Summary of Provision & Impact to HFP *H R 2 Children's Health Insurance Program Reauthorization Act of 2009*	**Division Responsible**	**Action Dates and Action Items**
TASKS TO COMPLETE IN 2009		
■ **Elimination of Counting Medicaid Child Presumptive Eligibility Costs Against Title XXI Allotment (SEC 113).** Effective date of provision is April 1, 2009. The section strikes a current law provision that requires that federal reimbursement for Medicaid benefits received by Medicaid children during periods of PE be made out of the SCHIP allotment. *This will leave more funds available in a state's SCHIP allotment. CA estimates this is about $80 million.*	Exec. Director	**FEBRUARY 2009 (State agency communication)** 1. Communicated with DHCS in February 2009 requesting that DHCS change its claiming method for the May Revise.
■ **Fiscal Year 2009 Allotments (SEC 102).** Effective date of provision is April 1, 2009. Bases state allocation on a state's actual use of and projected need for SCHIP funds. A state's allotment level for federal fiscal year 2009 is set at 110 percent of: 1) a state's fiscal year 2008 SCHIP spending (adjusted for per capita health care growth and child population growth); or 2) its fiscal year 2008 allotment (adjusted for per capita health care growth and child population growth); or 3) its February 2009 projected need for funds in fiscal year 2009, whichever is greatest. *According to Congressional Research Services, California's allotment for 2009 is 85 percent larger than prior law for FFY '09 allotment growing from $799.2 million to $1,481.2 billion.*	Administration	**MARCH 10, 2009 (CMS requests submission by this date)** 1. Calculate expected FFY 2009 needs; identify expansion provisions and projected cost.

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Harbage Consulting concludes the $1,481.2 billion allotment will be sufficient for FFY 09.		
■ **Outreach Funding (SEC 201)**. Effective date of provision is April 1, 2009. Allocates $100 million for federal fiscal years 2009 through 2013 for outreach and enrollment grants designed to increase enrollment in SCHIP and Medicaid. 10% is set aside for outreach to Indians. ■ **Increased Outreach and Enrollment of Indians (SEC 202).** Effective date of provision is April 1, 2009. Encourages states to take steps to provide for enrollment on or near Indian Reservations. Non-application of 10% limit on outreach and certain other expenditures.	Eligibility	**APRIL 1, 2009 (effective date of provision)** 1. Await direction from CMS on how to apply for the outreach funding and decide whether MRMIB or DHCS will apply.
■ **Enhanced FMAP for Translation or Interpretation Services (SEC 201)**. Effective date of provision is April 1, 2009. Provides an enhanced matching rate in SCHIP (the higher of 75 percent or the sum of the enhanced FMAP plus 5 percentage points) and Medicaid (75 percent of the sum expended) for translation and interpretation services in connection with enrollment of, retention of, and use of services for families whose primary language is not English.	Benefits, CDD & Eligibility	**APRIL 1, 2009 (effective date of provision)** 1. Eligibility: will assess the value of separating out the translation and interpretation services in the administrative vendor contract. a. If needed, initiate contract amendment. 2. Benefits and CDD: will assess the value of changing health plan contracts to separate out the translation and interpretation services. a. Survey plans on HFP and AIM related translation and interpretation services. b. If needed, initiate contract amendments.
■ **Demonstration Project Grants (SEC 401).** Effective date of provision is April 1, 2009. In federal fiscal years 2009 – 2013, HHS to award 10	Benefits	**APRIL 1, 2009 (effective date of provision)** 1. Await CMS direction on how to apply for the

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grants ($25 million) and establish a demonstration project for states and child health providers to use and test child health quality measures and to promote the use of health information technology for children. In addition the grants will evaluate provider-based models and demonstrate the impact of electronic health record models. The law also includes $25 million in demonstration funding to combat obesity.		grant funding and decide whether to apply.
■ **Legal Immigrants (SEC 214)**. <u>Effective date of provision is April 1, 2009.</u> The law allows for federal financial participation for legal immigrant children and pregnant women in both SCHIP and Medicaid by giving states the option of filing a state plan amendment (SPA) to cover them without the 5 year coverage ban. State cannot claim for pregnant women and children under SCHIP unless also doing so under Medicaid. The law adds a provision requiring states, as part of the eligibility re-determination process, to verify that the individual still is lawfully residing in the U.S. in those circumstances where the initial documentation would not be sufficient to establish continuing lawful residence. *HFP will spend $18.8 million on coverage for legal immigrant children in FY 2009-10. HFP currently covers this group with state-only funds. If the state implements this option, $12.6 million would be covered by SCHIP funds.*	Eligibility	**JUNE 30, 2009 (SPA submission date)** 1. If the state decides to implement the option, DHCS and MRMIB will file SPAs. a. DHCS file a SPA by June 30, 2009 b. MRMIB file a SPA by June 30, 2009 c. MRMIB file a SPA by August 31, 2009 to the extent that an increased allotment to fund the expansion is needed for FFY 2010 beyond the automatic growth factors 2. For those individuals requiring additional AER verification, evaluate whether the state can claim for any time period prior to effective date of emergency regulations addressing AER verification requirements. 3. Enact emergency regulations to change the AER process. 4. Review administrative vendor contract for re-verifying status at AER.

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Presently, HFP requires a copy of children's legal status documents upon initial enrollment but no further documentation at Annual Eligibility Review (AER).		a. Initiate contract amendment if necessary
■ **Managed Care Standards Applied to SCHIP (SEC 403)**. Effective date of provision is July 1, 2009 unless state statute change is needed. The law applies Medicaid managed care standards to SCHIP specifically related to the following: 1) enrollment 2) provision of information 3) beneficiary protections 4) quality assurance standards 5) protection from fraud and abuse 6) sanctions for non-compliance.	Benefits & CDD	**JULY 1, 2009/JANUARY 1, 2011, if state statute change is needed (effective date of provision)** 1. Evaluate whether implementation requires state statute changes. a. If so, draft state statute change. b. If not, develop plan contract, regulations, and programmatic changes, as applicable.
■ **Payment Error Rate Measurement (PERM) (SEC 601)**. Outlines requirements and timeline (within 6 months after enactment) for new final rule on PERM regulation (the regulations which require states to report on errors in claim payments and eligibility determinations). States in the first application cycle under the interim Final Rule may elect to accept any PERM error rate already determined or instead be treated as if FFY 2010 or 2011 were the first fiscal year for which PERM requirements apply to the state. *CA was in the first cycle of audits and already received its results, which were exemplary.*	Administration & Eligibility	**AUGUST 2009 (date CMS to release regulations)** 1. Prepare comments on the PERM rules within the time limits articulated in the Federal Notice of Proposed Rule Making.
■ **Allotments in Future Years (SEC 102)**. The law "rebases" states' allotments to reflect state	Administration & Eligibility	**AUGUST 31, 2009 and August 31, 2011, if needed (SPA is due)**

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expenditures and specified adjustments (per capita health care growth and child population growth factors). The law allows states with approved plans to expand eligibility or benefits to receive an increase in their allotments beyond the automatic growth factors, but states can request the adjustments only for fiscal years 2010 and 2012. A state must submit a State Plan Amendment (SPA) before August 31 preceding the beginning of the applicable fiscal year. *Harbage Consulting indicates that the growth factors are adequate to meet CA need.*		1. To the extent the state seeks an expansion, assess whether the state will need to request additional funding beyond automatic growth factors. a. If so, a SPA will need to be submitted by Aug. 31, 2009 if an increase in the allotment beyond the automatic growth factors is needed to fund an expansion for FFY 2010. b. If so, a SPA will need to be submitted by Aug. 31, 2011 if an increase in the allotment beyond the automatic growth factors is needed to fund an expansion for FFY 2012.
■ **Dental Only Supplemental Coverage (SEC 501).** Effective date of provision is April 1, 2009. The law adds a state option to provide dental-only supplemental coverage. Dental coverage under the dental-only coverage cannot be more favorable than the coverage in the base SCHIP program and a state cannot impose a waiting list in its SCHIP program. Provision is subject to the SCHIP limitations on premium and cost sharing. In general, in SCHIP the family's cost cannot exceed 5% of the family's annual income.	CDD & Benefits	**FALL 2009 (assess options)** **APRIL 1, 2009 (provision effective date)** 1. MRMIB intends to assess the feasibility of the provision in the Fall of 2009.
■ **Dental Coverage (SEC 501).** Effective date of provision is October 1, 2009 unless state statute change is needed. Requires SCHIP plans to include coverage of dental services.	Benefits	**OCTOBER 1, 2009/JANUARY 1, 2011, if state statute change is needed (provision effective date)**

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Requires a state to report on type of dental coverage provided by age. *HFP provides dental coverage to subscribers now, based on coverage available to the dependents of state employees (CalPERS), but without orthodontia.* *State employee orthodontia coverage has a high deductible, something CMS's has disapproved for California in the past given the limitations on cost sharing.* *Complying with the reporting requirements would likely necessitate an encounter claims-based system for dental coverage. MRMIB does not currently have such a system and was planning on developing a system for health coverage first. Developing such a system will be a cost to the state and require staffing. The reporting requirement may require MRMIB to revise the measures dental plans report to ensure that the measures conform to the law.*		1. Obtain guidance from CMS on exactly what benefits are required. 2. Analyze and select benchmark. 3. A state statute change may be necessary depending on CMS interpretation of benefit requirements. 4. Evaluate whether additional statutory authority to obtain dental encounter data is needed.
■ **Information Required for Inclusion in State Annual Report (SEC 401 & 402)**. Requires states to include information on eligibility criteria, enrollment, retention, measures such as 12 month continuous eligibility, self-declaration, presumptive eligibility, denials, access to services, and premium assistance. HHS SECRETARY will specify a standardized format.	Benefits	**DECEMBER 2009 (date of next annual report)** 1. Await issuance of standardized format. a. Assess whether CMS is requesting additional information. 2. Conduct CAHPS survey. 3. Obtain CMS guidance on requirements and how

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States will be required to provide information in their SCHIP annual reports on state specific child health quality measures. Requires that states conduct CAHPS and report results in their annual report. States will receive enhanced administrative funding for collecting and reporting on child health measures. *MRMIB does not have an encounter and claims system yet.*		to claim enhanced administrative funding.
TASKS TO COMPLETE IN 2010		
■ **Citizenship Documentation Requirement (SEC 211)**. Effective date of provision is January 1, 2010, unless state statute change is needed. Extends the Medicaid citizenship documentation requirements to SCHIP. *Presently, HFP requires a copy of the child's birth certificate. HFP is exploring an electronic data match with vital statistics.* Gives states the option to meet the citizenship documentation requirement by submitting the names and Social Security Numbers (SSNs) of individuals enrolled in Medicaid and SCHIP to the Social Security Administration (SSA) monthly. *Presently, HFP does not require children's SSNs. DHCS is interested in pursuing the electronic SSN match option (batch process, not real time exchange).*	Eligibility	**JANUARY 1, 2010/JANUARY 1, 2011, if state statute change is needed (provision effective date)** 1. Assess what changes will be needed to existing HFP documentation rules and procedures and whether, and to what extent, compliance will require state legislation. a. Emergency regulations b. Letter of Instruction to the Administrative Vendor c. Modifications to the Joint Application

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TASKS TO COMPLETE IN 2011		
■ **Mental Health and Substance Abuse Parity (SEC 502).** <u>This provision becomes effective for plan years beginning after October 4, 2009 for states NOT needing state law changes; in California, this would be July 1, 2010 absent the need for a state law change.</u> By making recently-enacted federal mental health parity laws applicable to SCHIP, requires that, if a state provides mental health or substance abuse services through SCHIP, the financial requirements and treatment limitations for those benefits not be more restrictive than those for medical and surgical benefits. *This appears to require expansion of HFP mental health and substance abuse services, which would result in increased state costs.*	Benefits	**JANUARY 1, 2011 - assumes state statute change is required (provision effective date)** 1. Obtain CMS guidance on parity requirements. 2. Assess the impact on HFP mental health and substance abuse coverage. a. Review whether it is possible to assure parity with SED carve-out. 3. Initiate state statute, regulations, plan contract and handbook changes.
■ **Application of Prospective Payment System for Services Provided by FQHC and RHC (SEC 503)**. <u>Effective date of provision is October 1, 2009 for states NOT needing statutory changes.</u> Requires the application of Medicaid's payment system for Federal Qualified Health Centers and Rural Health Clinics to SCHIP for services provided after October 1, 2009 and states cannot bar FQHCs from contracting with private dentist. *DHCS complies with this requirement in Medi-Cal by auditing the rates managed care organizations pay to clinics and then separately funding the difference between plan rates and the prospective payment system (PPS) rate.*	CDD, Administration and Benefits	**JANUARY 1, 2011 - assumes state statute change is required (provision effective date)** 1. Assess what MRMIB must do to comply and make a recommendation on the best approach. a. State statute change. 2. If MRMIB decides to use the DHCS model, initiate Inter-Agency Agreement with DHCS to reconcile payment between HFP rate and FQHC PPS rate.

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HHS SECRETARY will award $5 million in grants to SCHIP states for expenditures related to transitioning to compliance with requirements to apply the PPS to Federally Qualified Health Centers and Rural Health Centers.		3. Obtain CMS guidance on how to apply for the grant funding and decide whether to apply.