

**Children and Adults Health Programs Group**

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April 24, 2020

Jami Snyder  
Director  
Arizona Health Care Cost Containment System  
801 East Jefferson Street  
Phoenix, AZ 85034

Dear Ms. Snyder:

Your title XXI Children's Health Insurance Program (CHIP) state plan amendment (SPA), AZ-20-0002, submitted on March 25, 2020, has been approved. This SPA has a retroactive effective date of January 27, 2020.

In response to the COVID-19 public health emergency, Arizona requested to implement the following flexibilities during a state or federally declared public health emergency or disaster:

- Waive requirements related to timely processing of applications and renewals;
- Delay processing of renewals and extend deadlines for families to respond to renewal requests;
- Delay acting on changes in circumstances affecting eligibility, other than changes related to residency, death, voluntary termination of coverage, erroneous eligibility determinations, and becoming eligible for Medicaid;
- Waive collection of premiums and suspend the premium lock-out policy;
- Request to temporarily provide continuous eligibility to CHIP enrollees; and
- Conduct tribal consultation subsequent to the submission of this SPA, as permitted under section 1135 of the Social Security Act.

In the event of a future disaster, this SPA provides Arizona with the authority to implement the aforementioned temporary policy adjustments by simply notifying CMS of its intent, the effective date and duration of the provision, and a list of applicable Governor or federally-declared disaster or emergency areas. While the state must provide notice to CMS, this option provides an administratively streamlined pathway for the state to effectively respond to an evolving disaster event.

Your title XXI project officer is Ms. Joyce Jordan. She is available to answer questions concerning this amendment and other CHIP-related issues. Ms. Jordan's contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid and CHIP Services  
Mail Stop: S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850  
Telephone: (410) 786-3413  
E-mail: [Joyce.Jordan@cms.hhs.gov](mailto:Joyce.Jordan@cms.hhs.gov)

If you have any questions, please contact Meg Barry, Acting Director, Division of State Coverage Programs at (410) 786-1536. We look forward to continuing to work with you and your staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Lutzky", written over a thin horizontal line.

Amy Lutzky  
Acting Deputy Director

cc: Courtney Miller, Director, Medicaid and CHIP Operations Group  
Jackie Glaze, Deputy Director, Medicaid and CHIP Operations Group

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| <b>Original Implementation date:</b> | November 1, 1998   |
| <b>Amendment Effective date:</b>     | February 1, 2004 (premiums >150% FPL)<br>July 1, 2004 (premiums 100%-150% FPL)<br>May 1, 2009 (premiums >150% FPL)<br>January 1, 2010 (enrollment cap)<br>October 10, 2013 (remove wait list)<br>July 26, 2016 (remove enrollment cap)<br>August 6, 2016 (premium lock out period)<br>October 1, 2017 (mental health parity)<br>July 1, 2018 (Managed Care Regulations)<br>January 27, 2020 (COVID-19 Disaster Response) |

In the event of a disaster, the State will notify CMS of its intent to provide temporary adjustments to; flexibilities around delays in processing applications and renewals, , the ability to waive the three month waiting period for applicants, the ability to waive existing premiums, and the ability to waive the premium lock-out period. In addition, the state is requesting to temporarily provide continuous eligibility to its CHIP population.

**1.4-TC Tribal Consultation (Section 2107 (e)(1)(C))** Describe the consultation process that occurred specifically for the development and submission of this State Plan Amendment, when it occurred, and who was involved.

The State of Arizona seeks advice on a regular, ongoing basis from all of the federally-recognized tribes, Indian Health Service (IHS) Area Offices, tribal health programs operated under P.L. 93- 638, and urban Indian health programs in Arizona regarding Medicaid and CHIP matters. These matters include but are not limited to State Plan Amendments, waiver proposals, waiver extensions, waiver amendments, waiver renewals, and proposals for demonstration projects. The AHCCCS Tribal Consultation Policy serves as a guidance document that includes the process by which reasonable notice and opportunity for consultation should occur and scenarios in which AHCCCS shall engage in the consultative process.

The frequency of consultation is dependent on the frequency in which policy changes are proposed. When a proposed policy change requires consultation, the State will to its best ability provide notice of the tribal consultation meeting date as well as a description of the proposed policy change to be discussed. Ideally, a consultation meeting, which provides an opportunity for discussion and verbal comments to be made regarding a proposed change, will occur either in-person or by conference call 45 days prior to the submission of the policy change to CMS. The State will also provide an opportunity for written comments. Ideally, during the 45-day period, tribes and I/T/U will be provided at least 30 days to submit written comments regarding the policy change for consideration. Verbal comments presented at the meeting as well as written comments will be included in an attachment to accompany the submission of a State Plan Amendment, waiver proposal, waiver renewal, or proposal for a demonstration project.

To address the COVID-19 public health emergency, the State seeks a waiver under section 1135 of the Act to modify the tribal consultation process by shortening the number of days before submission of the SPA and/or conducting consultation after submission of the SPA.

- Is a patient in an institution for mental diseases; or
- Voluntarily withdraws from the program.

KidsCare members are notified on the approval notice of the requirement to report changes that affect eligibility. Ineligibility due to excess income does not affect the initial 12 months of continuous coverage.

**4.1.9. X Other standards (identify and describe):**

***Citizenship or Qualified Alien Status.*** A child must be a United States citizen or a qualified alien. Unless one of the exceptions listed in P.L. 104-193 is applicable, a child who is a qualified alien who entered the United States on or after August 22, 1996 is not eligible for KidsCare until five years after child became a qualified alien.

***Assignment of Rights.*** Under Arizona law, assignment of payments for medical care from any first or third party occurs when the application is signed. Assignment is explained on the application form.

***Social Security Number.*** The application for KidsCare is a joint application for Medicaid and KidsCare. AHCCCS requests a Social Security Number on the KidsCare application but does not deny eligibility for KidsCare due solely to the failure to provide a Social Security Number or refusal to apply for a Social Security Number. However, if the financial screening determines that the child would be eligible for Medicaid if an application were processed and the child, or responsible party, refuses to apply for a Social Security Number necessary to complete the Medicaid application, AHCCCS denies the KidsCare eligibility. Please see the requirement in Section 4.4.2.

**4.2. The state assures that it has made the following findings with respect to the eligibility standards in its plan: (Section 2102)(b)(1)(B)) (42CFR 457.320(b))**

**4.2.1. X These standards do not discriminate on the basis of diagnosis.**

**4.2.2. X Within a defined group of covered targeted low-income children, these standards do not cover children of higher income families without covering children with a lower family income.**

**4.2.3. X These standards do not deny eligibility based on a child having a pre-existing medical condition.**

**4.3. Describe the methods of establishing eligibility and continuing enrollment. (Section 2102)(b)(2)) (42CFR 457.350)**

The following describes the methods of establishing and continuing eligibility and enrollment.

The child, a family member or legal guardian, fills out a simple application form which is submitted to AHCCCS. If assistance with the application is needed, appropriate personnel assist the applicant. The form also serves as an application for Medicaid.

AHCCCS has published the application form and instructions for completing the form in English and Spanish. Based on the demographics in Arizona of other ethnic groups, AHCCCS does not believe that developing the application in other languages is necessary since no other ethnic group exceeds 3% of the population. However, an interpreter is provided, if needed.

AHCCCS completes an eligibility determination for KidsCare applications within 30 days from the date of receipt of a signed, completed application in an AHCCCS eligibility office except in unusual circumstances. One example would be when the agency can not reach a decision because the applicant failed to provide required information or take required action.

When information needed to make an eligibility determination is not submitted with the application, AHCCCS sends a notice to the applicant or the representative outlining the information required and the time frame for providing the information. AHCCCS gives applicants ten calendar days to provide any information necessary to enable AHCCCS to determine the applicant's eligibility.

Applicants must choose a health plan or the IHS before enrollment into the KidsCare Program.

Written materials about the various health plans and their toll-free telephone numbers are available with the application form. In addition, the covered services are outlined in the written materials. If a Native American selects the Indian Health Service or a tribal facility, AHCCCS provides any KidsCare services not provided by these entities on a fee-for-service basis off-reservation.

The KidsCare providers are:

- AHCCCS health plans, which includes Comprehensive Medical and Dental Program (CMDP) for foster care children.
- For Native Americans, any of the above or the Indian Health Service or a 638 tribal facility.

For eligibility determinations completed by the 25<sup>th</sup> day of the month, KidsCare eligibility begins with the first day of the month following the month in which the child is determined to meet the eligibility criteria for the program. Children who are determined eligible for the program after the 25<sup>th</sup> day of the month are eligible for the program the first day of the second month following the determination of eligibility.

Once the application is approved, the applicant is enrolled with their chosen provider and AHCCCS sends a notice confirming the choice and a member identification card to the member. Following enrollment, the contractor provides a member handbook to the member, which contains important information about how to access health care for KidsCare eligible children.

AHCCCS approves a newborn of a mother who is eligible for KidsCare on the date the child is born. The newborn's KidsCare eligibility begins with the newborn's date of birth. Once approved for KidsCare, AHCCCS enrolls the newborn with the mother's health plan. AHCCCS notifies the mother by mail of the newborn's enrollment into KidsCare and is given an opportunity to change health plans at that time.

A member is allowed to change contractors on an annual basis and when an individual moves into a new geographic area not served by the current contractor. A member can change PCPs at any time. The option to change contractors is based on the member's anniversary date, which is the first day of the month that the member is enrolled into KidsCare. Ten months following the anniversary date, the member will be sent an annual enrollment notice advising that a different contractor may be selected. A list of contractors, with toll-free numbers and the available services, is included. The member, or parent of the child, has three weeks to change contractors. If a change is requested, the effective date is a year from the anniversary date. Enrollees must notify AHCCCS of a change in address or other circumstances that could affect continued eligibility or enrollment.

American Indian children who elect to enroll with the American Indian Health Program are allowed to disenroll at any time upon request and choose a contractor for all KidsCare services. Similarly, American Indian children enrolled with a contractor or other providers are allowed to disenroll at any time upon request and enroll with the American Indian Health Program.

At State discretion, requirements related to timely processing of applications may be temporarily waived for CHIP applicants who reside and/or work in a State or Federally declared disaster area for the duration of the declared emergency.

At State discretion, it may temporarily provide continuous eligibility to CHIP enrollees who reside and/or work in a State or Federally declared disaster area for the duration of the declared emergency.

At State discretion, requirements related to timely processing of renewals and/or deadlines for families to respond to renewal requests may be temporarily waived for CHIP beneficiaries who reside and/or work in a State or Federally declared disaster area for the duration of the declared emergency.

At State discretion, the State may temporarily delay acting on certain changes in circumstances affecting CHIP eligibility for CHIP beneficiaries who reside and/or work in a State or Federally declared disaster area. The state will continue to act on changes in circumstance related to residency, death, voluntary termination of coverage, erroneous eligibility determinations, and becoming eligible for Medicaid.

At State discretion, the requirement that a child is ineligible for CHIP for a period of three months from the date of the voluntary discontinuance of employer-sponsored group health insurance or individual insurance coverage may be temporarily waived for CHIP applicants who reside and/or work in a State or Federally declared disaster area for the duration of the declared emergency.

**4.3.1 Describe the state's policies governing enrollment caps and waiting lists (if any). (Section 2106(b)(7)) (42CFR 457.305(b))**

Arizona does not currently have an enrollment cap or wait list in place. AHCCCS will submit a state plan amendment if the state decides to implement an enrollment cap or waiting list.

**Section 8. Cost Sharing and Payment (Section 2103(e))**

**Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 9.**

**8.1. Is cost-sharing imposed on any of the children covered under the plan? (42CFR 457.505)**

- 8.1.1.**            **X**        **YES**
- 8.1.2.**                            **NO, skip to question 8.8.**

**8.2. Describe the amount of cost-sharing, any sliding scale based on income, the group or groups of enrollees that may be subject to the charge and the service for which the charge is imposed or time period for the charge, as appropriate. (Section 2103(e)(1)(A)) (42CFR 457.505(a), 457.510(b) &(c), 457.515(a)&(c))**

At State discretion, premiums may be temporarily waived for CHIP applicants and/or existing beneficiaries who reside and/or work in a State or Federally declared disaster area for the duration of the declared emergency.

**8.2.1. Premiums:**

On October 1, 1999, AHCCCS began imposing monthly premiums on families whose income exceeded 150 percent of the FPL.

AHCCCS worked collaboratively with KidsCare stakeholders to develop the premium billing proposal based on these goals:

- Insure more children.
- Promote accountability and responsibility.
- Notify KidsCare members of their premium rights and responsibilities.
- Reduce administrative costs and implement a simplified system.
- Have a process that is clear and understandable to the members.

The following is the premium billing and collection process:

- Payments are accepted on a monthly basis.
- The cost sharing methodology does not favor children from families with higher incomes over families with lower incomes.
- AHCCCS ensures that premiums are not assessed on Native American or Alaska Native populations.
- AHCCCS monitors the number of persons who are disenrolled due to nonpayment of premiums and notifies KidsCare members about their premium rights and responsibilities.
- The first monthly premium is not required prior to initial enrollment in the program.
- All premium payments are due by the 15<sup>th</sup> day of each month of enrollment.
- If the payment is not made by the due date, a past due notice will be sent with a request for payment no later than the last day of the month.

**8.4.3 X No additional cost-sharing applies to the costs of emergency medical services delivered outside the network. (Section 2103(e)(1)(A)) (42CFR 457.515(f))**

The state assures enrollees will not be held liable for cost-sharing amounts for emergency services that are provided at a facility that does not participate in the enrollee's managed care network.

**8.5. Describe how the state will ensure that the annual aggregate cost-sharing for a family does not exceed 5 percent of such family's income for the length of the child's eligibility period in the State. Include a description of the procedures that do not primarily rely on a refund given by the state for overpayment by an enrollee: (Section 2103(e)(3)(B)) (42CFR 457.560(b) and 457.505(e))**

Premiums will not exceed the five percent cumulative maximum. Families are advised on the notice of approval that the total cost sharing under KidsCare can not exceed five percent of the families' income. Families are advised to contact AHCCCS if the total cost sharing exceeds the five percent limit. Upon notification, AHCCCS makes changes to the system to stop the imposition of monthly premiums.

**8.6 Describe the procedures the state will use to ensure American Indian (as defined by the Indian Health Care Improvement Act of 1976) and Alaska Native children will be excluded from cost-sharing. (Section 2103(b)(3)(D)) (42CFR 457.535)**

The Application for AHCCCS Health Insurance requests information about the child's race. If the child is American Indian or Alaska Native, AHCCCS does not assess a premium or copayment.

**8.7 Please provide a description of the consequences for an enrollee or applicant who does not pay a charge. (42CFR 457.570 and 457.505(c))**

Exception to Disenrollment for Failure to Pay Premiums—At State discretion, premiums may be waived for CHIP applicants and/or beneficiaries who meet income and other eligibility requirements and who reside and/or work in Governor or FEMA declared disaster areas for the duration of the declared emergency. The premium balance will be waived if the family is determined to have been living or working in FEMA or Governor declared disaster areas based on self-declared application information or other documentation provided by the family.

- A. The consequences for non payment of premium are as follows:
  - 1. If the payment is not made by the due date, AHCCCS sends a past due notice with a request for payment no later than the last day of the month.
  - 2. If the payment is not received by the 15<sup>th</sup> day of the second month, AHCCCS mails a ten-day discontinuance letter. Services are terminated if the delinquent payment is not received the end of the second month. If AHCCCS receives the delinquent payment prior to the end of the second month, there is no break in coverage.
  - 3. Persons may be re-enrolled if all outstanding balances are paid and an updated application is submitted.
- B. The following is the hardship exemption to the disenrollment process:
  - 1. The following definitions apply to this Section:
    - a. "Major expense" means the expense is more than 10 percent of the household's countable income
    - b. "Medically necessary" means as defined in 9 A.A.C. R9-22-101.
  - 2. Whenever a monthly statement includes a past due amount and the benefits are at risk of being terminated, AHCCCS sends a separate notice with information about and instructions for requesting a hardship exemption.