligible under Title XIX, that child is enrolled in a Title XIX funded plan. Applications are reviewed by both local offices and a central processing unit. Face-to-face interviews are not required under any of the KidCare plans.

To determine eligibility for KidCare Share and KidCare Premium under Title XXI, the total gross income of the family is counted, less allowable deductions and exemptions as defined in the Title XIX State Plan. For

KidCare Share and KidCare Premium, the Department defines a family as the child applying for the program and the following persons who live with the child:

- 1) The child's parent(s).**
- 2) The spouse of the child's parent(s).**
- 3) Children under age 19 of the parent(s) or the parent's spouse.**
- 4) The spouse of the child.**
- 5) The children of the child.**

The number of persons in the family determines the applicable income standard.

If the monthly countable income of a child is above 133 percent and at or below 150 percent of the Federal Poverty Level for the applicable income standard, the child is enrolled in KidCare Share. If the monthly countable income of a child is above 150 percent and at or below 185 percent of the Federal Poverty Level for the number of persons in the income standard, the child is enrolled in KidCare Premium.

All applicants are notified in writing, regarding the outcome of their eligibility determination.

Eligibility determinations made by the fifteenth day of the month are effective in the first day of the following month. Eligibility determinations made after the fifteenth day of the month are effective no later than the first day of the second month following that determination. A child may obtain coverage for the period of time beginning two weeks prior to the date of initial application and continuing until coverage under KidCare Share or Premium is effective.

Monthly identification cards are issued for each family with a child enrolled under KidCare Share and KidCare Premium.

The duration of financial eligibility for KidCare Share and KidCare Premium is 12 months. The 12 months of financial eligibility commences when the first child in a family is covered under a plan. Children added to a plan after the eligibility period begins are eligible for the balance of the 12 month eligibility period. Before any 12 month period of eligibility ends, families are allowed to reapply to determine eligibility for another 12 months.

Illinois is committed to prompt review of KidCare applications. The state

standard for approving or denying requests for Medicaid under Title XIX is 45 days. This will also be the target for applications under Title XXI. The Department has established a central unit dedicated to processing KidCare applications and KidCare applications are also processed by eligibility staff working for the Illinois Department of Human Services at 129 local offices throughout Illinois. Most of the increase in applications resulting from KidCare outreach efforts are received centrally in the Department of Public Aid. The Department has hired 111 permanent and 55 temporary staff for its Bureau of KidCare in Springfield. This fall, a second site opened in Chicago to perform initial data input and currently has 37 staff. The State is committed to increasing staffing further as necessary to handle KidCare applications expeditiously. Note, all eligibility determinations are made by State employees.

The State has also streamlined the eligibility data system to make KidCare eligibility determination processing by the Department significantly more efficient.

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

Check here if this section does not apply to your state.

The State does not have an enrollment cap for state fiscal year 2003. DPA staff monitor KidCare Share and Premium spending and compare spending to appropriated amounts. If spending is at a level close to the level that staff estimate could not be sustained throughout the state fiscal year, the Department will institute an enrollment cap. Similarly, if the Governor's budget office or the legislature directs the Department to reduce KidCare Share and Premium spending because of fiscal problems, DPA will institute an enrollment cap. In either case, the cap will have no effect on current enrollees, unless they leave the program.

If KidCare Share/Premium enrollment approaches levels that cannot be sustained through the end of the year or if the state's fiscal situation requires a slow down in new enrollments, Illinois will stop enrolling children into KidCare Share or Premium until the situation is resolved. Using the public notice timeframe options under Title XXI, Illinois will notify the public before starting an enrollment cap. Public notice of this change would be accomplished through statewide press, KidCare Application Agents, and community partners. Illinois will also notify the

Centers for Medicare and Medicaid Services as soon as possible before implementing an enrollment cap. A KidCare Share and Premium enrollment cap would only apply to new enrollees. If such a cap were implemented, those currently enrolled would remain in KidCare Share/Premium as long as they continued to be eligible and met program requirements.

Once new enrollments are stopped, all applications received will be processed and those families determined eligible for Medicaid will be enrolled. Applications for families determined eligible for KidCare Share or Premium will be returned to the families. The State will use the same methods to notify the public when new enrollments begin again.

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 low-income children who are ineligible for Medicaid or not covered under a group health plan or health insurance coverage (including access to a state health benefits plan) are furnished child health assistance under the state child health plan. (Sections 2102(b)(3)(A) and 2110(b)(2)(B)) (42 CFR 457.310(b) (42CFR 457.350(a)(1)) 457.80(c)(3))

The single application enrollment process described above only allows those not eligible for Medicaid or those not having creditable coverage to be enrolled into KidCare Share or KidCare Premium plans.

The single application contains a question regarding insurance that must be answered for all children for whom health benefits are requested. When this information indicates that an otherwise eligible child has health insurance, the child is not denied, but is enrolled in KidCare Rebate. The annual review process is very similar to the single application process. The renewal form contains insurance and income questions and individuals are assigned to appropriate plans following the same steps as the single application process.

- 4.4.2. The Medicaid application and enrollment process is initiated and facilitated for children found through the screening to be potentially eligible for medical assistance under the state Medicaid plan under Title

XIX. (Section 2102)(b)(3)(B)) (42CFR 457.350(a)(2))

The single application process described above assures that all children applying for KidCare are considered for eligibility under Title XIX. Where they are found to be eligible for Medicaid, they are enrolled in KidCare Assist under Title XIX or Title XXI as appropriate. A child who is pregnant at the time of application for KidCare or an infant whose mother is eligible under Title XIX at the time of birth is enrolled in KidCare Moms and Babies.

If a child enrolled in KidCare Share or KidCare Premium becomes pregnant, she is terminated from either plan and enrolled under KidCare Moms and Babies (Title XIX funded) under the following circumstances: 1) upon the request of the pregnant child or her family she is reviewed for Title XIX eligibility, and if found eligible, is enrolled in KidCare Moms and Babies; 2) upon reapplication for KidCare Share or KidCare Premium, a pregnant child is enrolled in KidCare Moms and Babies when the 12 month eligibility period for KidCare Share or KidCare Premium ends; or 3) upon the family seeking to enroll the infant in KidCare, the State reviews the mother's status and if determined to be eligible under Title XIX, both mother and infant are enrolled in KidCare Moms and Babies.

When a KidCare Share or Premium enrolled child becomes pregnant and is therefore likely to be eligible for Medicaid under Title XIX, she will be enrolled in KidCare Moms and Babies after her family income has been reviewed to determine that she in fact meets the KidCare Moms and Babies financial eligibility criteria. The time it takes to complete the review will depend on the responsiveness of the pregnant girl and her family. Once any necessary information is obtained, the financial review can be completed in a day or two. Once Medicaid eligibility is determined, it may be established retroactively for three months, pursuant to Medicaid policy. She will also be disenrolled from KidCare at that time; therefore, benefits will continue in an uninterrupted fashion.

The State has great concern that coverage not be interrupted because a family fails to provide information necessary to make a determination of the child's eligibility for Medicaid when her eligibility for KidCare Share or Premium remains in force. Therefore, the State will maintain the child's enrollment in KidCare

Share or Premium until either she is enrolled in Medicaid or she is otherwise disenrolled from the program as described in Section 4.1.8. The State will claim FFP under Title XXI for services she receives while she is enrolled in KidCare Share or Premium.

- 4.4.3. The State is taking steps to assist in the enrollment in SCHIP of children determined ineligible for Medicaid. (Sections 2102(a)(1) and (2) and 2102(c)(2)) (42CFR 431.636(b)(4))

The single application process ensures that children who are not eligible for Medicaid are reviewed for eligibility for KidCare Share, KidCare Premium, and KidCare Rebate before an application is denied.

- 4.4.4 The insurance provided under the state child health plan does not substitute for coverage under group health plans. Check the appropriate box. (Section 2102(b)(3)(C)) (42CFR 457.805) (42 CFR 457.810(a)-(c))

- 4.4.4.1. Coverage provided to children in families at or below 200% FPL: describe the methods of monitoring substitution.

The State is implementing the State funded KidCare Rebate plan to subsidize employer-sponsored or private insurance. The KidCare Rebate plan serves as a significant "anti-crowd-out" strategy. This plan was designed to bring fairness to families who would be otherwise eligible for KidCare Share or KidCare Premium, but who, because they made the effort to insure their children, would be ineligible for coverage under the Children's Health Insurance Program. By providing these families with a subsidy to offset the costs of health insurance for their children, the rebate encourages families to retain their private coverage. The rebate also encourages employers to continue offering coverage to their employees' dependents.

In addition, under KidCare Share and KidCare Premium, the State utilizes the same methods used under Title XIX to identify any third party payers.

The State will monitor the effect of KidCare on private insurers and modify the program if it appears that,

because of availability of KidCare Share and KidCare Premium, persons or employers are inappropriately dropping privately funded coverage.

4.4.4.2. Coverage provided to children in families over 200% and up to 250% FPL: describe how substitution is monitored and identify specific strategies to limit substitution if levels become unacceptable.

4.4.4.3. Coverage provided to children in families above 250% FPL: describe how substitution is monitored and identify specific strategies in place to prevent substitution.

4.4.4.4. If the state provides coverage under a premium assistance program, describe:

The minimum period without coverage under a group health plan, including any allowable exceptions to the waiting period.

The minimum employer contribution.

The cost-effectiveness determination.

4.4.5 Child health assistance is provided to targeted low-income children in the state who are American Indian and Alaska Native. (Section 2102)(b)(3)(D)) (42 CFR 457.125(a))

Any American Indian or Alaska Native child who applies for KidCare and who meets the eligibility requirements will be enrolled in KidCare. No premiums or co-payments are required for American Indian or Alaska Native children.

There is a single American Indian health center in the State, which is located in Chicago. This health center is recognized as a Federally Qualified Health Center (FQHC) under the Department's Title XIX program. The facility provides primary care services and makes referrals for other services. At the inception of KidCare, the Department consulted with this facility concerning KidCare outreach and enrollment strategies that would be appropriate for reaching American Indian Children. Subsequent attempts to solicit input from American Indian groups have been unsuccessful.

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Section 5. Outreach (Section 2102(c))

Describe the procedures used by the state to accomplish:

Outreach to families of children likely to be eligible for child health assistance or other public or private health coverage to inform them of the availability of the programs, and to assist them in enrolling their children in such a program:
(Section 2102(c)(1)) (42CFR 457.90)

Illinois will conduct an outreach campaign and target an enrollment strategy to children throughout the State who are likely to be eligible either for Medicaid under Title XIX or for expanded Medicaid under Title XXI. This strategy will encourage these children to enroll, utilize and stay in the health care system. This will be achieved in the following manner:

- 1) IDPA will review its automated records and notify the families of eligible children who are currently in the Medicaid system as unmet spenddown of their eligibility under the new income thresholds and will enroll the children.**
- 2) IDPA will develop a new simplified application process and the procedures to support widespread offsite enrollment.**
- 3) MPE and MCH offsite enrollment sites including FQHCs, disproportionate share hospitals, local health departments and WIC sites will be utilized to conduct offsite enrollment of uninsured children into the new program.**
- 4) County health departments, Family Case Management and WIC sites will be asked to utilize existing records on the Cornerstone system of the Department of Human Services to review their records and identify children who are in their programs and likely to be eligible for health benefits coverage.**
- 5) The Department of Public Aid will send a notice to all non-assistance Child Support families informing them of the program and of locations where the family could enroll the child.**
- 6) Outreach will be coordinated with the Illinois child care resource and referral networks and larger child care of Head Start providers.**

- 7) School districts will be recruited for identifying children likely to be eligible for health benefits coverage, and wherever possible, offsite enrollment, according to the school census of the number of children receiving free and reduced cost lunch. This will be coordinated with Project Success and School Attendance Initiative sites.**
- 8) Special efforts will be made to identify eligible:**
 - a) migrant children through community agencies such as the Illinois Migrant Council or migrant health clinics;**
 - b) homeless children through community-based organizations such as those who provide shelter or emergency food services, and clinics which target these populations;**
 - c) children with special health care needs through the Division of Specialized Care for Children and through children's hospitals; and,**
 - d) children in rural areas through the efforts of county health departments, rural health clinics and FQHCs.**
- 9) Community-based organizations will be asked to disseminate information about the program and the referral process to potentially eligible families. These organizations include, but are not limited to:**
 - Project SUCCESS sites;**
 - Places of worship;**
 - Day care facilities, Child Care Resource and Referral Networks;**
 - Early Intervention sites;**
 - Head Start, Early Head Start sites;**
 - Community-based organizations (YWCA, etc.); and**
 - DPA's Neighborhood Education Contractors**
- 10) Other efforts to promote the program will include a program fact sheet and a provider notice explaining the new eligibility levels and a listing of enrollment sites.**

In addition to the tasks already described, Illinois is conducting an outreach campaign to increase public awareness of the State's health care programs for children. The campaign has been developed with the assistance of the Outreach Advisory Committee. This committee includes representatives from social services agencies, churches,

schools, provider groups, community groups, fraternal organizations, local government employer groups, HCFA and State agency personnel.

This outreach campaign is designed to reach eligible children in KidCare Share, KidCare Assist, KidCare Premium, KidCare Moms and Babies and KidCare Rebate. Outreach to all of these plans will be accomplished by 1) identifying targeted populations; 2) publicizing the available benefits; 3) motivating families to take advantage of available plans; and 4) providing applications and assisting people with the application process. The enrollment process itself is more accessible and streamlined by expanding the number of offsite enrollment locations, using a combined application for all plans, and through the use of mail-in applications. Through this coordinated approach, all outreach efforts target all children potentially eligible under both Titles XIX and XXI.

Other specific outreach activities that are being implemented include the following:

- 1. Distribute informational brochures and implement a toll-free number for interested parties to learn more about the plans and receive assistance in completing and submitting applications;**
- 2. Develop a media campaign to promote public awareness of the plans. The campaign will include radio, print and promotional advertising. The State is investing considerable resources into making materials attractive, interesting and easy to follow;**
- 3. Educate employers, unions and trade associations about the plan;**
- 4. Establish strong community outreach through churches, immigrant organizations and community based organizations. Medical providers, including doctor's offices, local health departments, emergency rooms, Federally Qualified Health Centers and Rural Health Clinics are also being enlisted. To assist community providers, the Department has developed an income screening tool that persons in the community can use to determine whether families appear to be eligible for KidCare and for which plan they may be eligible;**
- 5. Complete an electronic cross-match of participants in the WIC, school lunch and child care programs to identify families who meet the income criteria for KidCare, but have not enrolled. Families in an unmet spend-down status are invited to apply;**

- 6. Pilot the use of eligibility for the free lunch program as a determination of presumptive eligibility for KidCare Assist;**
- 7. Establish educational partnerships to assist the State in promoting public awareness of KidCare. Such partnerships will include Americorp and Vista programs, Headstart programs, Project Success (a program that coordinates social services through local schools), and coordination with the Illinois Departments of Human Services, Commerce and Community Affairs, Aging, Natural Resources, Revenue, and the State offices of Secretary of State, Attorney General and Comptroller, as well and through legislative offices.**
- 8. Therefore, the Department may release a Request for Proposals to contract with multiple entities to identify and implement creative outreach strategies to locate and enroll identified hard-to-reach populations that may be eligible for KidCare and Medicaid. If implemented, the Department will provide multiple small grants for this project and has committed up to \$500,000 in total spending. Hard-to-reach populations that may be targeted through these grants include:**
 - a) Children in families with limited English proficiency and other language barriers such as illiteracy;**
 - b) Children with special needs. This includes children who are visually impaired, hearing impaired, and children with other chronic conditions such as emotionally, physically, or developmentally challenged children;**
 - c) Families who are difficult to reach because of various cultural barriers;**
 - d) Families who have multiple jobs;**
 - e) Families whose members are healthy and are, therefore, not motivated to apply for health insurance coverage;**
 - f) Families residing in rural areas of the State where medical provider services are limited or non-existent;**
 - g) Migrant children;**
 - h) Homeless children; and**
 - i) Other hard-to-reach populations that may be defined by the contractors.**
- 9. Effective April 12, 1999, the State began reimbursing KidCare Application Agents \$50 for each completed KidCare application**

Model Application Template for the State Children's Health Insurance Program

that results in enrollment in the program.

Section 6. Coverage Requirements for Children's Health Insurance (Section 2103)

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 7.

6.1. The state elects to provide the following forms of coverage to children:
(Check all that apply.) (42CFR 457.410(a))

6.1.1. Benchmark coverage; (Section 2103(a)(1) and 42 CFR 457.420)

6.1.1.1. FEHBP-equivalent coverage; (Section 2103(b)(1))
(If checked, attach copy of the plan.)

6.1.1.2. State employee coverage; (Section 2103(b)(2)) (If checked,
identify the plan and attach a copy of the benefits
description.)

6.1.1.3. HMO with largest insured commercial enrollment (Section
2103(b)(3)) (If checked, identify the plan and attach a copy
of the benefits description.)

6.1.2. Benchmark-equivalent coverage; (Section 2103(a)(2) and 42 CFR
457.430) Specify the coverage, including the amount, scope and
duration of each service, as well as any exclusions or limitations.
Please attach a signed actuarial report that meets the
requirements specified in 42 CFR 457.431. **See instructions.**

**The benchmark plan is actuarially equivalent to the State
employees group health plan. The actuarial report is
attached.**

6.1.3. Existing Comprehensive State-Based Coverage; (Section 2103(a)(3)
and 42 CFR 457.440) [Only applicable to New York; Florida;
Pennsylvania] Please attach a description of the benefits
package, administration, date of enactment. If "existing
comprehensive state-based coverage" is modified, please
provide an actuarial opinion documenting that the actuarial value
of the modification is greater than the value as of 8/5/97 or one
of the benchmark plans. Describe the fiscal year 1996 state
expenditures for "existing comprehensive state-based coverage."

6.1.4. Secretary-Approved Coverage. (Section 2103(a)(4)) (42 CFR 457.450)

6.1.4.1. Coverage the same as Medicaid State plan

6.1.4.2. Comprehensive coverage for children under a

Medicaid Section 1115 demonstration project

- 6.1.4.3. Coverage that either includes the full EPSDT benefit or that the state has extended to the entire Medicaid population
- 6.1.4.4. Coverage that includes benchmark coverage plus additional coverage
- 6.1.4.5. Coverage that is the same as defined by existing comprehensive state-based coverage
- 6.1.4.6. Coverage under a group health plan that is substantially equivalent to or greater than benchmark coverage through a benefit by benefit comparison (Please provide a sample of how the comparison will be done)
- 6.1.4.7. Other (Describe)

6.2. The state elects to provide the following forms of coverage to children: (Check all that apply. If an item is checked, describe the coverage with respect to the amount, duration and scope of services covered, as well as any exclusions or limitations) (Section 2110(a)) (42CFR 457.490)

KidCare Share and KidCare Premium mirrors the benefits of the Medicaid program in terms of the amount, duration and scope of services covered, except as noted below. The only exceptions are that home and community-based waiver services that are provided to Medicaid eligible persons as an alternative to institutionalization are not a part of KidCare Share or KidCare Premium, and no abortion services are included. KidCare Share and KidCare Premium include the following services in all primary, preventive, acute and chronic circumstances:

- 6.2.1. Inpatient services (Section 2110(a)(1))
- 6.2.2. Outpatient services (Section 2110(a)(2)), **including emergency services**
- 6.2.3. Physician services (Section 2110(a)(3))
- 6.2.4. Surgical services (Section 2110(a)(4))
- 6.2.5. Clinic services (including health center services) and other ambulatory health care services. (Section 2110(a)(5))
- 6.2.6. Prescription drugs (Section 2110(a)(6))
- 6.2.7. Over-the-counter medications (Section 2110(a)(7)) **Over-the-counter medications are only covered if prescribed by a physician.**
- 6.2.8. Laboratory and radiological services (Section 2110(a)(8))
- 6.2.9. Prenatal care and pre-pregnancy family services and supplies (Section 2110(a)(9))

- 6.2.10. Inpatient mental health services, other than services described in 6.2.18. (Section 2110(a)(10))
- 6.2.11. Outpatient mental health services, other than services described in 6.2.19. (Section 2110(a)(11))
- 6.2.12. Durable medical equipment and other medically-related or remedial devices (such as prosthetic devices, implants, eyeglasses, hearing aids, dental devices, and adaptive devices) (Section 2110(a)(12))
- 6.2.13. Disposable medical supplies (Section 2110(a)(13))
- 6.2.14. Home and community-based health care services (See instructions) (Section 2110(a)(14))

All services available under the State's Title XIX State Plan that are provided to participants of home and community based waivers are included under KidCare Share and KidCare Premium. Only the specialized services unique to these waivers are excluded from these plans. The waiver programs themselves have been specifically excluded for the following reasons:

- 1) **KidCare Share and KidCare Premium are designed to be broadly applicable and are not intended to focus on the unique circumstances addressed through the home and community based waivers;**
- 2) **Each of the waiver programs have specialized eligibility objectives, several of which include income standards above those allowed under KidCare Share and KidCare Premium; and**
- 3) **All of the waiver programs have enrollment caps.**

- 6.2.15. Nursing care services (See instructions) (Section 2110(a)(15))
- 6.2.16. Abortion only if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest (Section 2110(a)(16))

No abortion services are covered by KidCare Share and KidCare Premium. A child who is pregnant when she applies is not enrolled in these plans but instead enrolled under Title XIX. If a child who becomes pregnant while she is enrolled under KidCare Share or KidCare Premium chooses to have an abortion, she must enroll under Title XIX to have abortion services covered. Abortion service limitations are defined in the Illinois Medicaid State Plan.

- 6.2.17. Dental services (Section 2110(a)(17))
- 6.2.18. Inpatient substance abuse treatment services and residential

- 6.2.19. substance abuse treatment services (Section 2110(a)(18))
- 6.2.19. Outpatient substance abuse treatment services (Section 2110(a)(19))
- 6.2.20. Case management services (Section 2110(a)(20))
Limited to children diagnosed with mental illness and children under the age of three who are receiving early intervention services.
- 6.2.21. Care coordination services (Section 2110(a)(21))
- 6.2.22. Physical therapy, occupational therapy, speech therapy, and services for individuals with speech, hearing, and language disorders (Section 2110(a)(22))
- 6.2.23. Hospice care (Section 2110(a)(23))
- 6.2.24. Any other medical, diagnostic, screening, preventive, restorative, remedial, therapeutic, or rehabilitative services. (See instructions) (Section 2110(a)(24))
Home health care services
Audiology services
Optometric services
Family planning services
All EPSDT services
Chiropractic services
Podiatric services
Renal dialysis
Services of Intermediate Care Facilities for the Mentally Retarded,
skilled pediatric nursing facility services
Early Intervention services, including case management, for children who meet eligibility requirements established in the State's approved plan pursuant to Part C of the Individuals with Disabilities Education Act
- 6.2.25. Premiums for private health care insurance coverage (Section 2110(a)(25))
- 6.2.26. Medical transportation (Section 2110(a)(26))
- 6.2.27. Enabling services (such as transportation, translation, and outreach services) (See instructions) (Section 2110(a)(27))
- 6.2.28. Any other health care services or items specified by the Secretary and not included under this section (Section 2110(a)(28))

6.3 The state assures that, with respect to pre-existing medical conditions, one of the following two statements applies to its plan: (42CFR 457.480)

- 6.3.1. The state shall not permit the imposition of any pre-existing medical condition exclusion for covered services (Section 2102(b)(1)(B)(ii)); **OR**

- 6.3.2. The state contracts with a group health plan or group health insurance coverage, or contracts with a group health plan to provide family coverage under a waiver (see Section 6.4.2. of the template). Pre-existing medical conditions are permitted to the extent allowed by HIPAA/ERISA (Section 2103(f)). Please describe: *Previously 8.6*

6.4 **Additional Purchase Options.** If the state wishes to provide services under the plan through cost effective alternatives or the purchase of family coverage, it must request the appropriate option. To be approved, the state must address the following: (Section 2105(c)(2) and(3)) (42 CFR 457.1005 and 457.1010)

- 6.4.1. **Cost Effective Coverage.** Payment may be made to a state in excess of the 10% limitation on use of funds for payments for: 1) other child health assistance for targeted low-income children; 2) expenditures for health services initiatives under the plan for improving the health of children (including targeted low-income children and other low-income children); 3) expenditures for outreach activities as provided in section 2102(c)(1) under the plan; and 4) other reasonable costs incurred by the state to administer the plan, if it demonstrates the following (42CFR 457.1005(a)):

- 6.4.1.1. Coverage provided to targeted low-income children through such expenditures must meet the coverage requirements above; **Describe the coverage provided by the alternative delivery system. The state may cross reference section 6.2.1 - 6.2.28.** (Section 2105(c)(2)(B)(i)) (42CFR 457.1005(b))
- 6.4.1.2. The cost of such coverage must not be greater, on an average per child basis, than the cost of coverage that would otherwise be provided for the coverage described above.; **Describe the cost of such coverage on an average per child basis.** (Section 2105(c)(2)(B)(ii)) (42CFR 457.1005(b))
- 6.4.1.3. The coverage must be provided through the use of a community-based health delivery system, such as through contracts with health centers receiving funds under section 330 of the Public Health Service Act or with hospitals such as those that receive disproportionate share payment adjustments under section 1886(c)(5)(F) or 1923 of the Social Security Act. **Describe the**

community based delivery system. (Section 2105(c)(2)(B)(iii)) (42CFR 457.1005(a))

- 6.4.2. **Purchase of Family Coverage.** Describe the plan to purchase family coverage. Payment may be made to a state for the purpose of family coverage under a group health plan or health insurance coverage that includes coverage of targeted low-income children, if it demonstrates the following: (Section 2105(c)(3)) (42CFR 457.1010)

The Department will submit a separate amendment regarding family coverage. Any questions related to family coverage will be addressed in that amendment.

- 6.4.2.1. Purchase of family coverage is cost-effective relative to the amounts that the state would have paid to obtain comparable coverage only of the targeted low-income children involved; and **(Describe the associated costs for purchasing the family coverage relative to the coverage for the low income children.)** (Section 2105(c)(3)(A)) (42CFR 457.1010(a))

The state assures that the family coverage would not otherwise substitute for health insurance coverage that would be provided to such children but for the purchase of family coverage. (Section 2105(c)(3)(B)) (42CFR 457.1010(b))

Not applicable at this time.

- 6.4.2.3. The state assures that the coverage for the family otherwise meets title XXI requirements. (42CFR 457.1010(c))

Section 7. Quality and Appropriateness of Care

- Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 8.

- 7.1. Describe the methods (including external and internal monitoring) used to assure the quality and appropriateness of care, particularly with respect to well-baby care, well-child care, and immunizations provided under the plan. (2102(a)(7)(A)) (42CFR 457.495(a))

The Department has established access to quality care, and the appropriateness of care, as performance measures for KidCare Share and KidCare Premium. These performance goals and methods of assuring their attainment are more fully described in Section 9. Methods to measure quality and appropriateness of care include the following:

Managed Care

For clients enrolled in managed care, the Department establishes and provides monitoring and oversight to ensure that quality control requirements are met. Managed Care Entities (MCEs) are required to have a quality assurance system in place that focuses on quality improvement. System activities include:

- **Collecting systematic data on performance and patient results;**
- **Monitoring health care services through medical records review, clinical studies, physician peer review, and monitoring of health outcomes;**
- **Developing and monitoring of health education and outreach for clients**
- **Establishing and monitoring member services to handle client issues;**
- **Establishing mechanisms for preauthorization and review of denials;**
- **Monitoring access standards;**
- **Monitoring fraud and abuse;**
- **Establishing and monitoring a client grievance and complaint resolution system;**
- **Evaluating client satisfaction;**
- **Providing information to providers, evaluating provider satisfaction and resolving provider concerns; and**
- **Establishing procedures for ongoing quality improvement with written procedures for taking appropriate remedial action and**

correcting deficiencies.

The Department has established quality control mechanisms for managed care which include ongoing monitoring of contract compliance, including the areas of covered services; service delivery; access standards; health education and outreach; pharmacy formulary; linkages to other services; records requirements; care standards; encounter reporting on encounters and quality assurance/improvement activities; marketing; member services; health outcomes, including measuring HEDIS indicators; minimum required performance standards; and financial stability. The Department contracts with a Quality Assurance Organization to assist in the oversight of managed care under both Title XIX and Title XXI. The Contractor's responsibilities include but are not limited to, medical records review, technical assistance, health outcome analysis and quality assurance monitoring of each managed care entity.

Fee-For-Service

Quality assurance mechanisms in the fee-for-service Medicaid system are listed below. These are employed under fee-for-service for KidCare Share and KidCare Premium. Through these mechanisms, quality problems are identified and addressed. Providers found to have quality problems are asked to prepare quality improvement plans.

- 1. Staff from the Division of Medical Programs watch for provider abuses of the Medicaid system. Such abuses are referred to the Office of the Inspector General (OIG) for review.**
- 2. OIG has many tasks to assure medical quality.**
 - a. Face-to-face client surveys regarding quality of care and access to care.**
 - b. Investigations of referrals from within DPA; the Department of State Police; the Department of Public Health; and from the state's peer review organization.**
 - c. Audits of providers who fall outside accepted norms for claims activity.**
 - d. Peer review coordination of medical necessity and over-utilization issues.**
- 3. The state's Medical Management Information System (MMIS) includes many edits to prevent abuse and excessive billings. New ones are created regularly.**
- 4. DPA operates a toll-free hotline for clients to report any problems**

- or concerns they may have.
5. **The Department's peer review organization, conducts prepay and postpay medical records reviews on certain hospital inpatient and outpatient claims.**
 6. **Special reviews are conducted on pharmacy claims to identify duplicate therapy, refill-too-soon, potential drug interactions, and abnormal dosages. Prior approval is required for high risk medication and drugs likely to be abused.**
 7. **Prior approval is required for durable medical equipment and many medical supply items.**

Will the state utilize any of the following tools to assure quality?
(Check all that apply and describe the activities for any categories utilized.)

- 7.1.1. Quality standards
The Department has established quality control mechanisms, including the monitoring of contract compliance, covered services, service delivery, access standards, health education and outreach, coordination with other services, and quality assurance and improvement activities. Specific goals for maintaining quality standards and measures of their attainment are described in Section 9.
- 7.1.2. Performance measurement
Performance measures include improving the health status of children by reducing infant mortality, lead poisoning, and school absenteeism; extending health coverage to more Illinois children; and assuring appropriateness of, and access to, necessary health care. These performance measurements and specific criteria for assessing their attainment are more fully described in Section 9.
- 7.1.3. Information strategies
The Department is expanding its client health care hotline and promoting the hotline as a place for families to call with concerns and questions. The Department is also incorporating a satisfaction survey for families participating in KidCare. Under both of these efforts, information is being collected and used to directly monitor and improve health care access and quality.
- 7.1.4. Quality improvement strategies
The Department is establishing procedures for ongoing quality improvement in written procedures for taking appropriate remedial action and correcting deficiencies.

7.2. Describe the methods used, including monitoring, to assure access to covered

services, including a description of how the state will assure the quality and appropriateness of the care provided. The state should consider whether there are sufficient providers of care for the newly enrolled populations and whether there is reasonable access to care: (2102(a)(7)(B)) (42CFR 457.495)

In addition to the methods described in Sections 7.2 and 9, the State maintains a toll-free telephone hotline that provides assistance in explaining programs and benefit coverage, completing applications for assistance, locating providers for health care services, and allows recipients to identify any problems, including accessing health services and emergency room services. The Department also uses surveys to identify patterns that may be indicative of problems in accessing necessary medical services.

The Department believes the State's current Medicaid network is adequate to add an additional 100,000 children. However, to increase access even further, the Department has significantly reformed its payment methodology for outpatient and physician services, effective July 1, 1998. To more accurately reflect the resources used in outpatient services, the Department increased from four to twelve the number of reimbursement groupings. Along with the increase in reimbursement groups, total reimbursement rates on outpatient services were increased by 42%. The Department has also significantly increased physician reimbursement rates. Overall the Department increased physician rates by 10% with certain basic procedures receiving increases as high as 61%. Dental rates have also been increased an average of 50%.

The Department closely monitors provider capacity in order to assure appropriate access. Initiatives undertaken to increase provider capacity and access include:

- **contracting with a physician referral provider in portions of Cook County and surrounding counties;**
- **FQHC rate increases;**
- **Physician referrals through the KidCare hotline; the hotline handles approximately 1,000 physician referral calls a month;**
- **continued support of the American Academy of Pediatrics project to educate pediatricians and pediatric office staff about KidCare in order to encourage them to enroll with KidCare; and**
- **increased dental rates and an improved dental referral system with Doral Dental.**

The State employs staff specialists to recruit and provide technical assistance to medical providers. A provider hotline answers questions and provides member eligibility information and preventive health

profiles, listings of preventive health services received by covered patients, upon request. Provider Handbooks and notices are available in hard copy and on the Department of Public Aid's website.

Access to services is further assured through freedom of choice of providers in the fee-for-service delivery system. Managed care is voluntary in three of the 102 counties in the State.

The State collaborates with provider organizations representing physicians and other providers of care. Provider organizations inform their membership of State initiatives and encourage participation.

The following table displays estimates of average payments that are made by the State KidCare Share and KidCare Premium:

**Department of Public Aid
Sample of Average Weighted Payments per Service
For Children 0-18 (Adjusted to FY'99 Dollars)**

	Liability	Services	Avg Payment
Physicians	\$ 1,375,679	58,190	\$ 23.64
Other Practitioners	50,750	3,046	16.66
Hospital Inpatient	16,592,020	3,256	5,095.83
Hospital Outpatient	125,385	4,850	25.85
Prescribed Drugs	3,293,634	149,441	22.04
Com. Hlth Centers	953,423	26,799	35.58
Home Health Care	1,373,824	4,528	303.41
TOTAL	\$23,764,715	250,110	\$ 95.02

7.2.1 Access to well-baby care, well-child care, well-adolescent care and childhood and adolescent immunizations. (Section 2102(a)(7)) (42CFR 457.495(a))

In addition to the methods described in Sections 7.2 and 9, the State pays enhanced rates for certain maternal and child health services to providers who meet certain participation requirements.

The Department of Public Aid collaborates with sister agencies on initiatives related to access to care for children. The Department of Human Services provides case management services, including assisting participants in accessing health care services, to pregnant women and families of infant and high risk older children who are eligible for KidCare. Children who receive WIC services are referred for preventive and primary care. The Department works in cooperation with the Department of Public Health to ensure a coordinated effort at increasing the rate of childhood immunizations, lead screening, lowering infant mortality and improving birth outcomes.

As detailed in Section 9, the State measures its performance in several key preventive areas for children, including, but not limited to percent of children with an identified primary health care provider, rate at which primary and preventive health care providers participate in the program, EPSDT participation rate,

immunization rate, lead screening rate, rate of ambulatory sensitive hospitalizations, and rate of enrolled pregnant teens delivering a very low birth weight baby.

- 7.2.2 Access to covered services, including emergency services as defined in 42 CFR §457.10. (Section 2102(a)(7)) 42CFR 457.495(b))

The same methods used for assuring access to covered services in Title XIX are used in Title XXI. The State has adopted the definition of emergency services assigned in 42CFR 457.402 in Title XIX and Title XXI. No prior authorization is required for emergency services.

- 7.2.3 Appropriate and timely procedures to monitor and treat enrollees with chronic, complex, or serious medical conditions, including access to an adequate number of visits to specialists experienced in treating the specific medical condition and access to out-of-network providers when the network is not adequate for the enrollee's medical condition. (Section 2102(a)(7)) (42CFR 457.495(c))

Under the fee-for-service delivery system, enrollees may see any enrolled provider. The State's managed care contract specifically addresses complex and serious medical conditions as well as access/timeliness standards. Managed care contractors are required to provide covered services, which could mean making referrals to out-of-network providers when the network is not adequate for the enrollee's condition. The methods used to monitor access to services are described in 7.1.

- 7.2.4 Decisions related to the prior authorization of health services are completed in accordance with state law or, in accordance with the medical needs of the patient, within 14 days after the receipt of a request for services. (Section 2102(a)(7)) (42CFR 457.495(d))

The State assures that decisions on services requiring prior authorization are made within 14 days after receipt of a request for services in the managed care delivery system. In the fee-for-service delivery system, the State renders decisions within 21 or 30 days as required by Administrative Rules and consent decrees for all services other than pharmaceuticals. There is a process in place for expedited approvals whereby decisions must be made within twenty-four hours of receipt.

Section 8. Cost Sharing and Payment (Section 2103(e))

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 9.

8.1. Is cost-sharing imposed on any of the children covered under the plan? (42CFR 457.505)

8.1.1. YES

8.1.2. NO, skip to question 8.8.

8.2. Describe the amount of cost-sharing, any sliding scale based on income, the group or groups of enrollees that may be subject to the charge and the service for which the charge is imposed or time period for the charge, as appropriate. (Section 2103(e)(1)(A)) (42CFR 457.505(a), 457.510(b) &(c), 457.515(a)&(c))

8.2.1. Premiums: **A family with a family income above 133% and at or below 150% of the FPL (KidCare Share) has no premium requirements, as required by federal law. A family with an income above 150% through 200% of the FPL (KidCare Premium) is charged a premium of \$15 per month for one child, \$25 per month for two children, and \$30 per month for three or more children.**

8.2.2. Deductibles: **None.**

8.2.3. Coinsurance or copayments: **None.**

8.2.4. Other: **Copayment requirements under KidCare comply with federal**

regulations. A family with a family income above 133% and below 150% of the FPL (KidCare Share) has a \$2 copayment for medical visits and prescriptions, including use of the emergency room. A family with an income above 150% through 200% of the FPL (KidCare Premium) has a \$5 copayment for medical visits, a \$3 copayment for generic and \$5 copayment for name brand prescriptions, and a \$25 copayment for nonemergency use of the emergency room. All families have a \$100 annual cap on copayments. No copayments are charged for well-baby, well-child, or immunization services in any plan. In addition, no copayments are charged for visits to health care professionals or hospitals solely for lab or radiology services or routine preventive and diagnostic dental services. American Indian/Alaska Native children are not required to make copayments or pay premiums.

8.3. Describe how the public will be notified, including the public schedule, of this cost-sharing (including the cumulative maximum) and changes to these

amounts and any differences based on income. (Section 2103(e)((1)(B)) (42CFR 457.505(b))

Potential enrollees are notified of cost sharing requirements during the enrollment process and through outreach efforts. The combined application and the Fact Sheet describe cost-sharing requirements. The application requires applicants to attest that they understand and will comply with the requirements. The KidCare brochure and Member Handbook both describe cost-sharing requirements, including the cumulative maximum. All of these documents are available in hard copy form and on the KidCare website, www.kidcareillinois.com.

- 8.4. The state assures that it has made the following findings with respect to the cost sharing in its plan: (Section 2103(e))
- 8.4.1. Cost-sharing does not favor children from higher income families over lower income families. (Section 2103(e)(1)(B)) (42CFR 457.530)
 - 8.4.2. No cost-sharing applies to well-baby and well-child care, including age-appropriate immunizations. (Section 2103(e)(2)) (42CFR 457.520)
 - 8.4.3. No additional cost-sharing applies to the costs of emergency medical services delivered outside the network. (Section 2103(e)(1)(A)) (42CFR 457.515(f))
- 8.5. Describe how the state will ensure that the annual aggregate cost-sharing for a family does not exceed 5 percent of such family's income for the length of the child's eligibility period in the State. Include a description of the procedures that do not primarily rely on a refund given by the state for overpayment by an enrollee: (Section 2103(e)(3)(B)) (42CFR 457.560(b) and 457.505(e))

With a maximum premium of thirty dollars per month, or \$360 per year, and a copayment cap of \$100 per year, the maximum cost sharing that can ever be imposed equals \$460 per year. The \$460 limit does not mathematically approach 5% of an eligible family's income under KidCare. This can be illustrated by applying the maximum total cost sharing against the minimum income possible under KidCare Share.

The minimum annual income for a child qualifying under KidCare Share is \$11,784 (2002 FPL for a family of one (\$8860) multiplied by 133%). The \$460 maximum cost sharing represents 3.9% of the person's income. This example is used only as an illustration, since no premiums would be imposed at this income level.

The State's \$100 annual cap on family copayments is tracked by each

family. Once a family has paid \$100 in copayments within a year, the family submits receipts to the State. The State then confirms the cap was reached by tallying the receipts submitted and immediately generates a written notice to the family. Such a designation is made on a client data system and the family's next monthly medical card indicates that they have reached the copayment cap. The Department's Recipient Eligibility Verification system is also updated to reflect that the copayment cap has been reached. Families that make a copayment before they receive notification from the Department may recover their copayment from the provider.

- 8.6 Describe the procedures the state will use to ensure American Indian (as defined by the Indian Health Care Improvement Act of 1976) and Alaska Native children will be excluded from cost-sharing. (Section 2103(b)(3)(D)) (42CFR 457.535)

The KidCare application contains a question on race/ethnicity with a check box for American Indian/Alaska Native. If this box is checked, the children will be coded in the Department's system as American Indian/Alaska Native. This coding ensures that no co-payment messages appear on the medical card. All AI/AN families are notified that they are not required to pay co-payments or premiums. Health care providers have been notified that they are not required to pay co-payments or premiums. KidCare outreach materials, including the application, brochure, and fact sheet state that co-payments and premiums are not required for AI/AN children. The Member Handbook also includes this information.

- 8.7 Please provide a description of the consequences for an enrollee or applicant who does not pay a charge. (42CFR 457.570 and 457.505(c))

Co-payments are optional on the part of providers. Many providers do not impose co-payments, including managed care organizations. However, if an enrollee refused to pay a co-payment, the provider can refuse to provide services. If an enrollee fails to pay a premium for 2 months, the KidCare premium case is cancelled. Once cancelled, the family is not eligible for KidCare Share, Premium or Rebate for 3 months. After the 3-month period, the family can reapply and, if eligible, must pay any unpaid premiums and the first month's premium before they can again receive benefits.

- 8.7.1 Please provide an assurance that the following disenrollment protections are being applied:

- State has established a process that gives enrollees reasonable notice of and an opportunity to pay past due premiums, copayments, coinsurance, deductibles or similar fees prior to disenrollment. (42CFR 457.570(a))

Upon approval for KidCare Premium, a statement is sent informing the family of the monthly premium amount, the due date, and the children covered. The initial statement informs the family that the premium must be paid even if the children do not receive services during the month of coverage. Statements are sent to families monthly. If an account becomes past due, the message on the monthly statement changes. If an account is 31-60 days past due, the statement (which is mailed on the 5th day of the month) informs the family that the premium must be paid by the end of the month to avoid cancellation of insurance coverage. If an account is more than 61 days past due, the statement informs the family that the account will be turned over to a collection agency if payment is not received by the end of the month. In reality, if payment is received by the 10th of the following month, the coverage will continue.

The KidCare Member Handbook includes information on the consequences of not paying premiums.

- The disenrollment process affords the enrollee an opportunity to show that the enrollee's family income has declined prior to disenrollment for non payment of cost-sharing charges. (42CFR 457.570(b))

Upon approval and at annual renewal, families receive a notice that informs them that they can report decreases in family income. The KidCare Member Handbook also encourages families to report decreases in income. If, during the disenrollment process, the family reports a decrease in family income, the case will be reviewed to assess whether the family will be eligible for a plan with less or no cost sharing.

- In the instance mentioned above, that the state will facilitate enrolling the child in Medicaid or adjust the child's cost-sharing category as appropriate. (42CFR 457.570(b))

If a decrease in income is reported by the family, the child's

eligibility will be reviewed and the child will be enrolled in KidCare Assist or KidCare Share, depending on family income, and continued eligibility. KidCare Assist requires no cost sharing and KidCare Share requires minimal co-payments.

- The state provides the enrollee with an opportunity for an impartial review to address disenrollment from the program. (42CFR 457.570(c))

As described in Section 12.1, enrollees are afforded the opportunity for an impartial review on eligibility and enrollment matters.

8.8 The state assures that it has made the following findings with respect to the payment aspects of its plan: (Section 2103(e))

- 8.8.1. No Federal funds will be used toward state matching requirements. (Section 2105(c)(4)) (42CFR 457.220)
- 8.8.2. No cost-sharing (including premiums, deductibles, copays, coinsurance and all other types) will be used toward state matching requirements. (Section 2105(c)(5)) (42CFR 457.224) (Previously 8.4.5)
- 8.8.3. No funds under this title will be used for coverage if a private insurer would have been obligated to provide such assistance except for a provision limiting this obligation because the child is eligible under the this title. (Section 2105(c)(6)(A)) (42CFR 457.626(a)(1))
- 8.8.4. Income and resource standards and methodologies for determining Medicaid eligibility are not more restrictive than those applied as of June 1, 1997. (Section 2105(d)(1)) (42CFR 457.622(b)(5))
- 8.8.5. No funds provided under this title or coverage funded by this title will include coverage of abortion except if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest. (Section 2105(c)(7)(B)) (42CFR 457.475)
- 8.8.6. No funds provided under this title will be used to pay for any abortion or to assist in the purchase, in whole or in part, for coverage that includes abortion (except as described above). (Section 2105(c)(7)(A)) (42CFR 457.475)

Section 9. Strategic Objectives and Performance Goals and Plan Administration
(Section 2107)

- 9.1. Describe strategic objectives for increasing the extent of creditable health coverage among targeted low-income children and other low-income children:
(Section 2107(a)(2)) (42CFR 457.710(b))

Illinois has established five strategic objectives:

- 1. Improve the health status of Illinois' children;**
- 2. Extend health benefits coverage to optional targeted, low income children;**
- 3. Improve access to quality health care for optional targeted low income children enrolled in the Title XXI program;**
- 4. Assure appropriate health care utilization by optional targeted low income children enrolled in the Title XXI program; and**
- 5. Implement a statewide outreach and public awareness campaign regarding the importance of preventive and primary care for well-children and the availability of health benefits coverage through XXI.**

- 9.2. Specify one or more performance goals for each strategic objective identified:
(Section 2107(a)(3)) (42CFR 457.710(c))

- 1. Improve the health status of Illinois' children.**
 - 1.1 Reduce the infant mortality rate.**
 - 1.2 Reduce the prevalence of childhood lead poisoning exceeding 25mg/dL.**
 - 1.3 Reduce school absenteeism in grades K-8.**
- 2. Extend health benefits coverage for optional targeted low income children.**
 - 2.1 By January 1, 2000, increase the percentage of children enrolled in the program who are eligible at the Medicaid standard in effect on March 31, 1997. Illinois will conduct a baseline survey. For this calculation, an unduplicated count of children enrolled at any time during calendar year 1999 will be compared to the number enrolled during the baseline year. The performance goal will be to enroll one-third of the number of children identified by the survey as eligible but not enrolled.**
 - 2.2 By January 1, 2000, enroll in Title XXI at least 50 percent of the estimated 40,400 optional targeted low income children with family income above the Medicaid standard in effect on March 31, 1997, but at or below 133 percent of the FPL.**

infectious gastroenteritis as compared to the baseline population.

4.4 By January 1, 2000, reduce the rate of enrolled pregnant teens who deliver a very low birthweight baby as compared to the baseline population.

5. Implement a statewide outreach and public awareness campaign regarding the importance of preventive and primary care for well-children and the availability of health benefits coverage through Title XXI.

5.1 Launch a statewide outreach campaign through the coordinated efforts of the Illinois Departments of Public Aid and Human Services.

5.2 Increase the number of community based sites certified by DPA to accept eligibility applications for forwarding to and eligibility determination by the local DHS office.

By January 1, 2000, it is the State's goal to enroll in KidCare at least 50 percent of the children whose family income is at or below 185% of the FPL. The actual number of children represented within this goal will be determined upon the completion of the population study described in Section 2.1.

9.3. Describe how performance under the plan will be measured through objective, independently verifiable means and compared against performance goals in order to determine the state's performance, taking into account suggested performance indicators as specified below or other indicators the state develops:

(Section 2107(a)(4)(A),(B)) (42CFR 457.710(d))

Illinois will measure performance by establishing a baseline for each performance goal through various methods including: conducting a baseline population-based survey; using State vital records, hospital discharge and claims information; and using other Medicaid and non-Medicaid data bases that provide relevant information. For each performance goal, the method of measurement will be established and reports will be generated to monitor, on an ongoing basis, Illinois' progress toward meeting the goal.

Check the applicable suggested performance measurements listed below that the state plans to use: (Section 2107(a)(4))

9.3.1. The increase in the percentage of Medicaid-eligible children enrolled in Medicaid.

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- 9.3.2. The reduction in the percentage of uninsured children.
- 9.3.3. The increase in the percentage of children with a usual source of care.
- 9.3.4. The extent to which outcome measures show progress on one or more of the health problems identified by the state.
- 9.3.5. HEDIS Measurement Set relevant to children and adolescents younger than 19.
- 9.3.6. Other child appropriate measurement set. List or describe the set used.
See 9.3.7/
- 9.3.7. If not utilizing the entire HEDIS Measurement Set, specify which measures will be collected, such as:
 - 9.3.7.1. Immunizations
 - 9.3.7.2. Well child care
 - 9.3.7.3. Adolescent well visits
 - 9.3.7.4. Satisfaction with care
 - 9.3.7.5. Mental health
 - 9.3.7.6. Dental care
 - 9.3.7.7. Other, please list:
 - Infant mortality**
 - Childhood lead poisoning**
 - School absenteeism**
 - Hospitalization of enrolled children for ambulatory sensitive conditions of gastroenteritis/dehydration and asthma**
 - Very low birthweight babies born to adolescents**
- 9.3.8. Performance measures for special targeted populations.

- 9.4. The state assures it will collect all data, maintain records and furnish reports to the Secretary at the times and in the standardized format that the Secretary requires. (Section 2107(b)(1)) (42CFR 457.720)
- 9.5. The state assures it will comply with the annual assessment and evaluation required under Section 10. Briefly describe the state's plan for these annual assessments and reports. (Section 2107(b)(2)) (42CFR 457.750)

In the first year of the program, Illinois will finalize the overall design and plan for the required annual assessment of the effectiveness of the elements of the State plan. Illinois will focus first upon further refining what is known about the demographic characteristics of children in families whose income is below 200 percent of poverty. The State will seek to collect sufficient baseline data to complete the chart for the State's annual report as proposed in this draft Title XXI plan.

Illinois will also establish the baseline levels for all performance measures established in Section 9 of the Plan. Most performance measures selected by the State are related to established data reporting systems. The data for establishing baseline levels will be drawn from existing data sources such as vital records, Medicaid claims records, hospital discharge data and school attendance records among others. Where necessary, Illinois will supplement existing data sources by conducting a population-based survey.

The first year's annual assessment will report the results of efforts made to establish baseline levels for all measures and will report the State's progress in providing health benefits coverage to optional targeted low income children. In subsequent years, the annual assessment will provide updated information on performance on all measures. State staff will complete each year's annual assessment and will monitor ongoing progress toward meeting all performance goals.

In the first year of the program, the State will develop specifications for an evaluation of the program. The results of the evaluation will be submitted to the Secretary of DHHS by March 31, 2000. The evaluation will include an assessment of the effectiveness of the State plan in increasing the number of children with creditable health coverage. This evaluation will

include a comprehensive examination of the characteristics of children receiving health benefits coverage under the plan and will encompass such factors as ages of children, family income, and the children's health insurance status after their eligibility for the Title XXI program ends.

Through analysis of the patterns of utilization of services under the plan and the effectiveness of the plan as demonstrated through the performance measures established in Section 9, the evaluation will assess the overall quality and outcome of health benefits coverage provided under the plan. The provision of services, as an expansion of Medicaid, will be fully encompassed by all quality control mechanisms in place in Illinois' Medical Assistance program.

The evaluation will also include a complete description of the policy and processes established by the State for the Title XXI program. This will include the amount and level of assistance provided by the State and the mechanisms by which such assistance was provided; the service area; any time limits for coverage; the State's choice of health benefits coverage and other methods used for providing child health assistance; and the sources of non-Federal funding used for the program.

The State's plan will be considered effective if it achieves the performance goals established in Sections 9.2.1 and 9.2.2.

- 9.6. The state assures it will provide the Secretary with access to any records or information relating to the plan for purposes of review of audit. (Section 2107(b)(3)) (42CFR 457.720)
- 9.7. The state assures that, in developing performance measures, it will modify those measures to meet national requirements when such requirements are developed. (42CFR 457.710(e))
- 9.8. The state assures, to the extent they apply, that the following provisions of the Social Security Act will apply under Title XXI, to the same extent they apply to a state under Title XIX: (Section 2107(e)) (42CFR 457.135)
- 9.8.1. Section 1902(a)(4)(C) (relating to conflict of interest standards)
 - 9.8.2. Paragraphs (2), (16) and (17) of Section 1903(i) (relating to limitations on payment)
 - 9.8.3. Section 1903(w) (relating to limitations on provider donations and

- 9.8.4. taxes)
 Section 1132 (relating to periods within which claims must be filed)

- 9.9. Describe the process used by the state to accomplish involvement of the public in the design and implementation of the plan and the method for insuring ongoing public involvement. (Section 2107(c)) (42CFR 457.120(a) and (b))

State staff have conducted an exhaustive set of discussions with a wide variety of interested parties concerning the implementation of Title XXI. These efforts have occurred in four principle forums as described below: All recommendations received through these avenues were considered in the development of Illinois' Title XXI plan.

Governor's Office

In September and October, 1997, staff of the Office of the Governor, Directors of the Departments of Public Aid and Public Health and the Secretary of the Department of Human Services held a lengthy series of meetings with a wide variety of consumer advocacy and provider groups to discuss how Illinois should implement Title XXI. The organizations who participated in the meetings include:

Advocacy Groups

**Voices for Illinois Children
Maternal and Child Health Coalition
Don Moss & Associates (United Cerebral Palsy)
Campaign for Better Health Care
Southside Health Consortium
Chicago Hispanic Health Coalition
Rural Health Association
Illinois Public Health Association**

Government Groups

**Chicago Department of Health
Cook County Bureau of Health Services
DuPage County Health Department
Will County Health Department
Illinois Association of Public Health Administrators**

Health Care Provider Groups

**Illinois State Medical Society
Illinois Hospital and Health Systems Association
Illinois Primary Health Care Association**

**Illinois Association of Health Maintenance Associations
Children's Memorial Hospital
Blue Cross/Blue Shield of Illinois
St. Louis Children's Hospital
Cardinal Glennon Hospital
LaRabida Hospital
Wyler's Children's Hospital
Rush Presbyterian St. Luke's Children's Hospital
Lutheran General Children's Hospital
Christ Hospital
Human Resource Development Institute
Lawndale Christian Health Center
Metropolitan Chicago Healthcare Council
Illinois Alcoholism and Drug Dependence Association
Rush Prudential HMO**

Others

**Head Start Collaboration Project
Project Success
Chicago Public Schools
National Association of Social Workers
Children's Home and Aid Society of Illinois
Illinois State Chamber of Commerce
Illinois Retail Merchants Association
Federation of Independent Business
Illinois Manufacturers Association
Shattuck and Associates**

Illinois General Assembly

On October 29, 1997, the Illinois House of Representatives Children and Youth Committee, held a public hearing to hear testimony concerning Title XXI. The Departments of Public Aid and Human Services participated both in presenting testimony and witnessing the testimony of other interested parties.

A special legislative task force has been formed to consider Title XXI program options. The Children's Health Insurance Task Force includes four members of the Senate, four members of the Illinois House of Representatives, representatives of the Office of the Governor, advocates and members of the medical community. At the task force's first meeting on December 17, 1997, the details of this plan were discussed. The task force will continue to meet to discuss options for further expansion of child health insurance under Title XXI.

Health and Medicine Policy Research Group Seminar

On September 11, 1997, the Medicaid Administrator and the Assistant Secretary of the Department of Human Services participated in a half-day seminar hosted in Chicago by the Health and Medicine Policy Research Group, an independent organization generally concerned with issues of access to health care by low income individuals. The seminar was widely advertised throughout Chicago and well over a hundred individuals participated. The seminar included a lengthy audience participation period during which participants were able both to comment to and question the State's representatives concerning Illinois' opportunities for implementing the children's health insurance program.

Medicaid Advisory Committee

Title XXI was the subject of lengthy discussions by two the Department of Public Aid's Medical Assistance Advisory groups. All meetings of both groups are open to the public. On September 19, 1997 as a result of lengthy discussion, the Medicaid Advisory Committee resolved in part that "... the MAC recommends to the Director of IDPA that he support the earliest feasible expansion of Medicaid eligibility to take full advantage of the immediate availability of federal funds at a 35% (state) match."

Title XXI was also discussed at three meetings of the Managed Care Subcommittee of the MAC on September 2, 1997, October 7, 1997, and November 4, 1997. These meetings were each attended by approximately 50 interested parties in addition to committee members. At each meeting, the Department presented updated information concerning the opportunities presented by the new law and the possibilities for program design. Committee members as well as interested parties asked questions and made comments concerning the direction they thought the state should take in program design.

In addition to the advisory committees already described, the Department held public hearings on this proposed State Plan in both Chicago and Springfield. The Department submitted state administrative rules to implement the program. Prior to the adoption of any state administrative rule, state law requires a public notice process, the consideration of any comments, and a public hearing. The Outreach Advisory Committee will continue to assist the Department in implementing KidCare.

Ongoing public involvement will be accomplished in the following ways:

- Legislative changes will be debated in the Illinois General

Assembly

- **Public input through the State's Administrative Rules process**
- **News coverage**
- **Continued partnerships with advocacy groups such as Covering Kids Illinois**
- **Ongoing relationship with KidCare Application Agents who are hospitals, Federally qualified health centers, local health departments, community based organizations, faith based organizations, WIC sites, Family Case Management agencies, Community Action agencies, Early Intervention agencies, Child Care Resource & Referral agencies, and licensed insurance agents**
- **Input from the Medicaid Advisory Committee**
- **Input from the State Medical Advisory Committee**

- 9.9.1 Describe the process used by the state to ensure interaction with Indian Tribes and organizations in the state on the development and implementation of the procedures required in 42 CFR '457.125. (Section 2107(c)) (42CFR 457.120(c))

Only one Indian Health Care facility currently operates in Illinois. Pursuant to Section 1861 of the Social Security Act, this facility is recognized as a FQHC under the Department's Title XIX program. Under KidCare, this facility will continue to operate as a fully integrated FQHC, providing primary care services itself and referrals for other services. The Department has consulted with this facility concerning KidCare outreach and enrollment strategies that are appropriate for reaching American Indian children.

- 9.9.2 For an amendment relating to eligibility or benefits (including cost sharing and enrollment procedures), please describe how and when prior public notice was provided as required in '457.65(b) through (d). **Not applicable.**

9.10. Provide a one year projected budget. A suggested financial form for the budget is attached. The budget must describe: (Section 2107(d)) (42CFR 457.140)

- Planned use of funds, including --
 - Projected amount to be spent on health services;
 - Projected amount to be spent on administrative costs, such as outreach, child health initiatives, and evaluation; and
 - Assumptions on which the budget is based, including cost per child and expected enrollment.
- Projected sources of non-Federal plan expenditures, including any requirements

State source funding will be from the State's General Revenue Fund (GRF) and local funds from Cook County. The primary sources into GRF are personal income taxes, corporate income taxes, and sales tax receipts.

Model Application Template for the State Children's Health Insurance Program

**Budget
For Federal Fiscal Years 2001, 2002, and 2003**

	Federal Fiscal Year 2001	Federal Fiscal Year 2002	Federal Fiscal Year 2003
Benefit Costs			
Estimated average enrollees	59,908	65,841	68,676
Estimated cost per member per month	\$79.21	\$83.01	\$83.01
Insurance payments			
Managed care	\$2,804,255	\$3,100,000	\$3,300,000
Fee for Service	54,142,479	62,482,000	65,106,100
Total Benefit Costs	56,946,734	65,582,000	68,406,100
(Offsetting beneficiary cost sharing payments)	(1,046,305)	(1,100,000)	(1,200,000)
Net Benefit Costs	55,900,429	64,482,000	67,206,100
Administration Costs			
Personnel	\$2,232,869	\$1,875,312	\$1,969,914
General administration	1,047,418	879,692	924,068
Other Indirect Costs	991,820	832,996	875,017
Total Administration Costs	4,272,107	3,588,000	3,769,000
10% Administrative Cost Ceiling	4,272,107	3,588,000	3,769,000
Federal Share (multiplied by enhanced FMAP rate)	39,112,148	44,245,500	46,133,815
State Share	21,060,388	23,824,500	24,841,285
TOTAL PROGRAM COSTS	\$60,172,536	\$68,070,000	\$70,975,100

Section 10. Annual Reports and Evaluations (Section 2108)

- 10.1. Annual Reports. The state assures that it will assess the operation of the state plan under this Title in each fiscal year, including: **(Section 2108(a)(1),(2)) (42CFR 457.750)**
- 10.1.1. The progress made in reducing the number of uncovered low-income children and report to the Secretary by January 1 following the end of the fiscal year on the result of the assessment, and
- 10.2. The state assures it will comply with future reporting requirements as they are developed. **(42CFR 457.710(e))**
- 10.3. The state assures that it will comply with all applicable Federal laws and regulations, including but not limited to Federal grant requirements and Federal reporting requirements.

Section 11. Program Integrity (Section 2101(a))

- Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue to Section 12.
- 11.1 The state assures that services are provided in an effective and efficient manner through free and open competition or through basing rates on other public and private rates that are actuarially sound. (Section 2101(a)) (42CFR 457.940(b))
- 11.2. The state assures, to the extent they apply, that the following provisions of the Social Security Act will apply under Title XXI, to the same extent they apply to a state under Title XIX: (Section 2107(e)) (42CFR 457.935(b)) *The items below were moved from section 9.8. (Previously items 9.8.6. - 9.8.9)*
- 11.2.1. 42 CFR Part 455 Subpart B (relating to disclosure of information by providers and fiscal agents)
 - 11.2.2. Section 1124 (relating to disclosure of ownership and related information)
 - 11.2.3. Section 1126 (relating to disclosure of information about certain convicted individuals)
 - 11.2.4. Section 1128A (relating to civil monetary penalties)
 - 11.2.5. Section 1128B (relating to criminal penalties for certain additional charges)
 - 11.2.6. Section 1128E (relating to the National health care fraud and abuse data collection program)

Section 12. Applicant and enrollee protections (Sections 2101(a))

- Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan.

Eligibility and Enrollment Matters

12.1 Please describe the review process for **eligibility and enrollment** matters that complies with 42 CFR '457.1120.

The Medicaid fair hearing process is used for KidCare Share and KidCare Premium participants. Appeals may be filed regarding any eligibility and enrollment matter, including denial of eligibility, failure to make a timely determination of eligibility and suspension or termination of enrollment, including disenrollment for failure to pay cost sharing. Appeals can be filed in writing, by fax or in person or by calling a toll-free telephone number. Appeals must be filed within 60 calendar days after the decision (action) being appealed. Benefits are continued if the enrollee requests that benefits be continued and files the appeal by the date of change or the 10th calendar day after the decision being appealed, whichever is later. A pre-hearing review must be held within 7 days after the appeal is filed. If the decision is not changed during the pre-hearing review, a pre-hearing meeting, an informal meeting with the enrollee, must take place within 10 days after the appeal is received. If the decision is not changed or the enrollee does not withdraw the appeal, an appeal hearing is held with a neutral hearing officer presiding. The enrollee or their representative must attend the hearing and has the opportunity to review documents to be used at the hearing, both before and during the hearing. During the hearing, the enrollee has the opportunity to present the case or have it presented by their representative, bring witnesses, present arguments without interference, question or prove wrong any testimony or evidence, confront and cross-examine adverse witnesses, and submit evidence. The final hearing decision must be approved by the DPA Director and sometimes also by the DHS Secretary, and must be put into effect within 90 days of the date the appeal is filed, barring any approved hearing delays. The enrollee is notified of the final hearing decision in writing.

Denial and cancellation notices include the reason for denial or cancellation, and an explanation of appeal rights including time frames for review, and how to request a review. Notices are automatically centrally generated the day after the determination is made and are mailed within 1-3 days of being generated. Cancellation notices include information on how to request continuation of benefits during appeal. The KidCare application includes an explanation of appeal rights and how to request a review. The KidCare Member Handbook includes an explanation of appeal rights including time frames, how to request a

review, a description of the appeal process, and an appeal form.

There is not an expedited review process for health service matters under the fee-for-service delivery system. If an appeal is filed on a decision, and there is an immediate need for health services, the services will be provided during the appeal process. Under the managed care delivery system, the appeal process includes expedited review for health service matters. The managed care plan must make a decision or request additional information needed to make a decision within twenty-four hours of receipt of the appeal. If additional information is requested, the managed care plan must make a decision within twenty-four hours after receipt of the information.

Health Services Matters

- 12.2 Please describe the review process for **health services matters** that complies with 42 CFR '457.1120.

The Medicaid fair hearing process is used for KidCare Share and KidCare Premium participants under fee-for-service. Appeals may be filed regarding health services matters using the process described in Section 12.1 above.

The managed care delivery system complies with the fair hearing process in the Balanced Budget Act of 1997 and State law (Section 45 of the Managed Care Reform and Patient Rights Act) and meets the requirements of 42 CFR 457.1130(b). Appeals may be filed regarding health services matters and final decisions may be appealed by the enrollee to the State under its appeals process described in Section 12.1 above.

Premium Assistance Programs

- 12.3 If providing coverage through a group health plan that does not meet the requirements of 42 CFR '457.1120, please describe how the state will assure that applicants and enrollees have the option to obtain health benefits coverage other than through the group health plan at initial enrollment and at each redetermination of eligibility.

Not applicable.