



Center for Medicaid, CHIP and Survey & Certification

May 2, 2011

Michael Hales
Deputy Director
Division of Medicaid and Health Financing
Department of Health
P.O. Box 143101
Salt Lake City, UT 84114-3101

Dear Mr. Hales:

Your title XXI Children's Health Insurance Program (CHIP) State plan amendment (SPA) number 8, submitted on July 28, 2009, and CHIP SPA number 9, submitted on September 1, 2010, have been approved. As we explain below, however, because of concern that the high levels of cost sharing imposed under these SPAs may not be consistent with an "effective and efficient" provision of child health assistance, CMS would like to work with Utah on demonstrating compliance through a monitoring design that assesses the impact of such cost sharing on beneficiaries.

Utah's CHIP SPA number 8 increases premiums and cost sharing, and imposes a \$15 fee for late premium payment for families above 150 percent of the Federal poverty level (FPL). The State has demonstrated compliance with section 504 of the Children's Health Insurance Program Reauthorization Act (CHIPRA), which requires States to grant individuals, enrolled in separate child health programs a 30-day grace period to pay any required premium before enrollment is terminated. We appreciate Utah taking action to come into compliance with the mental health parity requirements in section 502 of CHIPRA. We are encouraged by these efforts, and remain committed to assisting you as you work toward compliance with future guidance. Utah SPA number 8 has a retroactive effective date of July 1, 2009.

Utah's CHIP SPA number 9 makes additional changes to the State's cost-sharing requirements by increasing coinsurance requirements for dental services, and raising copayments for upper income enrollees for specialist visits, urgent care, vision and hearing screening, physical therapy, and mental health outpatient visits. Utah's SPA number 9 also comes into compliance with section 501 of CHIPRA, by providing dental coverage that is equal to a benchmark dental package (Utah's dental plan with the largest insured commercial, non-Medicaid enrollment). Utah's CHIP SPA number 9 has a retroactive effective date of July 1, 2010.

As you know, the Centers for Medicare & Medicaid Services (CMS) is developing regulations to implement the CHIPRA requirements. After final regulations become effective, States will need to demonstrate compliance with the new regulations. CHIP State plan provisions approved prior to the issuance of the final regulations may need to be revised and resubmitted for approval to ensure that the CHIP State plan complies with the final published regulations.

Although we are approving the new cost sharing, we are concerned that the high levels of cost sharing imposed under Utah’s CHIP SPA numbers 8 and 9 may place barriers on enrollment and provision of assistance that are not effective and efficient. Section 2101(a) of the Act provides that “the purpose of title XXI is to provide 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.” We are certain the State shares our concern for assessing any possible negative impact, and will work together with CMS on the development of a monitoring design that will determine the effects of this cost sharing.

To this end, we request that Utah submit a draft monitoring design to CMS within 60 days after the approval of these SPAs, providing a framework to assess the impact of Utah’s cost-sharing provisions, including the late fee, on enrollment, retention, and utilization patterns of CHIP children. CMS will review the draft monitoring plan and provide technical assistance and other comments within 60 days of receipt from the State. Utah will then submit quarterly progress reports, which would be due 60 days after the end of each quarter. The format for the report will be agreed upon by CMS and the State and will be designed to be informative to the State as well as to CMS as the State moves ahead. These reports must include information on the progress of the monitoring component, as well as existing data that tracks the impact of Utah’s cost sharing provisions, including the late fee, on enrollment, retention, and utilization patterns of CHIP children.

Your title XXI project officer is Ms. Amy Lutzky. She is available to answer questions concerning this amendment and other CHIP-related issues. Ms. Lutzky’s contact information is as follows:

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Official communications regarding program matters should be sent simultaneously to Ms. Lutzky and to Mr. Richard Allen, Associate Regional Administrator in our Denver Regional Office. Mr. Allen’s address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and Children’s Health Operations
Colorado State Bank Building
1600 Broadway, Suite 700
Denver, CO 80202-4367

If you have additional questions, please contact Ms. Victoria Wachino, Director, Children and Adults Health Programs Group at (410) 786-5647.

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

Sincerely,

/s/

Cindy Mann
Director

cc: Richard Allen, ARA, CMS Region VIII