



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

December 8, 1997

Dear State Official:

The Balanced Budget Act of 1997 (BBA) (Public Law 105-33), as amended by recent technical amendments (Public Law 105-100, signed into law on November 19, 1997), established the Children's Health Insurance Program (CHIP) under Title XXI of the Social Security Act (the Act). This new Title will enable States to extend health insurance coverage for uninsured children through a new CHIP State program, a CHIP expansion of the Medicaid Program, or a combination of both programs. In a letter dated August 27, 1997, the Health Care Financing Administration (HCFA) provided a summary and highlights of the provisions of this landmark legislation.

This letter and attachments are intended to provide additional and more detailed technical guidance regarding implementation of CHIP and provisions related to payment processes and requirements. We intend to incorporate the information contained in this letter and attachments into a regulation to be published in the Federal Register and appropriate State manuals. Although the attached guidance represents what we believe is required under the CHIP provisions, it is still a DRAFT and the content may change. We are sending this to you in DRAFT form both for your review and preliminary planning.

There are 3 attachments to this letter. The first attachment provides DRAFT guidance and information on the CHIP fiscal year allotment, payment processes, financial reporting forms, and related issues. The areas discussed in this attachment include:

- Allotments and redistribution process;
- Payment and grant award process including State reporting and claiming for Federal financial participation (FFP) at regular and enhanced Federal medical assistance percentages (FMAP) for expenditures under the Medicaid program and the CHIP;
- State report forms.

The second attachment is the September 12, 1997 Federal Register notice (MB-115-N) which contains the charts on the States' CHIP reserved allotments for FY 1998 and the enhanced Federal Medical Assistance Percentages (FMAPs), respectively.

The third attachment is a chart of the States' CHIP reserved allotments, revised to include a \$20 million increase in the FY 1998 Title XXI appropriation, which was one of the provisions of the recent technical amendments.

HCFA staff is available to explain the proposed payment process in greater detail. If you have any questions or require further information, please contact your HCFA Regional Office.

Sincerely,

/s/

Sally K. Richardson

Director

Center for Medicaid and State Operations

Attachments

Attachment 1: Child Health Insurance Program (CHIP) and Related Medicaid Program Provisions Attachment 2: September 12, 1997 Federal Register Notice (MB-115-N) Attachment 3: CHIP reserved allotments for FY 1998 revised to reflect additional \$20 million appropriation.

cc:

Governors' Offices All HCFA Regional Offices All PHS Regional Offices State Health Officers Ms. Lee Partridge - Director Health Policy Unit - American Public Welfare Association Ms. Jennifer Baxendell - Senior Policy Analyst - Human Resources Group - National Governors' Association Ms. Joy Wilson - Director, Health Committee - National Conference of State Legislatures

ATTACHMENT 1 DRAFT 12/5/97

**FINANCING PROVISIONS OF THE
CHILD HEALTH INSURANCE PROGRAM (CHIP) AND
RELATED MEDICAID PROGRAM PROVISIONS**

TABLE OF CONTENTS

| | | |
|------|---|---|
| I. | OVERVIEW | 1 |
| II. | EFFECTIVE DATE | 2 |
| III. | ALLOTMENT PROCESS | 2 |
| | A. <u>GENERAL</u> | 2 |
| | B. <u>RESERVED ALLOTMENT</u> | 2 |
| | C. <u>FINAL ALLOTMENT</u> | 3 |
| | 1. <u>Final Allotment Formula</u> | 3 |
| | a. <u>Determine the Number of States with Approved State Plans as of the End of the Fiscal Year</u> | 3 |
| | b. <u>Factors in Determining States' Final Allotments</u> | 3 |
| | D. <u>PERIOD OF AVAILABILITY OF ALLOTMENT/REDISTRIBUTION PROCESS</u> | 4 |
| | 1. <u>3-Year Period of Availability (POA) of Allotment</u> | 4 |
| | 2. <u>Redistribution Process</u> | 4 |
| | a. <u>Process for Redistribution of Fiscal Year Allotments</u> | 4 |
| | I. <u>Identify the States Which Have Unused Amounts of Allotments for a Particular Fiscal Year</u> | 4 |
| | ii. <u>Identify the Amounts of Unused State Allotments for a Particular Fiscal Year</u> | 5 |
| | iii. <u>Redistribute the Unused Amounts of State Allotments for a Fiscal Year</u> | 5 |
| | b. <u>Report/Track Final Expenditures</u> | 5 |
| IV. | ENHANCED FMAP | 5 |
| V. | PAYMENT PROCESS | 5 |
| | A. <u>PAYMENT PROCESS OVERVIEW</u> | 5 |
| | B. <u>TYPES OF PROGRAMS AND STATE OPTIONS</u> | 6 |
| | 1. <u>Section 1905(u)(2) and (3) Eligibility</u> | 7 |
| | 2. <u>Presumptive Eligibility (PE)</u> | 8 |

- a. Identify and Claim PE on Ongoing Basis - No Adjustments 8
 - b. Report After Actual Eligibility Determination 9
 - c. Identify and Claim PE on Ongoing Basis - Adjust After Actual Eligibility Determination 9
- C. GRANT PROCESS 11
- 1. Obligation/Appropriation Requirement to Issue States' Entire Fiscal Year Allotment as Grant Awards in the Fiscal Year 11
 - 2. State Funding Requests/Amount and Issuance of Grant Awards 11
 - a. Budget Submissions/Grant Awards for First Three Quarters of the Fiscal Year 11
 - b. Budget Submissions/Grant Awards for Fourth Quarter of the Fiscal Year 11
 - 3. Information Regarding State Administration of the Title XXI Program 12
- D. APPLICATION OF STATE EXPENDITURES AGAINST THE STATE ALLOTMENTS 12
- 1. OVERVIEW 12
 - 2. PRINCIPLES FOR TRACKING EXPENDITURES AGAINST ALLOTMENTS 13
 - 1. Title XIX Before Title XXI Expenditures (§2104(d)) 13
 - 2. Expenditures Must Be Applied Against a Fiscal Year Allotment in the Quarter in Which they Are Claimed . (§2104(b), (d), §2105(a)) 13
 - 3. Expenditures Should be Applied Consistently Over the 3-Year Period of Availability (POA) for Fiscal Year Allotments (2101(a), §2104(e), (f)) 14
 - 4. Title XIX Expenditures Should be Applied in the Order Which Provides the Most Benefit for States 14
 - 5. Apply Expenditures and Allotments in the Least Administratively Burdensome, and Most Effective and Efficient Manner (§2101(a)) 14
 - 6. Application of Expenditures for One Fiscal Year Against a Subsequent Fiscal Year Allotment (§2104(e), (f)). 14
 - 7. Amounts of a State's Prior Year Allotments that Have Not Been Expended and are "Carried Over," are Available for Expenditures Within the 3-Year POA for the Carryover Allotment (§2104(e), (f)). 14
 - 3. EXAMPLES ILLUSTRATING APPLICATION OF TRACKING PRINCIPLES 15
- E. 10 PERCENT LIMIT 16
- F. ADMINISTRATIVE COSTS IN TITLE XXI 18
- 1. General 18
 - 2. Administrative Costs are Differentiated from Program Costs 19
 - 3. Principles for Determining Administrative Expenditures 20
 - a. Federal Financial Participation (FFP) Rate for Administration

20

| | | | |
|-----|----|---|----|
| | b. | <u>Title XXI Funds for Administrative Expenditures Related to Title XIX Expansions</u> | 20 |
| | c. | <u>Administration of Title XXI, NOT Other Programs</u> | 21 |
| | d. | <u>Administrative Costs Included in Child Health Assistance</u> | 21 |
| | e. | <u>No Duplicate Payments</u> | 22 |
| | f. | <u>Payment for Startup Costs</u> | 22 |
| | g. | <u>Outreach</u> | 23 |
| | h. | <u>Coordination with Other Health Insurance Programs.</u> | 24 |
| G. | | <u>STATE MATCHING REQUIREMENTS UNDER TITLE XXI.</u> | 24 |
| | 1. | <u>Use of Non-Federal Funds</u> | 24 |
| | 2. | <u>Offset of Premiums and Other Cost Sharing Amounts</u> | 24 |
| | 3. | <u>Provider Taxes and Donations</u> | 24 |
| | 4. | <u>Reporting of Sources of Non-Federal Share.</u> | 25 |
| | 5. | <u>Government/Department Wide Draw Down Requirements.</u> | 25 |
| | 6. | <u>Public Funds.</u> | 25 |
| | 7. | <u>In-Kind Contributions.</u> | 25 |
| H. | | <u>MAINTENANCE OF EFFORT (MOE).</u> | 25 |
| I. | | <u>PREVENTION OF DUPLICATIVE PAYMENTS</u> | 26 |
| | 1. | <u>Other Health Plan Obligated to Provide Child Health Assistance</u> | 26 |
| | 2. | <u>Payment Under Other Federal Governmental Programs</u> | 26 |
| J. | | <u>FAMILY PLANNING AND INDIAN HEALTH SERVICES (IHS)</u> | 26 |
| | 1. | <u>Family Planning and Indian Health Services (IHS) Provided Under Presumptive Eligibility Provisions</u> | 26 |
| | 2. | <u>Family Planning Services</u> | 27 |
| | 3. | <u>Indian Health Services</u> | 27 |
| K. | | <u>APPLICATION OF CERTAIN GENERAL PROVISIONS.</u> | 27 |
| | 1. | <u>Administrative and Judicial Review (Including Disallowance Process)</u> | 27 |
| | 2. | <u>Civil Monetary Penalties</u> | 27 |
| | 3. | <u>Criminal Penalties</u> | 27 |
| | 4. | <u>Timely Filing</u> | 27 |
| VI. | | <u>BUDGET AND EXPENDITURE SYSTEMS - REPORTING</u> | 27 |
| A. | | <u>Title XXI Report Forms</u> | 28 |
| | 1. | <u>Form HCFA-21 - Summary Sheet</u> | 28 |
| | 2. | <u>Form HCFA-21 Base/HCFA-21/HCFA-21P</u> | 28 |
| | 3. | <u>Form HCFA-21E - Children's Health Insurance Program Number of Children Served</u> | 28 |
| | 4. | <u>Form HCFA-21L - Children's Health Insurance Program Expenditures for the Title XXI Program Calculation of the 10 Percent Limit</u> | 29 |
| | 5. | <u>Form HCFA-21C - Allocation of Title XIX and Title XXI Expenditures to CHIP Fiscal Year Allotment</u> | 29 |
| | 6. | <u>Form HCFA-21B - Children's Health Insurance Program Budget Report for the Title XXI Program State Expenditure Plan</u> | 29 |

- B. Title XIX Medicaid Forms 29
1. Form HCFA-64.21 and 64.21U/64.21P and 64.21UP - Quarterly Medical Assistance Expenditures by Child Health Insurance Program Expenditure Categories 29
 2. Form HCFA-64.21C - Allocation of Title XIX and Title XXI Expenditures to CHIP Fiscal Year Allotment30
 3. Form HCFA-64EA - Number of Adults Served for the Medical Assistance Program 30
 4. Form HCFA-64EC - Number of Children Served by the Medical Assistance Program 30
 5. Form HCFA-64.21E - Number of Children Related to Children's Health Insurance Program 30
 6. Form HCFA-37.3 30

DRAFT 12/5/97

FINANCING PROVISIONS OF THE CHILD HEALTH INSURANCE PROGRAM (CHIP) AND RELATED MEDICAID PROGRAM PROVISIONS

I. OVERVIEW

The purpose of the new State Children's Health Insurance Program (CHIP) under Title XXI of the Social Security Act (the Act), enacted under the Balanced Budget Act of 1997 (BBA) and technical amendments made by Public Law 105-100 on November 19, 1997, is to provide Federal matching funds to States to enable them to extend coverage to uninsured, low-income children in an effective and efficient manner. States are able to use Title XXI funds for obtaining health benefit coverage through (1) a CHIP State Program, (2) a CHIP Medicaid expansion, or (3) a combination of both.

Because the focus of CHIP is on low-income children, Title XXI funds are only available for "targeted low-income children" as described in law. States therefore must describe the standards used to determine the eligibility of targeted low-income children under this new program.

Under the statute, funding may NOT be used for children who are:

Eligible for Medicaid or covered through other health insurance coverage;

Inmates of a public institution;

Patients in an institution for mental diseases; or

In families who are eligible for coverage because of a family member's employment with a public agency in the State.

Although children eligible for other health insurance coverage generally are not eligible for Title XXI assistance, children currently covered by a State children's health program that receives no Federal funds and was in operation since before July 1, 1997 can be considered eligible as targeted low-income children as long as the program is "State-operated."

In conjunction with CHIP, the BBA included three new provisions designed to increase children's health care coverage through the Medicaid program: (1) presumptive eligibility for children; (2) coverage of Supplemental Security Income (SSI) Program children; (3) and the option to provide 12 months of continuous coverage.

II. EFFECTIVE DATE

Under section 2101(d) of the Act, no State is eligible for payments under Title XXI for child health assistance for coverage provided for periods beginning before October 1, 1997.

III. ALLOTMENT PROCESS

A. GENERAL. The amount of the Federal funds available for Title XXI programs is limited for each fiscal year both nationally and on a State-specific basis. Section 2104(a) of the Act specifies the national total allotment available for each fiscal year and section 2104(b) and (c) of the Act indicates the statutory formula for determining the amount of the allotment for each State, or Commonwealth and Territory, respectively. The following sections describe the process under which the Health Care Financing Administration (HCFA) determines the amount of each States' specific allotment for each fiscal year.

The allotment process involves three determinations. First, prior to the beginning of each fiscal year, HCFA will determine the amount of the "reserved allotment" for each State for that fiscal year, calculated in accordance with the statutory State allotment formula. That amount is calculated as if every State had an approved Title XXI State plan. This amount will be recalculated if some States fail to apply for their Title XXI allotment. However, only with the submission and approval of a State plan by the end of the fiscal year will a State's reserved allotment become its actual allotment.

Second, at the end of each fiscal year, HCFA will determine a "final allotment" for each State for that fiscal year. The final allotment will also be calculated in accordance with the statutory allotment formula, but based only on those States that have approved State plans for that fiscal year. States which do not have approved State plans for that fiscal year will not receive a final allotment for that fiscal year. Thus, in the final allotment process, the amount of the national allotment available for States for that year will be allotted only to those States whose plans have been approved by HCFA by the end of the fiscal year.

Finally, in the third year following the State allotment fiscal year, under a “redistribution process” HCFA will determine the amounts of the unused fiscal year allotments from States that have not expended all of their allotment for that fiscal year and redistribute such amounts to States that have fully expended the amount of their allotments for that fiscal year.

B. RESERVED ALLOTMENT For each fiscal year, beginning with FY 1998, HCFA will develop reserved allotments for the 50 States and the District of Columbia and the Commonwealths and Territories based on the principle that an allotment amount should be reserved for each State so that accurate planning may take place, regardless of whether the State has submitted and the Secretary has approved a State child health plan. However, the reserved allotment does not represent an actual allotment available for a State’s use; the State allotment will only be available to the State once the State has submitted and HCFA has approved a Title XXI plan. This means that in order for a State to receive its FY 1998 allotment, its Title XXI State plan must be submitted and approved by September 30, 1998. As long as this plan remains in effect, a State will continue to be eligible to receive its allotment for succeeding fiscal years.

The reserved allotment for each State will be determined by HCFA using the statutory allotment formula and published in the Federal Register prior to the beginning of each fiscal year. The FY 1998 reserved allotments were published as a notice in the Federal Register on September 12, 1997. That notice, which is attached, provides further details on the reserved allotment process. The reserved allotments have been changed however, with the passage of technical corrections that add \$20 million to the total allotment (see attached chart).

C. FINAL ALLOTMENT In order to receive a final allotment for a fiscal year, a State must submit, and HCFA must approve, the CHIP State plan for that fiscal year before the end of the fiscal year. Because of this requirement, it is critical that States submit their CHIP State plans as soon as possible during the fiscal year for which an allotment is needed. For FY 1998, this means the plans must be approved by September 30, 1998. The length of time from submission to approval will vary depending upon the quality of the plan and the extent to which the requirements under the law are met. For FY 1998, HCFA cannot guarantee it will be able to approve plans submitted after June 30, 1998 by the end of the fiscal year. Furthermore, for CHIP State plans that are not complete upon submission, HCFA may need to request additional information, thereby stopping the time clock on plan approval. Therefore, States should submit their plans for approval as soon as possible before July 1, 1998.

HCFA will determine the final allotments by the end of the fiscal year or very shortly thereafter, based on the actual number of State plans that have been submitted and approved by the end of such fiscal year. At that time HCFA will publish the final allotments in the Federal Register.

1. Final Allotment Formula The statutory formula for the final allotment is the same as the one used for determining the reserved allotment. However, the potential difference between the final allotment and the reserved allotment relates to the actual number of States that have approved State plans for the fiscal year by the end of the fiscal year.

The process/formula for determining the final allotment is as follows:

a. Determine the Number of States with Approved State Plans as of the End of the Fiscal Year

In order for a State to receive a final allotment for a fiscal year, HCFA must approve the CHIP State plan for that State by the end of the fiscal year. Only States with approved State plans by the end of the fiscal year will be included in the final allotment calculation.

b. Factors in Determining States' Final Allotments In general, States' final allotments will be determined in accordance with the statutory formula that is based on two factors, the "Number of Children" (those potentially eligible for CHIP), and the "State Cost Factor." These factors will be multiplied to yield a "final allotment product" for each State.

Once the final allotment product has been determined for all the States with approved CHIP plans, the products for each State will be added to determine a national total. Then, each State's product will be divided by this national total to determine a State specific percentage of the national total available amount for allotment that each State would be eligible to receive. Finally, the State specific percentage is then multiplied by the national total amount available for allotment, resulting in the final allotment for each State.

The final allotments for each state will be published as a notice in the Federal Register.

D. PERIOD OF AVAILABILITY OF ALLOTMENT/REDISTRIBUTION PROCESS

Sections 2104(e) and (f) of the Act, contain two provisions relating to the availability of funds under a specific fiscal year allotment, and the redistribution of States' unused funds for a particular fiscal year allotment.

1. 3-Year Period of Availability (POA) of Allotment Section 2104(e) of the Act provides that the amount of a State's CHIP allotment for a fiscal year shall remain available for expenditures by that State for a 3-year concurrent period; the fiscal year and the two subsequent fiscal years. For example, a State's FY 1998 allotment for a State with an approved plan would be available for that State's expenditures for FY 1998 through FY 2000. Furthermore, unused amounts of States' allotments will be redistributed (see below). Such amounts will be available to the States through the end of the fiscal year of the redistribution. If there is a redistribution, the POA therefore is extended for one additional fiscal year.

2. Redistribution Process Section 2104(f) of the Act requires the Secretary to determine "an appropriate procedure" for the redistribution of the amounts of States' unused allotments to States that have fully expended their allotments for such fiscal year. HCFA intends to redistribute the unused portions as soon as possible after the end of the 3-year POA for the fiscal year allotment.

a. Process for Redistribution of Fiscal Year Allotments The following identifies the steps in the redistribution process:

I. Identify the States Which Have Unused Amounts of Allotments for a Particular Fiscal Year As soon as possible after the end of the 3-year POA, HCFA will identify two categories of States:

States which have not expended all of their allotments; and,

States which have expenditures at least equal to their allotments during the 3-year POA (the Redistribution States).

ii. Identify the Amounts of Unused State Allotments for a Particular Fiscal Year

For the first category of States, HCFA will identify the exact amounts of unused allotments. The total of these unused allotment amounts will become the pool available to the second category of States.

iii. Redistribute the Unused Amounts of State Allotments for a Fiscal Year A formula for redistribution of unused portions of State allotments will be determined by the Secretary. The redistribution amounts will be available for such States through the end of the fiscal year in which the redistribution is done. For example, if the year for which unused allotments are being redistributed is FY 1998, the redistribution period would be both determined and available through the end of FY 2001 (that is, September 30, 2001).

b. Report/Track Final Expenditures States that wish to receive redistribution funds would need to continue to report applicable expenditures even after their allotments are exhausted. States which have exhausted their allotments and do not wish to be considered for the redistribution would not be required to continue to report Title XXI expenditures for that purpose. However, States must continue to report Title XXI related Medicaid expenditures to claim FFP at the regular Medicaid FMAP rate.

IV. ENHANCED FMAP

Under sections 1905(b) and 2105(b) of the Act, as amended by the BBA, all allowable Title XXI and certain Title XIX Medicaid expenditures will be matched at an "enhanced FMAP." The attached September 12, 1997 Federal Register describes the statutory formula for determining States' enhanced FMAPs and contains each States' enhanced FMAP for FY 1998.

V. PAYMENT PROCESS

A. PAYMENT PROCESS OVERVIEW States with an approved State plan may receive a Title XXI grant award and may make claims for Federal matching payments from HCFA for expenditures permissible in Title XIX and Title XXI that are applied against their allotments. The process under which the States will make claims for payment are described below in the following sections:

Types of programs and State options.

Grant process

Application of State expenditures against the State allotments
10 Percent Limit

Administrative Expenditures

State Matching Requirements under Title XXI

Maintenance of Effort Requirements

Prevention of Duplicate Payments

Family Planning and Indian Health Services (IHS)

Application of Certain General Provisions

Budget and Expenditure Systems Reporting

B. TYPES OF PROGRAMS AND STATE OPTIONS The Title XXI program provides States with the flexibility for providing medical assistance to uninsured low-income children through the CHIP and/or Medicaid programs. This is explicitly referenced in section 2101(a) of the Act which indicates that States may provide assistance to low-income children in 3 ways:

Under Title XXI only;

Under Title XIX only;

Under a combination of both programs.

States may use a non-Medicaid Title XXI program to expand coverage to eligible low-income children. The BBA also amended the Medicaid statute to offer States three optional categories for providing expanded benefits to children provided as Medical assistance in the Title XIX Medicaid program. The three categories of expanded medical assistance benefits in Title XIX are:

Medical assistance provided to low-income children under section 1905(u)(2) of the Act (section 4911 of BBA);

Medical assistance provided to low-income children under section 1905(u)(3) of

Page 10 - ATTACHMENT - Child Health Insurance Program **DRAFT 12/5/97**
 the Act (section 4911 of BBA) (poverty-related children whose coverage is accelerated under the CHIP); and

Medical assistance provided during a presumptive eligibility period for children under age 19 under section 1920A of the Act (section 4912 of BBA).

The following principles provide a basis for determining how the choices a State makes determine the requirements for the reporting/tracking of the associated expenditures, application against the Title XXI allotment, and the FFP rates to be applied to the applicable expenditures.

1. FFP in expenditures in accordance with an approved XXI plan, and not under a Medicaid expansion, are funded directly from the Title XXI appropriation.
2. FFP in expenditures for services furnished under a Medicaid expansion are funded from the Title XIX Medicaid appropriation (whether or not referenced in a Title XXI plan). However, for States with an approved Title XXI State plan, the amount of the Title XXI allotment must be reduced by the Title XIX expenditures related to the Medicaid expansions.
3. For purposes of tracking against a fiscal year CHIP Title XXI State allotment, applicable Medicaid Title XIX expenditures need to be properly identified, reported, classified, and tracked.
4. Title XIX expenditures related to medical assistance provided to individuals eligible under sections 1905(u)(2) and (u)(3) of the Act are applied against the Title XXI State allotment. FFP is available for section 1905(u)(2) and section 1905(u)(3) expenditures at the enhanced FMAP rate only until the State's Title XXI allotment is exhausted, after which FFP is available at the regular Title XIX FMAP.

1. Section 1905(u)(2) and (3) Eligibility States have the option of covering certain low-income children in their Medicaid programs. If a State has an approved Title XXI child health plan for such children, it may receive Federal funds at the enhanced FMAP for the Medicaid medical assistance expenditures provided to such children and such expenditures would apply against its allotment. As described in the general principles above, the State can cover children under section 1905(u)(2) and (3) of the Act through a Medicaid State plan without having a Title XXI Child health plan. In such a case, no Title XXI allotment would exist and no such expenditures would be applied against the allotment. The FMAP rates are determined by whether the State has a Title XXI plan and the particular section of 1905(u) of the Act under which it is covering children.

The following table summarizes the treatment of these two optional groups under Title XIX and XXI.

| MEDICAID TITLE XIX GROUP | APPROPRIATION USED | HAS TITLE XXI PLAN | | HAS NO TITLE XXI PLAN | |
|--------------------------------|-----------------------|------------------------------------|--|---------------------------------|--------------|
| | | APPLIED AGAINST ALLOTMENT | FMAP USED | APPLIED AGAINST ALLOTMENT | FMAP USED |
| §§1905(u)(2) and (3)* | Title XIX | Yes, until allotment is used up | Enhanced, until allotment is used up. After, at regular FMAP* | No | Regular FMAP |

* Prior to the technical amendments made by Public Law 105-100 on November 19, 1997, the enhanced FMAP continued to be available for expenditures related to §1905(u)(3) of the Act even after a State's allotment was used up. With the enactment of P.L. 105-100, the treatment of expenditures related to section 1905(u)(2) and (3) is the same.

2. Presumptive Eligibility (PE) Section 1920A of the Act permits States to provide medical assistance under their Title XIX Medicaid programs for up to two months to children during a PE period. Expenditures classified as Medicaid PE expenditures under section 1920A of the Act may only be claimed as medical assistance and matched at the regular Federal medical assistance percentage (FMAP) under section 1905(b) of the Act. Furthermore, if the State has an approved Title XXI child health plan, such PE payments under section 1920A of the Act must be tracked and applied against the Title XXI allotment.

There are a number of options available to States for classifying and reporting medical assistance expenditures provided to children during the section 1920A PE period. In particular, the actual eligibility category in which PE children are ultimately placed may also determine the treatment of States' expenditures for such children during the PE period. The options a State chooses with respect to reporting expenditures during the PE period and the ultimate eligibility (or ineligibility) category, will determine how the expenditures provided during the PE period would be treated for purposes of application against the allotment and the FMAP rate (regular or enhanced) to be applied.

The following describes the options available to States for classifying and reporting expenditures as PE when it does have a Title XXI Child Health Plan and an associated fiscal year State allotment:

a. Identify and Claim PE on Ongoing Basis - No Adjustments The State can identify and claim FFP for all PE expenditures on an ongoing basis (as such expenditures are incurred and claimed to the State) and claim FFP for them with no subsequent adjustments after the actual

Page 12 - ATTACHMENT - Child Health Insurance Program **DRAFT 12/5/97**
 eligibility determination. In this case, the amounts of the PE expenditures would be applied against the allotment and would be claimed at the regular Title XIX FMAP. This approach may be the easiest for States to administer.

b. Report After Actual Eligibility Determination The State can wait and report potential PE expenditures after the actual determination of eligibility; in that case it could classify the expenditures in accordance with the actual eligibility determination:

Expenditures for children determined to be in a regular Medicaid eligibility category (for example, the Temporary Assistance for Needy Families (TANF) program related eligibility under section 1931 of the Act), are funded at the regular FMAP and are not applied against the allotment.

Expenditures for children determined to be eligible under section 1905(u)(2) or (u)(3) with an approved Title XXI child health plan are funded at the enhanced FMAP.

Expenditures for children determined to be eligible under a State's CHIP are funded at the enhanced FMAP.

Expenditures for children determined not to be eligible for either program are funded at the regular FMAP and, if the State has a Title XXI allotment, are applied against the allotment; that is, such expenditures are treated and reported as PE expenditures.

c. Identify and Claim PE on Ongoing Basis - Adjust After Actual Eligibility Determination The State can identify and claim FFP for all PE expenditures on an ongoing basis, as such expenditures are paid by the State (as would be done in a. above). However, after the actual eligibility determination is made, adjustments would be made to reflect the actual eligibility category determination. In this case, the amounts of the PE expenditures would be reported on an ongoing basis, applied against the allotment, and would be claimed at the regular Title XIX FMAP. After the actual eligibility determination, the State would make an adjustment to the previously reported expenditures as in b. above.

The chart on the following page describes the various options related to PE and the interaction between Title XIX and Title XXI.

HOW TO REPORT PRESUMPTIVE ELIGIBLE (PE) EXPENDITURES ON A QUARTERLY BASIS

| PE CASE | State Has Title XXI Plan | | | | | State Has No Title XXI Plan | |
|---|--------------------------|---------------------------------------|--|--|---|-----------------------------|---------------------------|
| | Appropriation Used | State Opts to Report During PE Period | | State Opts to Reclassify Expenditures | | FMAP Rate Used | Counted Against Allotment |
| | | FMAP Rate Used During PE Period | Counted Against Allotment During PE Period | FMAP Rate Used After Final Determination | Counted Against Allotment After Final Determination | | |
| PE 1 - Ultimately Determined to Be a Regular Title XIX Eligible | Title XIX | Regular Title XIX | Yes | Regular Title XIX | No | Regular Title XIX | No |
| PE 2 - Ultimately Determined to Be §1905(u)(2) or (u)(3) Eligible | Title XIX | Regular Title XIX | Yes | Enhanced Title XXI | Yes | Regular Title XIX | No |
| PE 3 - Ultimately Determined to be NOT Eligible or Never Submits an Application | Title XIX | Regular Title XIX | Yes | Regular Title XIX | Yes | Regular Title XIX | No |

C. **GRANT PROCESS** (§2105(e))

1. **Obligation/Appropriation Requirement to Issue States' Entire Fiscal Year**

Allotment as Grant Awards in the Fiscal Year Because of the Title XXI appropriation language, the Title XXI appropriated funds for each fiscal year (that is, the amounts referred to in section 2104(a)(1)-(10) of the Act, for the FYs 1998-2007, respectively) the entire Title XXI appropriation amount for each fiscal year must be "obligated" by the Federal government by the end of such fiscal year. Any funds not obligated by the Federal government by the end of the fiscal year (that is, prior to the close of the related Federal government's accounting system for that fiscal year) will no longer be available to any State.

The funds are obligated by issuing Title XXI grant awards. To ensure that all of the appropriated funds are available to States, HCFA will issue grant awards to all States with Title XXI State plans approved by the end of the fiscal year which equal, in total, the national amount available for allotment to the 50 States, the District of Columbia, and the Commonwealths and Territories for that fiscal year. Such grant awards must be issued by the time the HCFA/HHS accounting system closes with respect to that fiscal year. The total of the grant awards for the fiscal year will equal the States,' Commonwealths,' and Territories' final allotments, described earlier. Therefore, it is important for Title XXI plans to be submitted as soon as possible before July 1, 1998.

2. **State Funding Requests/Amount and Issuance of Grant Awards**

As indicated above, in order to ensure that all appropriated funds are available, HCFA will need to issue Title XXI grant awards to all States with approved State plans by the close of the fiscal year in amounts equal to the total available fiscal year appropriation.

a. **Budget Submissions/Grant Awards for First Three Quarters of the Fiscal Year**

For the first three quarters of the fiscal year, each State with an approved plan will submit a budget request in an appropriate format. HCFA is developing both budget and expenditure reporting mechanisms and forms, for this purpose. For the first three quarters of the fiscal year, HCFA will review, determine the amount of, and issue grant awards, based on the States' Title XXI budget request submissions.

b. **Budget Submissions/Grant Awards for Fourth Quarter of the Fiscal Year**

For the fourth quarter of the fiscal year, States will also submit their Title XXI budget requests. However, although HCFA will review the States' fourth quarter budget requests, and such budget request amounts will be used to project States' actual outlays for the quarter, the final grant award for the fourth quarter will be based on the amount of the States' final allotments for the fiscal year. This is necessary because, in order to obligate and thereby protect the full amount of the appropriation, the grant awards for the entire fiscal year for all States with approved plans must total the full amount of the available appropriation.

Because the States' final allotments for the fiscal year may differ from their reserved allotments, two grant awards may be needed for the fourth quarter of the fiscal year. Each State's initial

ed allotment
for the fiscal year, and the total of the grant awards for the first three quarters that have already been issued. The effect of this is that the total of the grant awards to each State for the four quarters of the fiscal year will equal the State's reserved allotment for the fiscal year. However, a second (final) grant award may be issued by the close of that fiscal year, obligating any additional funds a State may be due as a result of the calculation of the State's final allotment. This is necessary because a State's final allotment may be greater than its reserved allotment; and as a result, the total of all grant awards issued to the State for the fiscal year must equal the State's final allotment for that fiscal year.

3. Information Regarding State Administration of the Title XXI Program In order to issue a Title XXI grant award to the proper State official, each State will need to provide HCFA with the following information regarding the administration of the Title XXI program:

Name and address of the State agency/organization administering the Title XXI program

The employer identification number (EIN)

A State financial official contact name and telephone number.

Note, if this information is the same as that for the Medicaid program, the Payment Management Systems (PMS) account information should already be established and would be used for the Title XXI program. Similarly, the organization administering the Title XXI program may not be the same as the Medicaid agency, in which case the PMS will search its central registry system to determine if an EIN already exists for the organization. If it does, that information would be used for the Title XXI program. If there is no EIN for the Title XXI organization, the PMS will assign the proper payment identification number (PIN) number to establish the Title XXI agency.

D. APPLICATION OF STATE EXPENDITURES AGAINST THE STATE ALLOTMENTS

1. OVERVIEW Title XXI statute requires that two categories of expenditures be tracked against the Title XXI fiscal year allotments:

Title XXI expenditures (referred to in 2105(a) of the Act)

Certain Title XIX Medicaid Expenditures (referred to in §2104(d) of the Act)

These two categories of expenditures must be reported appropriately and applied against the allotments. The following sections describe how the coordination, reporting, and application of the Title XIX and Title XXI expenditures against the Title XXI fiscal year allotments will take place.

2. **PRINCIPLES FOR TRACKING EXPENDITURES AGAINST ALLOTMENTS**
Under §2104(d) of the Act, Title XXI fiscal year allotments must be reduced by the following categories of expenditures:

Payments for certain low-income children under §1905(u)(2) and(u)(3) of the Act (referred to as **u₂** and **u₃** payments);

Payments to States for medical assistance during a presumptive eligibility period under §1920A of the Act (referred to as “**PE**” payments);

Payments to States for child health assistance under section 2105(a) of the Act.

The following principles, based in statute, will be used by HCFA to:

Coordinate the application of the Title XIX and Title XXI expenditures against the Title XXI fiscal year allotments

Determine the order of these expenditures in such application; and

Determine how such expenditures apply against multiple fiscal year allotments.

1. **Title XIX Before Title XXI Expenditures (§2104(d))** . Under the statute, Title XIX expenditures must be applied against Title XXI fiscal year allotments before Title XXI expenditures are applied. Specifically, **u₂**, **u₃**, and **PE** payments under the Medicaid program are applied before any Title XXI payments are applied.
2. **Expenditures Must Be Applied Against a Fiscal Year Allotment in the Quarter in Which they Are Claimed . (§2104(b), (d), §2105(a))** . Title XIX and Title XXI expenditures must be applied against a fiscal year allotment based on the quarter in which they are claimed. Thus, Principle 1 above applies only on the basis of the quarter the expenditures are claimed. For example, if Title XXI expenditures were claimed in one quarter and Title XIX expenditures were claimed in a second, subsequent quarter, the Title XXI expenditures claimed in the first quarter would be applied against the fiscal year allotment before the Title XIX expenditures claimed in the second quarter.
3. **Expenditures Should be Applied Consistently Over the 3-Year Period of Availability (POA) for Fiscal Year Allotments (2101(a), §2104(e), (f))** . In order to treat States consistently in the redistribution process, HCFA will attempt to apply the same ordering of expenditures and allotments for all States.
4. **Title XIX Expenditures Should be Applied in the Order Which Provides the Most Benefit for States** . Title XIX expenditures should be applied in the

order that maximizes Federal reimbursement for States. We believe the order which most benefits States is as follows: **u₂** expenditures first, then **u₃** expenditures, and lastly **PE** expenditures. This is because the **u₂** and **u₃** are funded at the enhanced FMAP rate which drops to the regular FMAP rate when the allotment is exhausted. **PE** expenditures are always matched at the regular (lower) FMAP, and also continue to be matched after the allotment is exhausted.

5. **Apply Expenditures and Allotments in the Least Administratively Burdensome, and Most Effective and Efficient Manner (§2101(a))**. To the greatest extent possible, HCFA will use processes which are the least administratively burdensome, and the most effective and efficient. We believe the “first-in-first-out” (FIFO) method should be applied both with respect to the application of expenditures against the allotment and the availability of fiscal year allotments. Thus, expenditures would be applied against a fiscal year allotment in the order they are claimed, and an earlier fiscal year allotment would be used before a subsequent fiscal year allotment. For example, in the case where a State had FY 1998 allotment amounts carried over to FY 1999, expenditures claimed in FY 1999 would first be counted against the FY 1998 carryover allotment amounts before counting them against the FY 1999 allotment (see Principle 7).
6. **Application of Expenditures for One Fiscal Year Against a Subsequent Fiscal Year Allotment (§2104(e), (f))**. Expenditures claimed in one fiscal year would be applied against a subsequent fiscal year’s allotment, if the earlier fiscal year’s allotment was exhausted. However, this could not be done until the subsequent year’s allotment was actually available. For example, expenditures claimed in FY 1998 after the FY 1998 allotment was exhausted would be applied against the FY 1999 allotment, but only after FY 1999 had begun.
7. **Amounts of a State’s Prior Year Allotments that Have Not Been Expended and are “Carried Over,” are Available for Expenditures Within the 3-Year POA for the Carryover Allotment (§2104(e), (f))**. Under FIFO (see Principle 5), unexpended amounts of an allotment for a fiscal year would be carried over for use in subsequent fiscal years and through the end of the 3-year POA. Furthermore, the carried over allotment would be used before the subsequent fiscal year allotment was used. For example, unspent amounts of the FY 1998 allotment may be carried over up through FY 2000. The carried over amounts of the FY 1998 allotment would be used before the allotments for FYs 1999 - 2000; that is, expenditures for FYs 1999 and 2000 would be applied against the FY 1998 carryover amount before being applied against the FYs 1999 - 2000 allotments (Principle 5).

Application of Principles 5-7 may mitigate the necessity of having to go through a redistribution process because earlier allotments would be exhausted by expenditures as they were claimed

during the POA.

3. EXAMPLES ILLUSTRATING APPLICATION OF TRACKING PRINCIPLES

The following examples illustrate the above principles.

Example 1 - Illustration of Principle 1. The amount remaining of the FY 1998 allotment is \$5 million. Title XIX expenditures claimed in a quarter are \$4 million. Title XXI expenditures claimed in the same quarter are \$3 million. Under Principle 1, the \$4 million in Title XIX expenditures are applied against the remaining \$5 million of the FY 1998 allotment first, leaving \$1 million remaining of the FY 1998 allotment. Therefore, FFP would be available for only \$1 million of the \$3 million in Title XXI expenditures; and at that point, the FY 1998 allotment would be exhausted. The remaining \$2 million in claims for Title XXI expenditures would have to be funded by the State.

Example 2 - Illustration of Principle 2. The FY 1998 allotment is \$5 million. In quarter 1 of FY 1998, \$3 million in Title XXI expenditures are claimed. In quarter 2 of FY 1998, \$4 million in Title XIX expenditures are claimed. Since the \$3 million in Title XXI expenditures were claimed (first) in quarter 1, under Principle 2, they would be applied first against the FY 1998 allotment. This would leave \$2 million remaining under the FY 1998 allotment. In quarter 2 only \$2 million in FFP would be available from the FY 1998 allotment with respect to the \$4 million Title XIX expenditures claimed in that quarter. At that point, the FY 1998 allotment would be exhausted, and FFP for the remaining \$2 million in Title XIX expenditures would be available under Medicaid at the regular Medicaid FMAP.

Example 3 - Illustration of Principle 4. The FY 1998 allotment is \$5 million. In Quarter 4 of FY 1998 the following expenditures are claimed: **u₂** \$5 million, **u₃** \$4 million, and **PE** \$1 million. In accordance with Principle 4, in this case the \$5 million **u₂** expenditures would be applied against the FY 1998 allotment first. Since the amounts of the **u₂** expenditures and the FY 1998 allotment are the same, the entire amount of **u₂** expenditures would be reimbursed at the enhanced FMAP. Although the \$5 million FY 1998 allotment has been exhausted, the **u₃** and **PE** expenditures would still be reimbursed under the Medicaid program at the regular FMAP rate. Again, this is because the regular Medicaid FMAP rate continues for these groups, even though the FY 1998 allotment was exhausted.

Example 4 - Illustration of Principle 6. The FY 1998 and 1999 allotments are \$5 million for each fiscal year. The State claims \$6 million in Title XXI expenditures for FY 1998, and \$4 million in Title XXI expenditures for FY 1999. In this case the \$6 million FY 1998 expenditures reduce the FY 1998 allotment to

ion of the FY 1998 expenditures remaining unpaid. When the FY 1999 allotment becomes available, the remaining \$1 million in FY 1998 expenditures would be applied against the FY 1999 allotment, leaving \$4 million remaining of the FY 1999 allotment. The \$4 million in Title XXI FY 1999 expenditures claimed would then be paid from the FY 1999 allotment, thereby exhausting the remaining FY 1999 allotment.

Example 5 - Illustration of Principles 5 and 7. The FY 1998 and 1999 fiscal year allotments are \$5 million for each fiscal year. The State claims \$4 million in Title XXI expenditures for FY 1998 and \$6 million in Title XXI expenditures for FY 1999. Since the FY 1998 was only reduced by the \$4 million amount in FY 1998 Title XXI expenditures, the \$1 million remaining of the FY 1998 allotment would be “carried over” to FY 1999. In applying the FY 1999 expenditures, \$1 million of the \$6 million would first be applied against the carryover of the FY 1998 allotment. The remaining \$5 million for the FY 1999 claims would be applied against the remaining \$5 million allotment for FY 1999, reducing the remaining FY 1999 allotment to \$0.

E. 10 PERCENT LIMIT Under §2105(c)(2)(A) of the Act, FFP at the enhanced FMAP is available only up to a “10 Percent Limit” for certain categories of State Title XXI expenditures:

Administrative expenditures;

Outreach;

Health services initiatives; and

Certain other child health assistance

Under the 10 Percent Limit, the “total computable” amount of the above States’ Title XXI expenditures (representing the combined total State and Federal share of the expenditures) for which FFP is available cannot exceed 10 percent of the sum of the following:

The total computable amount of expenditures under §2105(a) of the Act,

The total computable amount of expenditures for which the enhanced FMAP was available under §§1905(u)(2) and (u)(3) of the Act.

The 10 Percent Limit is applied on an annual fiscal year basis, and may be waived by the Secretary under section 2105(c)(2)(B) of the Act when coverage is provided through cost-effective community based health delivery systems. Note, prior to the technical amendments enacted under Public Law 105-100 on November 9, 1997, the 10 Percent Limit was calculated on a quarterly basis. Furthermore, prior to the technical amendments, the limit was calculated on

the basis of the Federal share of the expenditures while the expenditures applied against the limit were in total computable amounts. The technical amendments made the calculation of the limit and the expenditures applied against the limit be based on total computable amounts.

The following formula for the 10 Percent Limit ($L_{10\%}$) is in accordance with the referenced statutory provisions. Note, as indicated, the 10 Percent Limit ($L_{10\%}$) is a limit on the amounts of total computable expenditures for which FFP is available. Also, the expenditures that are used to calculate the limit are also in total computable amounts.

$$L_{10\%} = (a_1 + u_2 + u_3)/9$$

a_1 = Total computable expenditures for the fiscal year under §2105(a)(1) of the Act

u_2 = Total computable expenditures for the fiscal year under §1905(u)(2) of the Act

u_3 = Total computable expenditures for the fiscal year under §1905(u)(3) of the Act

The applicable expenditures are subject to the 10 Percent Limit on an annual fiscal year basis.

The following example illustrates the calculation of the 10 Percent Limit:

Example. The State's Title XXI enhanced FMAP is 65% (that is, 0.65). The total computable expenditures claimed for the fiscal year for the §2105(a)(1) category (a_1) is \$10 million; the Federal share claimed for those expenditures is \$6.5 million (.65 x \$10 million). The total computable expenditures claimed for the fiscal year for the §2105(a)(2)(A)-(D) category is \$3 million; the Federal share claimed for those expenditures is \$1.95 million (.65 x \$3 million). The total computable expenditures claimed for the fiscal year for the §1905(u)(2) category (u_2) is \$3 million; and the Federal share claimed for those expenditures is \$1.95 million (.65 x 3 million). The total computable expenditures claimed for the fiscal year for the §1905(u)(3) category (u_3) is \$2 million; and the Federal share claimed for those expenditures is \$1.3 million (.65 x 2 million).

In this example, the 10 Percent Limit is a total computable amount of \$1,666,667, calculated as follows:

$$L_{10\%} = (a_1 + u_2 + u_3)/9$$

a_1 = Total computable expenditures for the fiscal year under §2105(a)(1) of the Act

u₂ = **Total computable expenditures for the fiscal year under §1905(u)(2) of the Act**

u₃ = **Total computable expenditures for the fiscal year under §1905(u)(3) of the Act**

10 Percent Limit = $((\$10 \text{ million } (a_1) + \$3 \text{ million } (u_2) + \$2 \text{ million } (u_3))/9$
= $\$15 \text{ million}/9 = \mathbf{\$1,666,667}$

In this example, FFP would not be available for that portion of the §2105(a)(2) expenditures that are in excess of the 10 Percent Limit of \$1,666,667, a total computable amount. Thus, although the State submitted \$3 million in total computable amounts of §2105(a)(2) expenditures, only \$1,666,667 of the \$3 million total computable amount would be allowable, and the remainder of \$1,333,333 total computable amount would be potentially disallowable.

Under this Example, the allowable amount of Federal funds available under the 10 Percent Limit would be \$1,083,334 (.65 x \$1,666,667); and the unreimbursable amount of Federal funds in excess of the 10 Percent Limit would be \$866,667 (.65 x \$1,333,333).

F. ADMINISTRATIVE COSTS IN TITLE XXI

1. General Title XXI of the Act does not contain a specific definition of administrative expenditures. However, section 2105(a)(2)(D) of the Act indicates that payment under title XXI is available for the “other reasonable costs incurred by the State to administer the plan.” Administrative expenditures, and certain other expenditures specified in statute (other child health assistance, health services initiatives, and outreach activities) in excess of the 10 Percent Limit described above would not be considered to be reasonable. Additionally, in general, section 2101(a) of the Act refers to the provision of child health assistance by States “in an effective and efficient manner.” Other sections of title XXI provide additional guidance related to what may be considered “effective and efficient” and/or identified as administrative activities:

Data Collection/Records/Reports. Section 2107(b)(1) of the Act requires State child health plans to assure that data is collected, records maintained, and reports provided to the Secretary, for the purpose of enabling “the Secretary to monitor State program administration and compliance and to evaluate and compare the effectiveness of State plans” under Title XXI.

Annual Assessment of Operation of State Plan/Report to Secretary. Section 2108(a)(1) of the Act, requires States on an annual basis to “assess the operation of the State plan under this title in each fiscal year including the progress made in

this assessment to the Secretary.

Assessment of Effectiveness. Section 2108(b)(1)(A) of the Act refers to “an assessment of the effectiveness of the State plan in increasing the number of children with creditable health insurance.”

Quality Assurance. Section 2102(a)(7) of the Act refers to “methods (including monitoring)” to assure quality and appropriateness of care under the Title XXI State plan. Section 2108(b)(1)(B)(ii) of the Act refers to State evaluations of the quality of health care coverage in the State’s Title XXI State plan.

Eligibility Determinations. Section 2102(b) of the Act refers to activities related to eligibility determinations such as screening and intake.

Outreach and Coordination. Sections 2102(a)(3), (b)(3), and (c), and 2108(b)(1)(D) of the Act refers to coordination and outreach activities (see subsections g. and h. below).

Measurement of Performance. Section 2107 of the Act generally refers to activities related to measurement of performance.

Public Involvement. Section 2107(c) of the Act refers to activities related to the “process used to involve the public in the design and implementation of the plan and the method for ensuring ongoing public involvement.”

2. Administrative Costs are Differentiated from Program Costs For purposes of payment under section 2105(a) of the Act, administrative costs are differentiated from the program costs referred to as “child health assistance” in section 2105(a)(1) of the Act (child health assistance is further defined in section 2110(a) of the Act). Child health assistance is generally referred to as “payment for part or all of the cost of health benefits coverage for targeted low-income children.” Payment for such program costs are not considered to be payment for administrative costs, and are generally not subject to the 10 Percent Limit.

3. Principles for Determining Administrative Expenditures The following principles are applicable for determining the allowability, category, and amount of payment for administrative expenditures under Title XXI:

a. Federal Financial Participation (FFP) Rate for Administration Under section 2105(b)(1) of the Act, all Title XXI expenditures, including those for administrative costs, are matched at a rate equal to the enhanced Federal Medical Assistance Percentage (FMAP).

b. Title XXI Funds for Administrative Expenditures Related to Title XIX Expansions

In general, the enhanced matching rate under Title XXI is not available for administrative costs for activities related to other non-Title XXI programs. An exception to this is that a State may elect (at its option) to claim FFP at the Title XXI enhanced matching rate for all Title XIX administrative activities directly related to certain Title XIX program expansions that are the result of the CHIP legislation. Specifically, this refers to coverage under Title XIX of targeted low-income children under sections 1905(u)(2) and (3) of the Act, and provision of medical assistance to a child under Title XIX during a presumptive eligibility period under section 1920A of the Act.

If a State elects to claim these Title XIX administrative costs under Title XXI, the State must continue to claim all such expenditures on the Title XXI expenditure forms (discussed below) until the 10 percent limit and/or the Title XXI allotment is reached. Such expenditures will: (1) reduce the State's Title XXI allotment, (2) count against the State's 10 percent limit, (3) be reimbursed at the enhanced Title XXI matching rate, and (4) be paid for out of the Title XXI appropriation.

Once the State reaches its 10 percent limit and/or its Title XXI allotment it may then revert to claiming all such administrative expenditures under the Medicaid program as discussed below. This option of claiming the administrative expenditures under Medicaid is only applicable to expenditures for CHIP-related Medicaid expenditures.

Alternatively, a State may elect (at its option) not to claim FFP at the Title XXI enhanced matching rate for Title XIX administrative activities directly related to the Title XXI related Title XIX program expansions. If a State elects to claim for these administrative expenditures under Medicaid, the State must continue to claim all such expenditures on the Title XIX expenditure forms. Such expenditures will: (1) not reduce the State's Title XXI allotment, (2) not count against the State's 10 percent limit, (3) not be reimbursed at the enhanced Title XXI matching rate, but will be reimbursed at the applicable Medicaid administrative matching rate, and (4) be paid for out of the Title XIX appropriation.

The following principles summarize the treatment as administrative costs for Title XIX activities:

States that do NOT Elect CHIP Related Title XIX Expansions. States that do not choose to cover the CHIP related Title XIX expansions will only be able to claim for allowable administrative costs under their Title XXI program.

States that DO Elect CHIP Related Title XIX Expansions. States that do choose to cover the CHIP related Title XIX expansions have a choice of programs under which to claim FFP for the related administrative expenditures. If claimed under Title XXI, the FFP rate is the enhanced FMAP; if claimed under Title XIX, the FFP rate is the regular Medicaid FFP.

c. **Administration of Title XXI, NOT Other Programs** Allowable Title XXI administrative activities should support operation of the Title XXI State plan. FFP for

ities related to other programs. For example, FFP would not be available for generalized health education or social service functions (however, see the exception regarding Title XIX expansions discussed above in subsection b., and the exceptions regarding outreach and coordination discussed below in subsections g. and h.).

d. Administrative Costs Included in Child Health Assistance “Child health assistance” means payment for part or all of the cost of health benefits coverage for any of the categories of services listed in section 2110(a) of the Act. State Title XXI administrative expenditures, considered under section 2105(a)(2)(D) of the Act as “other reasonable costs incurred by the State to administer the plan,” are applied against the 10 Percent Limit.

State child health assistance expenditures includes State payments made directly to providers as well as payments for the purchase of health insurance coverage. The reimbursement rates associated with the direct payments to providers may account for/include certain administrative costs of the providers related to furnishing the services. Similarly, the reimbursement rates associated with payments for health insurance coverage, such as capitation payments, may also account for/include certain administrative costs of the managed care entities contracted to the State to provide child health assistance. However, the administrative costs included in the child health assistance reimbursement rates are NOT considered as State administrative expenditures of the Title XXI in this regard; rather, such costs are considered to be State program (that is, child health assistance) expenditures, similar to the way capitation administrative expenditures are claimed under Medicaid. Therefore, these costs are not applied against the 10 Percent Limit.

Note, there are two categories of child health assistance expenditures; those considered under section 2105(a)(1), which is the basic child health assistance program described in section 2103 (and within the definition under section 2110(a)), and those under section 2105(a)(2)(A), which are other child health assistance expenditures outside of the basic program. For example, section 2105(a)(2)(A) expenditures might include a program to provide free immunizations for all children in the primary school system in a low-income area. Child health assistance expenditures under 2105(a)(1) are exempt from the 10 Percent Limit, while all “other child health assistance expenditures” under section 2105(a)(2)(A) are applied against the 10 Percent limit. State administrative expenditures related to the provision of child health assistance under both section 2105(a)(1) and (a)(2)(A) are applicable against the 10 Percent Limit.

e. No Duplicate Payments Payments for allowable Title XXI administrative activities should not duplicate payments that are included and paid as part of another payment mechanism, for example:

rates for outpatient clinic services

case management services

part of a capitation rate

other provider rate

through some other program (e.g., State/Federal)

Furthermore, in no case should there be reimbursement for more than the actual costs incurred by a State. That is, amounts in excess of actual costs are not considered to be costs incurred by the State. It is the State's responsibility to ensure that there is no duplication in the claims prior to the State submitting any claims for HCFA review.

f. Payment for Startup Costs Under title XXI, FFP is available at the enhanced FMAP for a State's program and administrative expenditures (including related startup costs) during a period for which the State has an approved title XXI plan in effect. Initial State plans can be approved effective as early as October 1, 1997. As indicated above, such administrative expenditures (under section 2105(a)(2) of the Act) are subject to the 10 Percent Limit which is calculated on a fiscal year basis. Therefore, startup costs will be limited by the amount of section 2105(a)(1), 1905(u)(2) and 1905(u)(3) expenditures claimed during the fiscal year in which the startup period occurs. The following example illustrates the availability of FFP for startup costs.

Example. The 10 Percent Limit formula is:

$$L_{10\%} = (a_1 + u_2 + u_3)/9 \quad \text{Where } a_1 = \text{\$2105(a)(1) expenditures, } u_2 = \text{\$1905(u)(2) expenditures, and } u_3 = \text{\$1905(u)(3) expenditures}$$

In the first two quarters of the fiscal year, the State's a_1 , u_2 , and u_3 expenditures are \$0 and the State's start up administration expenditures (a_2 expenditures) are **\$2.0** million. In the third quarter of the fiscal year, the a_1 , u_2 , and u_3 expenditures total **\$0.5** million and the startup and other (a_2) administrative expenditures are **\$1.5** million. In the fourth quarter of the fiscal year, the a_1 , u_2 , and u_3 expenditures total **\$8.5** million and the startup and other (a_2) administrative expenditures are **\$1.0** million. The totals for the fiscal year are: **\$9.0** million (\$0 + \$0.5 million + \$8.5 million) in a_1 , u_2 , and u_3 expenditure, and **\$4.5** (\$2.0 + \$1.5 million + \$1.0 million) in startup and other (a_2) administrative expenditures. In this example, the 10 Percent Limit is **\$1.0 million**, calculated as follows:

$$L_{10\%} = (a_1 + u_2 + u_3)/9 = \text{\$9.0 million}/9 = \text{\$1.0 million}$$

In this example, FFP would be available at the enhanced FMAP for \$1.0 million of the \$4.5 million of administrative costs. Thus, the relatively lower benefit expenditures at the beginning of the fiscal year combined with the relatively higher benefits expenditures at the end of the fiscal year serve as the basis for the final 10 Percent Limit calculated on a fiscal year basis.

It is important to note that if a State has no expenditures other than, for example, startup administrative expenditures under section 2105(a)(2)(D) of the Act during a fiscal year, no FFP

this example would be \$0 calculated as follows:

$$L_{10\%} = (a_1 + u_2 + u_3)/9 = (\$0 + \$0 + \$0)/9 = \$0$$

g. Outreach Outreach activities are specifically referenced and defined in sections 2102(c)(1) and 2105(a)(2)(C) of the Act as:

“Outreach to families of children likely to be eligible for child health assistance under the plan or under other public or private health coverage programs to inform these families of the availability of, and to assist them in enrolling their children in, such a program.”

Therefore, FFP is available for activities related to Title XXI eligibility outreach and intake, in order to enroll children in the Title XXI program. FFP may also be available for such outreach related to public or private health coverage programs. Under section 2105(c)(2)(A) of the Act, outreach activities are subject to the 10 percent limit, unless subject to a variance of the 10 Percent Limit under section 2105(c)(2)(B) of the Act.

As indicated in subsection b. above, States may choose how to claim FFP for expenditures for outreach activities related to CHIP. If claimed under Title XXI, FFP would be available at the enhanced FMAP rate and subject to the 10 Percent Limit; if claimed under Title XIX, FFP for such expenditures would be available at the regular Medicaid FFP rate for administration.

h. Coordination with Other Health Insurance Programs. Section 2102(c)(2) of the Act, specifically allows for administrative activities related to coordinating administration of the States’ Child Health Insurance Programs “with other public and private health insurance programs.” Therefore, FFP at the enhanced FMAP rate is available under Title XXI specifically for coordination activities related to the administration of Title XXI with other public and private health insurance programs. As indicated in subsection c. above, FFP would not be available for the costs of administering the other public and private health insurance programs. Coordination activities must be distinguished from other administrative activities common among different programs.

As indicated in subsection b. above, States may choose how to claim FFP for expenditures for coordination activities related to CHIP. If claimed under Title XXI, FFP for such expenditures would be available at the enhanced FMAP rate and subject to the 10 Percent Limit; if claimed under Title XIX, FFP would be available at the regular Medicaid FFP rate for administration.

G. STATE MATCHING REQUIREMENTS UNDER TITLE XXI. There are a number of provisions relating to the funds States may use as the State share of Title XXI expenditures:

1. Use of Non-Federal Funds Section 2105(c)(4) of the Act indicates that “amounts provided by the Federal government or services assisted or subsidized to any significant extent

contributions...”

2. Offset of Premiums and Other Cost Sharing Amounts Section 2105(c)(5) of the Act establishes that a State must offset the amount of expenditures it can claim against its allotment by any premiums or other cost-sharing receipts that it collects. Amounts of States’ beneficiary cost sharing receipts would not be considered part of the State match for expenditures under Title XXI as described in section 2105(c)(5) of the Act. Beneficiary cost-sharing revenues must be applied to offset, that is reduce, Federally matchable Title XXI expenditures. Thus, such revenues effectively reduce both the State and Federal shares of allowable Title XXI expenditures.

For example, if the total expenditure for a beneficiary is \$1,000 and the State collects \$100 in beneficiary cost-sharing, the net expenditure claimable for Title XXI against the State’s allotment is \$900. If the enhanced Federal matching rate for that State is 65 percent, the Federal government would provide \$585 and the State would provide \$315. As a result, the amount from the beneficiary cost-sharing is distributed proportionately between the State and Federal government.

3. Provider Taxes and Donations Section 2107(e)(1)(C) of the Act imposes the same limitations on the use of provider taxes and donations as State share as are imposed under Section 1903(w) of Title XIX.

4. Reporting of Sources of Non-Federal Share. Section 2107(d) requires the State child health plan to include details on the sources of the non-Federal share of plan expenditures.

5. Government/Department Wide Draw Down Requirements. All Government-wide and Departmental requirements for drawing down Federal funds will be applicable to Title XXI. The State matching funds must be available at the time the State draws down the Federal funds.

6. Public Funds. The use of IGTs, certified public expenditures (CPE), and public funds (including local/county funds) as the required State share of Title XXI expenditures is not prohibited under Title XXI. In general, the provisions applicable to the Medicaid program related to IGTs and CPEs should apply in title XXI (for example, Federal regulations at 42 CFR 433.51).

7. In-Kind Contributions. Federal regulations at 45 CFR Part 74 that deal with uniform administrative requirements for awards and subawards to various entities including grants and agreements with States apply to Title XXI. Therefore, in kind contributions provided by either the public or private sector would qualify for State match if they meet the criteria set forth in 45 CFR 74.23. Furthermore, section 2107(e)(1)(C) of the Act indicates that the provisions of section 1903(w) of the Act relating to limitations on provider taxes and donations apply with respect to Title XXI. Therefore, in kind services may qualify for State match if they are not in violation of section 1903(w).

H. **MAINTENANCE OF EFFORT (MOE).** Beginning with FY 1999, section 2105(d)(2) of the Act requires that the amount of a State's allotment for a fiscal year be reduced by the amount that the "State children's health insurance expenditures" for the previous fiscal year is less than the total of such expenditures for FY 1996. For purposes of this provision, the term "State children's health insurance expenditures" means:

The State share of Title XXI expenditures

The State share of expenditures under Title XIX attributable to an enhanced FMAP under section 1905(u) of the Act.

State expenditures under health benefits coverage under an existing comprehensive State-based program.

With respect to this last condition, under section 2103(d)(1)(C) of the Act, the MOE provision applies only to 3 States: New York, Florida, and Pennsylvania. However, one of the administration's main objectives is to make sure that Federal dollars are used to cover children who have no insurance coverage and are not covered by Medicaid. We are concerned that singling out only three States for the maintenance of effort on current State programs is inconsistent with this intent. We will work with Congress to clarify whether this provision should apply to all States with such programs.

If these States obtain an approved State Child Health Plan under Title XXI, then the State funds that are used to fund their existing programs can be used to draw an enhanced Federal match for expenditures under their new plans. These States must continue to spend --at least-- the same level of State funding for child health insurance as was spent in 1996, but they can draw an enhanced match on this spending under an approved State plan.

The limited maintenance of effort requirements on spending *should not be confused* with the requirements on maintaining Medicaid eligibility levels. In order to receive Title XXI funds, States must continue to maintain their Medicaid eligibility standards and the methodologies that were effective as of June 1, 1997. If a State wants to expand Medicaid and draw down Title XXI funds at the enhanced matching rate, it must maintain the Medicaid eligibility requirements that were effective as of March 31, 1997.

I. **PREVENTION OF DUPLICATIVE PAYMENTS** Under section 2105(c)(6) of the Act, certain provisions relating to preventing duplicate payments are applicable:

1. **Other Health Plan Obligated to Provide Child Health Assistance** No FFP is available to States for Title XXI Child Health Assistance expenditures to the extent that a private insurer would have been obligated to provide such assistance but for a provision of its insurance contract which has the effect of limiting or excluding such obligation because the individual is eligible for or is provided child health assistance under the plan.

2. **Payment Under Other Federal Governmental Programs** No FFP is available to

States for Title XXI Child Health Assistance expenditures to the extent that payment has been made or can reasonably be expected to be made promptly under any other Federally operated or financed health care insurance program, other than an insurance program operated or financed by the Indian Health Service.

J. FAMILY PLANNING AND INDIAN HEALTH SERVICES (IHS)

The Medicaid statute provides for a higher Federal matching rate for family planning and Indian Health Services. Because of this, there is special treatment for such services in Medicaid expansions for targeted low-income children. However, if such services are provided on the basis of a presumptive eligibility determination, the treatment may also differ. The sections below describes the treatment for these type expenditures.

1. Family Planning and Indian Health Services (IHS) Provided Under Presumptive Eligibility Provisions

Under section 2104(d)(1) of the Act, Federal matching payments attributable to services provided to children on the basis of a presumptive Medicaid eligibility determination under section 1920A of the Act, must be applied to reduce the State's title XXI allotment. This is regardless of whether the Medicaid presumptive eligibility payments are reimbursed at the regular FMAP, at the higher family planning, or at the Indian Health Services matching rates. Therefore, the amount of the Federal payments made to a State for Medicaid presumptive eligibility payments under Title XIX, even those made at the higher Federal matching rates associated with these services, must be applied against the CHIP allotment.

2. Family Planning Services Under section 1903(a)(5) of title XIX of the Act, the Federal matching rate under Title XIX for family planning services expenditures is at 90 percent, NOT the regular Medicaid FMAP rate, and NOT the Title XXI enhanced FMAP rate. Therefore, Federal matching payments for States' Medicaid expenditures under Title XIX for Family planning would be Federally matched at the 90 percent rate and such expenditures would not be charged against the States' title XXI allotment.

3. Indian Health Services Section 2104(d)(2) of the Act provides that Medicaid expenditures made under section 1903(a)(1) on the basis of the enhanced FMAP under section 2105(b) of the Act must be applied against the State's allotment. However, IHS expenditures are not Federally matched at the section 2105(b) enhanced FMAP, rather they receive a different higher rate at section 1905(b) of the Act (100 percent). Because of this, expenditures for IHS provided to States' Medicaid expansion groups would be Federally matched at the 100 percent rate and such expenditures would not be charged against the States' title XXI allotments.

K. APPLICATION OF CERTAIN GENERAL PROVISIONS. Section 2107(e) of the Act requires the following sections of the Act apply to States under Title XXI in the same manner as they apply to a State under Title XIX:

1. Administrative and Judicial Review (Including Disallowance Process)

(Section 1116 of the Act)

2. **Civil Monetary Penalties** (Section 1128A of the Act)
3. **Criminal Penalties** (Section 1128B of the Act)
4. **Timely Filing** (Section 1132 of the Act)

In addition to the above provisions, we believe that in general, the financial/administrative provisions that apply in Medicaid should also apply in title XXI.

VI. BUDGET AND EXPENDITURE SYSTEMS - REPORTING

States will need to report expenditures and budget projections related to the CHIP and Medicaid programs, for purposes including the following: (Attached are copies of the forms States will use for reporting this information.)

Claiming FFP

Tracking Against the CHIP Fiscal Year Allotment

Maintenance of Effort (MOE) Provisions

10 Percent Limit Calculation

Determining Amounts of Grants

Under the current Title XIX Medicaid program, States are already required to submit budget and expenditure information using the Medicaid Budget and Expenditure System (MBES). Using the MBES, States report budget information on the Form HCFA-37 and expenditure information on the Form HCFA-64. HCFA is developing forms under which States will report budget and expenditure information for their Title XXI programs. In order to capture the needed information and to track that information appropriately, the forms for Title XIX and Title XXI will be linked and submissions under each system will be coordinated.

The following highlights these forms:

A. Title XXI Report Forms The Title XXI budget and expenditure report forms will be similar to the Medicaid report forms and will include:

1. **Form HCFA-21 - Summary Sheet** Summary expenditure report form for all Title XXI expenditures. There are only two columns, one for reporting total computable amounts of expenditures and the other for Federal Share amounts of expenditures.

2. **Form HCFA-21 Base/HCFA-21/HCFA-21B** These forms are for reporting and

isolating States' Title XXI expenditures related to the service categories referenced in section 2110(a) of the Act (which define child health assistance), other child health assistance and initiatives, outreach and administration, for the groups and programs covered by States under their Title XXI programs. The Form HCFA-21 Base represents the total of these expenditures across all Title XXI programs in the State that are being claimed by the State in the quarter. The Form HCFA-21 represent the expenditures that were paid and are being claimed by the State in the current quarter's submission. The Form HCFA-21P representing expenditures paid by the State in prior periods, but also which are being claimed in the current quarter's submission. States must separately identify on these forms the amounts of expenditures which apply against the 10 Percent Limit.

3. Form HCFA-21E - Children's' Health Insurance Program Number of Children Served This form is for reporting the total number of children served in the Title XXI program. This form provides for reporting under four age breakouts and three family income levels.

4. Form HCFA-21L - Children's' Health Insurance Program Expenditures for the Title XXI Program Calculation of the 10 Percent Limit .This form is for tracking and applying the expenditures applicable the 10 Percent Limit. This form is generated from expenditure data reported by the State under Title XIX and XXI.

5. Form HCFA-21C - Allocation of Title XIX and Title XXI Expenditures to CHIP Fiscal Year Allotment This form is equivalent to the Medicaid Title XIX program Form HCFA-64.21C (see below) for tracking the expenditures under States' Title XIX and XXI programs that must be applied against the CHIP fiscal year allotment. This form is generated from the Title XIX and Title XXI expenditures that States have reported and claimed for the current and prior quarters that are applicable to the Title XXI allotment, for purposes of tracking such expenditures against the allotment. The Form HCFA-64.21C contains information which is accumulated by fiscal year in line categories of: fiscal year allotment, amounts previously claimed for the fiscal year, excess amounts reported for previous fiscal years (which may be claimed against a subsequent allotment), amounts being claimed in the current quarter, amounts of the fiscal year allotment that is unused, and amounts of the fiscal year allotment which are in excess of the allotment for that fiscal year. Federal share amounts of expenditures are tracked in four columns for 4 categories of expenditures: **u₂**, **u₃**, and **PE** (for the Title XIX program), and the Title XXI. This form will be used for tracking the expenditures applied against the Title XXI fiscal year allotment

6. Form HCFA-21B - Children's Health Insurance Program Budget Report for the Title XXI Program State Expenditure Plan This form is for States to report projected amounts of Title XXI total computable, Federal Share, and the State share of expenditures by quarter and Federal fiscal year. This form is also used for States to certify the availability of funds for the State share of the Title XXI program.

B. Title XIX Medicaid Forms States' Medicaid programs may provide coverage under the three Medicaid options discussed in previous sections, and the Medicaid expenditures related to these options would apply against States' Title XXI allotments. The information reported for

XIX groups must be separately identified. Furthermore, specific information on the quarterly claimed expenditures related to the section 1905(u)(2) and (3) options is needed in order to calculate the 10 Percent Limit. In order to be able to compare the information reported on the Medicaid program to the information reported on the Title XXI program, the reported expenditure categories in the two programs will need to be comparable. This requires special reporting.

The following describes the new Title XIX Medicaid forms:

- 1. Form HCFA-64.21 and 64.21U/64.21P and 64.21UP - Quarterly Medical Assistance Expenditures by Child Health Insurance Program Expenditure Categories** Expenditure report form for States to separately report medical assistance expenditures for the 3 Medicaid options (**u₂**, **u₃**, and **PE**). There are 24 expenditure categories, including premiums for private health care coverage. These expenditure categories are the same as contained in the Title XXI report Form HCFA-21. States will report these expenditures in columns for the categories of total computable, and amounts claimed at various FMAPs such as the enhanced FMAP, the IHS rate (100%), and the family planning rate (90%). The Form HCFA-64.21 would be used for reporting States' current quarter **PE** expenditures. The Form HCFA-64.21U would be used for reporting States' current quarter **u₂** and/or **u₃** expenditures. The Form HCFA-64.21P would be used for reporting prior period **PE** expenditures. The Form HCFA-64.21UP would be used for reporting prior period **u₂** and/or **u₃** expenditures.
- 2. Form HCFA-64.21C - Allocation of Title XIX and Title XXI Expenditures to CHIP Fiscal Year Allotment** This form is exactly the same as the Title XXI program Form HCFA-21C (described above) for tracking expenditures against the fiscal year allotment.
- 3. Form HCFA-64EA - Number of Adults Served for the Medical Assistance Program** This form is for reporting the number of adults served under the entire Medicaid program. This form provides for reporting under two age breakouts and three income levels.
- 4. Form HCFA-64EC - Number of Children Served by the Medical Assistance Program** This form is for reporting the number of children served under the entire Medicaid program. This form provides for reporting under four age breakouts and three family income levels.
- 5. Form HCFA-64.21E - Number of Children Related to Children's Health Insurance Program** Form for reporting the number of children served in the Medicaid program that are specifically related to the three Medicaid options (**u₂**, **u₃**, and **PE**). This form provides for reporting under four age breakouts and three family income levels.
- 6. Form HCFA-37.3** . This is an existing Medicaid budget reporting form for which an information only line is being added to capture the projected Medicaid expenditures that are included in the total medical assistance payments estimates, for the current and budget fiscal years, for the three Medicaid options (**u₂**, **u₃**, and **PE**).

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH CARE FINANCING ADMINISTRATION

| CHILDREN'S HEALTH INSURANCE PROGRAM | | | | | STATE | |
|--|----------|-----|------|-------|-----------------|----------|
| NUMBER OF CHILDREN SERVED | | | | | AGENCY | |
| | | | | | QUARTER ENDED | |
| NAME OF PROGRAM _____ | AGE | | | | FEDERAL POVERTY | |
| | CHILDREN | | | | | |
| | UNDER 1 | 1-5 | 6-12 | 13-18 | <100% | 100-150% |
| 1. NUMBER OF UNDUPLICATED CHILDREN EVER ENROLLED IN THE QUARTER | | | | | | |
| A. FEE-FOR-SERVICE PLANS | | | | | | |
| B. MANAGED CARE ARRANGEMENTS | | | | | | |
| 2. NUMBER OF UNDUPLICATED NEW ENROLLEES IN THE QUARTER | | | | | | |
| A. FEE-FOR-SERVICE PLANS | | | | | | |
| B. MANAGED CARE ARRANGEMENTS | | | | | | |
| 3. NUMBER OF DISENROLLEES IN THE QUARTER | | | | | | |
| A. FEE-FOR-SERVICE PLANS | | | | | | |
| B. MANAGED CARE ARRANGEMENTS | | | | | | |
| 4. NUMBER OF MEMBER MONTHS OF ENROLLMENT IN THE QUARTER | | | | | | |
| A. FEE-FOR-SERVICE PLANS | | | | | | |
| B. MANAGED CARE ARRANGEMENTS | | | | | | |
| 5. AVERAGE NUMBER OF MONTHS OF ENROLLMENT (LINE 4 DIVIDED BY LINE 1) | | | | | | |
| A. FEE-FOR-SERVICE PLANS | | | | | | |
| B. MANAGED CARE ARRANGEMENTS | | | | | | |

FORM HCFA-21E

REVISED RESERVED ALLOTMENTS FOR FY 1998 TO REFLECT
ADDITIONAL \$20 MILLION APPROPRIATION

| STATE CHILDREN'S HEALTH INSURANCE PROGRAM ALLOTMENTS FOR FISCAL YEAR 1998 | | | | | |
|---|--------------------------|-------------------|-----------------|----------------------------|------------------------|
| A | B | C | D | E | F |
| STATE | NUMBER OF CHILDREN (000) | STATE COST FACTOR | PRODUCT | PERCENT SHARE OF TOTAL (3) | ALLOTMENT (1) |
| ALABAMA | 154 | 0.9510 | 146.46 | 2.05% | \$86,405,380 |
| ALASKA | 9 | 1.0669 | 9.60 | 0.13% | \$5,664,899 |
| ARIZONA | 184 | 1.0472 | 192.69 | 2.69% | \$113,675,378 |
| ARKANSAS | 90 | 0.8871 | 79.84 | 1.12% | \$47,100,971 |
| CALIFORNIA | 1,281 | 1.1365 | 1,455.92 | 20.33% | \$858,920,926 |
| COLORADO | 72 | 0.9888 | 71.19 | 0.99% | \$41,999,641 |
| CONNECTICUT | 53 | 1.1237 | 59.55 | 0.83% | \$35,133,989 |
| DELAWARE | 13 | 1.0553 | 13.72 | 0.19% | \$8,093,758 |
| DISTRICT OF COLUMBIA | 16 | 1.2857 | 20.57 | 0.29% | \$12,136,423 |
| FLORIDA | 444 | 1.0368 | 460.32 | 6.43% | \$271,566,713 |
| GEORGIA | 214 | 0.9923 | 212.36 | 2.97% | \$125,283,859 |
| HAWAII | 13 | 1.1722 | 15.24 | 0.21% | \$8,990,060 |
| IDAHO | 31 | 0.8726 | 27.05 | 0.38% | \$15,959,159 |
| ILLINOIS | 211 | 0.9892 | 208.73 | 2.92% | \$123,141,631 |
| INDIANA | 131 | 0.9169 | 120.12 | 1.68% | \$70,865,233 |
| IOWA | 67 | 0.8253 | 55.30 | 0.77% | \$32,622,875 |
| KANSAS | 60 | 0.8704 | 52.22 | 0.73% | \$30,809,906 |
| KENTUCKY | 93 | 0.9146 | 85.06 | 1.19% | \$50,182,358 |
| LOUISIANA | 194 | 0.8934 | 173.31 | 2.42% | \$102,245,869 |
| MAINE | 24 | 0.8863 | 21.27 | 0.30% | \$12,549,454 |
| MARYLAND | 100 | 1.0498 | 104.98 | 1.47% | \$61,935,703 |
| MASSACHUSETTS | 69 | 1.0576 | 72.97 | 1.02% | \$43,050,558 |
| MICHIGAN | 156 | 1.0001 | 156.02 | 2.18% | \$92,043,746 |
| MINNESOTA | 50 | 0.9675 | 48.37 | 0.68% | \$28,538,056 |
| MISSISSIPPI | 110 | 0.8675 | 95.43 | 1.33% | \$56,297,379 |
| MISSOURI | 97 | 0.9075 | 88.03 | 1.23% | \$51,931,664 |
| MONTANA | 20 | 0.8333 | 16.67 | 0.23% | \$9,832,614 |
| NEBRASKA | 30 | 0.8440 | 25.32 | 0.35% | \$14,937,291 |
| NEVADA | 43 | 1.2046 | 51.80 | 0.72% | \$30,559,205 |
| NEW HAMPSHIRE | 20 | 0.9760 | 19.52 | 0.27% | \$11,515,734 |
| NEW JERSEY | 134 | 1.1241 | 150.62 | 2.10% | \$88,860,288 |
| NEW MEXICO | 107 | 0.9169 | 98.11 | 1.37% | \$57,878,570 |
| NEW YORK | 399 | 1.0914 | 435.47 | 6.08% | \$256,905,407 |
| NORTH CAROLINA | 138 | 0.9815 | 135.45 | 1.89% | \$79,906,274 |
| NORTH DAKOTA | 10 | 0.8587 | 8.59 | 0.12% | \$5,065,962 |
| OHIO | 205 | 0.9617 | 197.16 | 2.75% | \$116,313,427 |
| OKLAHOMA | 161 | 0.8588 | 138.26 | 1.93% | \$81,568,137 |
| OREGON | 67 | 0.9947 | 66.65 | 0.93% | \$39,317,403 |
| PENNSYLVANIA | 200 | 1.0005 | 200.09 | 2.79% | \$118,044,201 |
| RHODE ISLAND | 19 | 0.9580 | 18.20 | 0.25% | \$10,737,880 |
| SOUTH CAROLINA | 110 | 0.9843 | 108.27 | 1.51% | \$63,875,823 |
| SOUTH DAKOTA | 15 | 0.8559 | 12.84 | 0.18% | \$7,574,081 |
| TENNESSEE | 115 | 0.9799 | 112.69 | 1.57% | \$66,484,072 |
| TEXAS | 1,031 | 0.9275 | 956.25 | 13.35% | \$564,140,079 |
| UTAH | 46 | 0.8977 | 41.30 | 0.58% | \$24,362,447 |
| VERMONT | 7 | 0.8604 | 6.02 | 0.08% | \$3,553,134 |
| VIRGINIA | 118 | 0.9862 | 116.38 | 1.63% | \$68,656,720 |
| WASHINGTON | 85 | 0.9352 | 79.49 | 1.11% | \$46,894,677 |
| WEST VIRGINIA | 45 | 0.8937 | 40.21 | 0.56% | \$23,724,858 |
| WISCONSIN | 71 | 0.9229 | 65.53 | 0.92% | \$38,658,404 |
| WYOMING | 15 | 0.8758 | 13.14 | 0.18% | \$7,750,222 |
| TOTAL STATES ONLY | | | 7,160.35 | 100.00% | \$4,224,262,500 |
| ALLOTMENTS FOR COMMONWEALTHS AND TERRITORIES (2) | | | | | |
| PUERTO RICO | | | | 91.60% | \$9,835,550 |
| GUAM | | | | 3.50% | \$375,813 |
| VIRGIN ISLANDS | | | | 2.60% | \$279,175 |
| AMERICAN SAMOA | | | | 1.20% | \$128,850 |
| N. MARIANA ISLANDS | | | | 1.10% | \$118,113 |
| TOTAL COMMONWEALTHS AND TERRITORIES ONLY | | | | 100.00% | \$10,737,500 |
| TOTAL STATES AND COMMONWEALTHS AND TERRITORIES | | | | | \$4,235,000,000 |
| FOOTNOTES | | | | | |
| (1) Total amount available for allotment to the 50 States and the District of Columbia is \$4,224,262,500; determined as the FY 1998 appropriation (\$4,295,000,000) reduced by the total amount available for allotment to the Commonwealths and Territories (\$10,737,500) and amounts for Special Diabetes Grants (\$60,000,000) under sections 4921 and 4922 of BBA | | | | | |
| (2) Total amount available for allotment to the Commonwealths and Territories is \$10,737,500; determined as .25 percent of the FY 1998 appropriation (\$4,295,000,000) | | | | | |
| (3) Percent share of total amount available for allotment to the Commonwealths and Territories is as specified in section 2104(c) of the Social Security Act | | | | | |