



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

**Department of
Health and Social Services**

DIVISION OF HEALTH CARE SERVICES
Director's Office

350 Main Street, Suite 508
Juneau, Alaska 99801-1149
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October 9, 2013

**RE: Children's Health Insurance Program (CHIP) - CHIP State Plan Amendment (SPA)
- CS14 - Children Ineligible for Medicaid as a Result of the Elimination of Income
Disregards - AK-13-0002**

Dear Tribal Health Leader,

On behalf of the Alaska Department of Health and Social Services (DHSS), single state agency for Medicaid and the CHIP, I am writing to inform you of a proposed CHIP SPA in compliance with Sections 1902(a)(73) and 2107(e)(1)(C) of the Social Security Act (SSA), Tribal consultation as found in Section 1.4, State Medical Care Advisory Committee (MCAC), of the Alaska Medicaid State Plan found at http://dhss.alaska.gov/Commissioner/Pages/MedicaidStatePlan/stateplan_sec_1.aspx.

Purpose of CHIP SPA - The purpose of this CHIP SPA is to comply with Federal statutes at 2110(b) of the SSA and 2101(f) of the Affordable Care Act (ACA) and regulations at 42 CFR 457.310(d).

With the transition to determining income eligibility for children using a methodology based on "modified adjusted gross income" (MAGI), there was concern that children might lose Medicaid eligibility as a result of the elimination of the application of income disregards. In order to ensure continuity of coverage for children during this transition, section 2101(f) of the ACA requires that states treat any children determined ineligible under the state's Medicaid plan or under a Medicaid waiver, as a result of the elimination of the application of income disregards under section 1902(e)(14) of the SSA (MAGI-based income methodologies), as a targeted low-income child and provide them child health assistance. Targeted low-income children are eligible for coverage (and receive child health assistance) in separate CHIPs. CMS amended 42 CFR 457.310, with the addition of paragraph (d), to include these children in the definition of a targeted low-income child.

While coverage of children protected by 2101(f) of the ACA is mandated through a separate CHIP, CMS has allowed states an additional option to continue to provide coverage of these children in the state's Medicaid program for 12 months, thereby eliminating the need to provide coverage in a separate CHIP in accordance with section 2101(f). The Department has chosen this option which requires states to provide coverage until the child's first scheduled annual review (12 months) instead of establishing a separate CHIP. These children will not lose Medicaid eligibility due to the elimination of disregards for that period of time under the new MAGI based methodologies. A Medicaid SPA will cover such children as an "optional reasonable classification of children" under 42 CFR 435.222, with a "disregard of all income" so that there would be no required determination of income.

The Department will identify the population of children who otherwise would lose Medicaid eligibility, effective January 1, 2014, due to the elimination of income disregards as the new "optional reasonable classification of children" covered under this group for the specified period of time. The children covered under this classification will remain categorically eligible based on their enrollment in Medicaid on December 31, 2013. The Department will continue to claim the enhanced, Title XXI Federal medical assistance percentage (FMAP) for these children enrolled for an additional 12-month period in accordance with section 2101(f) of the ACA.

In order to limit the protection afforded under this strategy to the same timeframe as the protection which otherwise would be afforded to each affected child under a separate CHIP, the Department has defined this group as "children under age 19 who

were enrolled in Medicaid on 12/31/2013 and will otherwise become ineligible for Medicaid at their first redetermination using MAGI methodologies solely due to the loss of income disregards and will remain Medicaid eligible until their next redetermination using MAGI methodologies.” The classification will thus not include individuals whose income is being redetermined after that time. This is parallel to the treatment of this population in a separate CHIP, as automatically eligible in CHIP only when initially losing Medicaid eligibility.

The Medicaid State Plan will be modified with information for this new "optional reasonable classification of children", similar to what will be entered for any other reasonable classification covered by the Department on the corresponding Medicaid, Title XIX, S52 SPA, which you received Medicaid Tribal consultation notice on September 9, 2013.

Anticipated impact on AN/AIs and Tribal health programs and IHS – This amendment reflects a time, specific modification in eligibility policy; however, since the Department chose to opt for the SIPP+1 conversion (Survey of Income and Program Participation under MAGI conversion¹), it is likely that most all children enrolled in Medicaid/Denali KidCare will not be impacted by this change, which is protection outlined in the 3rd paragraph above that ensures continuity of coverage for children during this transition, under section 2101(f) of the ACA. In addition there is no anticipated effect to reimbursement for Tribal health providers.

This SPA will be submitted to CMS during the current first quarter of FFY 2014 (October 1, 2013 – December 31, 2013) once DHSS has had time to review and incorporate any changes submitted by the Tribal health organizations as deemed appropriate and the paper Medicaid Title XIX SPA referenced above has been approved and the corresponding S52 Medicaid, Title XIX SPA, has been submitted. Should the Tribal health organizations decide that a meeting is necessary, the DHSS will need to receive written request within 15 days of this notice in order to facilitate a meeting.

Method for providing comments/questions and timeframe for responses – Please provide any comments or questions related to this SPA within 30 days of the date of this letter to Barbara Hale, Alaska Department of Health and Social Services, P.O. Box 110660, Juneau, AK 99811-0660 or by email to Barbara.hale@alaska.gov . If you would like to arrange a meeting or discuss this CHIP SPA, please call me at 907-465-5833.

Sincerely,



Barbara Fischer Hale
Children’s Health Insurance Program Administrator
Title XXI Denali KidCare State Plan

Cc: William J. Streur, Commissioner
Dr. Craig Christenson, Deputy Commissioner
Margaret Brodie, Health Care Services and Medicaid Director
Ronald Kreher, Public Assistance Director
Renee Gayhart, Tribal Health Liaison
Deborah Etheridge, Medical Assistance Administrator
Gennifer Moreau-Johnson, Medicaid State Plan Coordinator

¹ ASPE Issue Brief - Data Sources for Modified Adjusted Gross Income (MAGI) Conversions - <http://aspe.hhs.gov/health/reports/2013/sipp/ib.cfm>



CHIP Eligibility

OMB Control Number: 0938-1148

Expiration date: 10/31/2014

Child Health Insurance Program Eligibility - Children Ineligible for Medicaid as a Result of the Elimination of Income Disregards	CS14
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Section 2101(f) of the ACA and 42 CFR 457.310(d)

Children Ineligible for Medicaid as a Result of the Elimination of Income Disregards

The CHIP agency provides coverage for this group of children as follows:

- The state has received approval from CMS to maintain Medicaid eligibility for children who would otherwise be subject to Section 2101(f) such that no child in the state will be subject to this provision.

- The state assures that separate CHIP coverage will be provided for children ineligible for Medicaid due to the elimination of income disregards in accordance with 42 CFR 457.310(d). Coverage for this population will cease when the last child protected from loss of Medicaid coverage as a result of the elimination of income disregards has been afforded 12 months of coverage in a separate CHIP (expected to be no later than April 1, 2016).

PRA Disclosure Statement

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 0938-1148. The time required to complete this information collection is estimated to average 50 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 comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

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