

Center for Medicaid, CHIP and Survey & Certification

DEC 07 2010

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

Dear Ms. Coury:

Thank you for your response to our questions about the retention of eligible children during the enrollment freeze in Arizona's Children's Health Insurance Program (CHIP), known as KidsCare. As you know, the Centers for Medicare & Medicaid Services (CMS) remains concerned about the rapidly declining number of children enrolled in the KidsCare program. We strongly encourage the State to improve its retention policies to the maximum extent possible.

On March 15, 2010, CMS approved Arizona's CHIP State Plan Amendment #12, which implemented an enrollment freeze for KidsCare, effective January 1, 2010. On May 17, in a letter clarifying our interpretation of the Affordable Care Act maintenance of effort provisions, CMS expressed concern about the retention of eligible children during the enrollment freeze, and on July 9, CMS sent a list of specific questions to the State about its renewal process and about the implementation of the KidsCare enrollment freeze. Arizona responded to our questions on August 31, and we subsequently held a follow up call with the State to discuss its responses. We also discussed with the State on November 10th the State's notices to families regarding premium payments. This letter summarizes some of CMS's recommendations for improving the retention of eligible children in KidsCare.

Between January and October 2010, enrollment in KidsCare has declined about 43 percent, from 45,809 children to 26,190 children. Enrollment today in KidsCare is about one-third of the 65,833 children that were enrolled in June 2008. Because the State is not allowing children to reenroll in KidsCare if they lose coverage during the enrollment freeze, retaining children who are currently enrolled in KidsCare is essential for maintaining continuity of care and ensuring that these children have access to affordable health care coverage.

Based on the data that we have received from the State, for the period from January through March of 2010, approximately 30 percent of children in Arizona have been discontinued from KidsCare due to failure to pay premiums. As a result, CMS asked Arizona several follow up questions about its compliance with the premium grace period protections that were added in section 504 of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA). The State has described a process that indicates its premium grace period is in compliance with

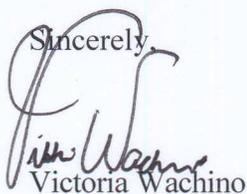
these requirements, but we remain concerned that the notices provided to beneficiaries do not sufficiently explain this grace period to families.

As you are aware, Section 2103(e)(3)(C)(ii) of the Social Security Act, as added by section 504 of CHIPRA, requires States to provide notice about a 30-day premium grace period no later than 7 days after the first day of the grace period. The notices that Arizona submitted to CMS for review do not provide a clear explanation to families that from the beginning of a new coverage period, they have 30 days to pay any required premium before enrollment may be terminated. Some of the notices also fail to mention the premium grace period. Given these financially difficult times for families, we are sure you are aware that it is particularly important to be clear about the rules and timeframes for premium payments.

Although Arizona is currently permitted to operate an enrollment freeze in its KidsCare program, we would like to remind the State of the requirement to coordinate its CHIP program with its Medicaid program. During the course of CMS's review of the State's implementation of its enrollment freeze, we were concerned to learn that Medicaid eligible children between 100 and 133 percent of the Federal poverty level who turn 6 years old are no longer permitted to transition to KidsCare when they age out of Medicaid. We shared with you the letter that we received from a single mother with two boys, one in AHCCSS and one in KidsCare. The mother paid her monthly premiums on time and submitted the required renewal forms for both of her sons, but her youngest child lost coverage on his sixth birthday because his case was considered to be a new application for KidsCare. We are also aware of children who lose Medicaid coverage due to a change in family circumstances that cause the children to meet the KidsCare eligibility criteria, but due to the enrollment freeze lose coverage altogether. We have requested that the State consider granting families whose children are transitioning between AHCCCS and KidsCare exceptions to the enrollment freeze, but the State has not met this request due to budgetary constraints.

We look forward to working with you to provide any technical assistance that you may need. Please contact Ms. Stacey Green, Technical Director, at 410-786-6102 if you have questions or need clarification.

Sincerely,



Victoria Wachino

Director

Family and Children's Health Programs Group

cc: Ms. Cindy Mann, Director, CMCS
Ms. Gloria Nagle, Associate Regional Administrator, Region IX
Ms. Beverly Binkier, Regional CHIP Coordinator