

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop: S2-26-12
Baltimore, Maryland 21244-1850



Children and Adults Health Programs Group

AUG 12 2014

Mr. Toby Douglas
Director
California Department of Health Care Services
1501 Capitol Avenue, MS0000
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Douglas:

Thank you for your Children's Health Insurance Program (CHIP) state plan amendment (SPA) #20, submitted on June 27, 2014. The purpose of this SPA is to effectuate the changes resulting in the transition of the majority of California's eligible children from a separate CHIP to a Medicaid expansion program. As you are aware, your SPA is undergoing review by the Centers for Medicare & Medicaid Services (CMS). In order to proceed with the review of California SPA#20, we find it necessary to seek additional information. Our key questions relate to eligibility standards and methodologies for targeted low-income children as described at section 2102(b) of the Social Security Act (the Act), and section 2107(d) of the Act and 42 CFR 457.140, which relate to the CHIP budget.

The enclosure explains the areas of the proposal that require additional information, and clarifies that we must work together to resolve outstanding issues in the state's pending Modified Adjusted Gross Income SPAs in order to ensure consistency with the state's eligibility policies reflected in CHIP SPA#20. In addition to the information requested at this time, CMS may have further questions as we proceed with our review of California's CHIP SPA#20.

Under section 2106(c)(2) of the Act, CMS must approve, disapprove or request additional information on a proposed amendment to a title XXI state plan within 90 days. This letter constitutes our notification that specified additional information is needed in order to fully assess your amendment. The 90-day review period has been stopped by this request and will resume as soon as a complete and substantive response to all of the items in this letter is received.

Please send your responses electronically to Ms. Stacey Green, your project officer. Her contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, MD 21244-1850
Telephone: (410) 786-6102

Facsimile: (410) 786-5882

E-mail: Stacey.Green@cms.hhs.gov

We appreciate the efforts of your staff, and share your goal of providing quality health care to low-income, uninsured children through title XXI. If you have questions or concerns regarding the matters raised in this letter, your staff may contact Stacey Green at (410) 786-6102. She will provide or arrange for any technical assistance that you may require. Thank you for your cooperation.

Sincerely,

ORIGINAL SIGNED

Director
Division of State Coverage Programs

Enclosure

cc:

Rene Mollow

Ernesto Sanchez

Hye Sun Lee, Acting Associate Regional Administrator, CMS Region IX

Enclosure

Request for Additional Information regarding California CHIP SPA #20

I. Eligibility Standards and Methodology (Section 1.4 and Section 4.0)

- We continue to work with California to ensure that the state's CS3 submission (CA-14-0002) is consistent with the Medicaid state plan in describing the children for whom the state receives title XXI funds. Until this issue is resolved, we cannot be certain that this population is accurately being reflected in CHIP SPA#20.
- Subsequent to the approval of California's Modified Adjusted Gross Income (MAGI) SPAs (CA-14-0001, CA-14-0002, CA-14-0004, and CA 14-0005), we request that the state include in section 1.4, a roster of all of the MAGI SPAs that should be referenced in the subsections under Section 4.0. For example, the state's CS3 submission, which will reflect eligibility for the state's Medicaid expansion program, will replace section 4.0.1 of the existing CHIP state plan. Approved MAGI SPA templates will also be attached to the existing CHIP state plan. This approach will ensure consistency of the description of the state's eligibility groups and policies in both CHIP SPA#20 and the MAGI CHIP SPAs. We are happy to provide an example of a template the state can use to achieve this.

II. Budget (Section 9.10)

- The state has provided a budget that reflects a reduction from approximately \$1.9 billion to \$1.6 billion from Fiscal Year 2013 to Fiscal Year 2014. Please describe how the transition of the majority of children in the separate CHIP to a Medicaid expansion resulted in a decrease in costs, and include the key assumptions the state used for the budget analysis.

III. Miscellaneous

- The state has submitted three different versions of its CHIP state plan to CMS for review, as well as indicated that several sections of the plan, including sections related to benefits (section 6) and cost sharing (section 8), are "pending review." Prior to responding to this request for additional information, please address formatting concerns that are precluding the state from consolidating all of the changes into a single CHIP state plan submission, and clarify the status of the "pending review" sections.