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 | ADMINISTRATIVE DIRECTIVE |  
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TRANSMITTAL: 91 ADM-18

TO: Commissioners of  
 Social Services

DIVISION: Medical  
 Assistance

DATE: June 25, 1991

SUBJECT: Child Health Insurance Plan (CHIP)/  
 "Child Health Plus"

SUGGESTED  
 DISTRIBUTION:

Medical Assistance Staff  
 Public Assistance Staff  
 Third Party Staff  
 Staff Development Coordinators

CONTACT  
 PERSON:

CHIP program liasion questions:  
 John L. Harwick at 1-800-342-3715, extension 3-5878

MA program questions:  
 MA Eligibility County Representative at 1-800-342-3715, extension 3-7581  
 MA New York City Representative at (212) 587-4853

ATTACHMENTS:

Attachment I -CHIP Benefit Package, Part A , Part B & Part C.  
 Attachment II - Gross Income: CHIP Eligibility and Subsidy Levels  
 Attachment III - Letter to households with MA ineligible children under age 13.  
 (Attachments are available on-line)

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
82 ADM-6					
87 ADM-4		360.4.8	PHL		
89 ADM-40			2510 & 2511		
91 ADM-11			SSA 1902 (a) (17)		

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I. PURPOSE:

This directive describes the Child Health Insurance Plan (CHIP) and the relationship between CHIP and Medical Assistance (MA). It also advises social service districts how to proceed when a CHIP recipient is in a household which receives MA. CHIP will be marketed as "Child Health Plus" by contract agencies.

II. BACKGROUND:

Chapters 922 and 923 of the Laws of 1990 amend Article 25 of the Public Health Law (PHL) to allow the Commissioner of Health to establish CHIP. This plan provides affordable primary and preventive health insurance for uninsured and underinsured children under 13 years of age. CHIP will provide coverage for such services as pediatric health visits, professional services for diagnosis and treatment, laboratory tests, prescription drugs, and emergency services. Attachment I, Part A, lists the minimum CHIP benefits. Also, there is an optional benefit package covering vision services, speech therapy, dental services, and hearing services described in Attachment I, Part B. CHIP benefit exclusions are described in Attachment I, Part C.

The New York State Department of Health (DOH) will administer the CHIP program and will contract with insurance carriers, health maintenance organizations (HMOs) and prepaid health service plans (PHSPs) to operate the CHIP program. The contract agency will be responsible for accepting CHIP applications, determining CHIP eligibility, paying CHIP-related medical bills, and recertifying CHIP eligibility.

The CHIP insurance cost will be minimal for eligible households since DOH will pay a subsidy to the contract agency. To be eligible for a DOH subsidy, the child must:

- o be under 13 years of age,
- o not be eligible for or receiving MA,
- o be in a household where the gross income is equal to or less than 222 percent of the nonfarm federal poverty level (FPL), and
- o not have equivalent health care coverage.

The annual CHIP enrollment premium cost is \$25 per child for households with a gross income between 160 percent and 222 percent of the FPL for the household size. The annual enrollment premium will not exceed \$100 per household. Households do not pay a CHIP enrollment premium if their gross income is under 160 percent of the FPL. Households may purchase CHIP at full cost if their gross income is above 222 percent of the FPL.

Households must pay an additional charge for the optional benefit package. Attachment II gives the gross income levels that contract agencies will use to determine CHIP eligibility and household enrollment premiums.

III. PROGRAM IMPLICATIONS:

PHL Section 2511 prohibits DOH from making a CHIP subsidy payment if the child is eligible for MA. The intent is that CHIP coverage should be discontinued when the child receives Aid to Dependent Children (ADC), predetermination grants (PG-ADC), Home Relief (HR), Supplemental Security Income (SSI), or MA-Only. This policy applies to children eligible for all care and services provided under the MA program.

In excess income cases, federal law and State regulation govern the treatment of the DOH subsidy payment. The Social Security Act (Section 1902 (a)(17)) requires that payments made by a public program of the State for medical/remedial expenses be deducted to reduce the household's excess income liability. Department Regulations, (18 NYCRR 360-4.8 (c) (i)) reflect this law:

The social services district will deduct from the applicant's income the following medical expenses incurred by the applicant, by family members living with the applicant for whom the applicant is legally responsible, and by legally responsible relatives living with the applicant, in the order listed below and regardless of whether these expenses are subject to payment by another public program of the State or any of its political subdivisions:

- (i) expenses incurred for Medicare and other health insurance premiums, deductibles or coinsurance charges...

Therefore, since CHIP is a public program of the State, the DOH subsidy payment for CHIP and any premium payment would reduce the MA household's excess income. However, the subsidy ends when MA eligibility is established for the child, thereby creating a complex relationship between CHIP and MA. The Department recognizes the complexity of this procedure and has recommended legislation to keep the subsidy in place during episodes of MA eligibility. If this proposal is enacted, processing of MA cases involving CHIP coverage will be simplified and the major cost of the CHIP coverage will continue to be paid by the State.

IV. REQUIRED ACTION:

The social services districts must follow the procedures outlined in this Section.

A. CASES ELIGIBLE FOR ALL CARE AND SERVICES PROVIDED UNDER THE MA PROGRAM.

The DOH subsidy payment must stop when an ADC, PG-ADC, HR, SSI, or MA-Only case includes a CHIP recipient. The social services district must contact the CHIP contract agency to inform it that MA eligibility has been established. The social services district must not continue this insurance. The New York State Department of Social Services (the Department) will provide addresses and phone numbers of CHIP contract agencies when available. The social services district should designate one person to call the Department's CHIP liaison prior to receiving this list.

B. MA-ONLY ONE MONTH EXCESS INCOME CASES (SPENDDOWN).

The social services district must reduce an MA household's excess income by CHIP insurance premiums and payments made by a public program such as the DOH subsidy as detailed in 91 ADM-11. Since the household can choose who may apply for MA, districts are reminded that applicants/recipients may opt to include or exclude persons in or from the MA household (See 82 ADM-6). Districts must reduce an MA household's excess income by CHIP insurance premiums, payments by a public program, and incurred medical bills of a nonapplying dependent relative of a legally responsible relative in the household. The following situations occur:

1. Household becomes eligible for MA, but CHIP recipient is not an MA applicant.

The DOH subsidy is used to reduce excess income in determining the eligibility of the child's legally responsible relatives and remaining family members. Since the child is not an MA recipient, the CHIP coverage remains uninterrupted in future months.

2. Household becomes eligible for MA, and CHIP recipient is an MA applicant/recipient.

The DOH subsidy is used to reduce the household's excess income in the first month of eligibility. When the household is determined eligible, the social services district must call the CHIP contract agency to notify it that MA eligibility has been established for the child.

The CHIP contract agency will tell the social services district when the subsidy payment will be discontinued and the CHIP coverage will end.

After the DOH subsidy payment ends, this deduction from monthly excess income is not available. If the household met the initial monthly spenddown liability by using the DOH subsidy, MA eligibility in subsequent months might be lost when the DOH subsidy is discontinued. The household must incur medical expenses at least equal to the spenddown liability to remain eligible.

As a rule, if DOH makes the subsidy payment, use the payment to reduce excess income. When no DOH payment is made, no deduction is made.

The social services district must contact the CHIP contract agency to determine the amount of the DOH subsidy. The Department will provide addresses and phone numbers of CHIP contract agencies when available. The social services district should designate one person to call the Department's CHIP liaison prior to receiving this list.

The social services district must explain to the MA applicant the benefit of including/excluding a CHIP recipient in the MA application under the one month excess income program. If the child is included, the DOH subsidy and CHIP insurance will end in subsequent months. If the household's MA eligibility ends due to the loss of the DOH subsidy payment as a deduction from spenddown liability, the loss may cause an interruption in benefits.

If the child is not included in the MA application, the DOH subsidy will reduce excess income for the remaining household members each month it is paid, and the CHIP insurance will continue without interruption.

C. HM0s AND PHSPs PROVIDING CHIP COVERAGE.

Certain MA-enrolled HM0s and PHSPs may also provide CHIP coverage. Continuity of care should be maintained when children receive CHIP through such organizations and become eligible for MA. When this occurs, the MA child's parents may choose to be covered by the same HM0/PHSP, another HM0/PHSP or by MA fee-for-service.

D. REFERRAL BY SOCIAL SERVICES DISTRICTS TO CHIP INSURERS.

The social services district must provide information about the CHIP program to all persons requesting such information. Additionally, notice of CHIP must be given when the MA closing/denial action affects a child under 13 years of age. Attachment III is the suggested letter for this purpose. The DOH will send CHIP brochures to the social services district. These brochures can be distributed in appropriate waiting rooms.

E. REFERRAL OF CHIP APPLICANTS/RECIPIENTS TO THE SOCIAL SERVICES DISTRICTS.

The CHIP contract agency must refer certain low income families to the social services district for a determination of MA eligibility. Although the CHIP contract agency must refer clients, applying for MA is not a condition of eligibility for CHIP.

V. SYSTEMS IMPLICATIONS:

None.

VI. EFFECTIVE DATE:

The provisions of this directive are effective June 1, 1991.

Jo-Ann A. Costantino  
Deputy Commissioner  
Division of Medical Assistance

Gross Income: CHIP\* Eligibility and Subsidy Levels  
 Source: New York State Department of Health (DOH) (Rev.)

	160%		222%	
	Annual	Monthly	Annual	Monthly
1	\$10,566	\$ 880	\$14,696	\$1,225
2	14,172	1,181	19,714	1,643
3	17,779	1,482	24,731	2,061
4	21,386	1,782	29,748	2,479
5	24,993	2,083	34,765	2,897
6	28,600	2,383	39,782	3,315
7	32,207	2,684	44,800	3,733
8	35,814	2,985	49,817	4,151
Extra Person:				
	3,607	301	5,107	418

## CHIP Cost to Client:

Under 160% = No cost to client

160% through 222% = \$25 per child, with a \$100 maximum per household  
 Over 222% = full cost of the program, with no DOH subsidy.

Note: Program is marketed as "Child Health Plus".

Dear \_\_\_\_\_ :

The Child Health Insurance Plan ("Child Health Plus") is a New York State Department of Health sponsored insurance program available to children under age 13 who do not receive Medicaid. The program provides primary and preventive health care insurance for children. The benefit package includes:

- o pediatric preventive services (physician visits),
- o professional services for diagnosis and treatment,
- o prescription drugs,
- o emergency medical care,
- o diagnostic and laboratory tests, and;
- o therapeutic services.

An optional benefit package for dental, hearing, vision and speech services may also be available.

The New York State Department of Health offers subsidies to eligibles households so that the insurance cost to you is low. The following chart shows how much money you can have and be eligible for the Child Health Insurance Plan subsidy.

Household Size	Gross Annual Income
1	\$14,696
2	19,714
3	24,731
4	29,748
5	34,765
6	39,782
7	44,800
8	49,817

For example, if there are four persons (including you) in your household and the household's gross income is less than \$29,748, the New York State Department of Health may provide a subsidy for the health insurance of eligible children. The cost to you would be a maximum of \$25 per year per child based on your gross annual income. The annual cost would not exceed \$100 per household. You may purchase the insurance at full cost if you are not eligible for a subsidy.

If you have had Child Health Insurance Plan ("Child Health Plus") coverage in the past, contact the past CHIP provider immediately to receive future coverage.

For additional information on this insurance, please call the following Child Health Insurance Plan(s):

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

Sincerely,