

DATE: April 11, 2023

OPERATIONS MEMORANDUM #23-04-04

SUBJECT: Transition of Children's Health Insurance Program (CHIP) Eligibility Determinations to the Office of Income Maintenance (OIM)

TO: Executive Directors

FROM: Tanoa Fagan
Director
Bureau of Operations

PURPOSE

To inform County Assistance Offices (CAOs) that OIM will be responsible for determining and maintaining CHIP eligibility beginning April 17, 2023.

BACKGROUND

Currently any child under age 19 whose household income exceeds the Medical Assistance (MA) income limits and who does not have other health insurance coverage which meets minimum essential coverage (MEC) standards is evaluated for CHIP eligibility within the CHIP Application Processing System (CAPS). Eligibility determinations, as well as case maintenance, verification requests, and processing of renewals are conducted by the CHIP Managed Care Organizations (MCOs).

DISCUSSION

Beginning April 17, 2023, CHIP budgets will be transitioned to OIM, CHIP categories will be integrated into the MA cascade, and referrals will no longer be made to CAPS. CHIP eligibility, case maintenance, and renewals will be conducted by CAO Income Maintenance Caseworkers (IMCWs) in eCIS. The transition of CHIP eligibility determinations to OIM will streamline Pennsylvania eligibility systems to better comply with Federal regulations regarding children transferring between MA and CHIP, and the integration will also simplify the process for families who transfer between the programs or who have a mixed household with both MA and CHIP children.

PROCEDURES

CONVERSION

CAPS will stop receiving any NEW applications on April 3, 2023. Any new applications received by CHIP MCOs on or after April 3 will be entered into COMPASS by the CHIP MCO via the Community Partner Portal. These applications will remain in the portal until they are released on April 17, 2023, when CAOs will be able to process CHIP eligibility in eCIS.

Over the weekend of April 15-16, CHIP recipients will be transitioned to case records within eCIS. Additionally, CHIP eligibility rules will be updated within eCIS.

Effective April 17, 2023, CAOs will begin to process all healthcare applications (CHIP and/or MA), changes, and renewals.

There will be approximately 126,000 CHIP children who will be transferred from CAPS to eCIS. This will comprise approximately 83,500 households and migrate approximately 74,800 new cases to eCIS.

Case Merge

A systematic process will run over the conversion weekend (April 15-16) to identify CHIP recipients in CAPS who are also present on existing case records in eCIS. This process will look at household members' address, and other case information to determine the match.

- If there is an exact match between the CAPS case record and the eCIS case record, the CHIP budget(s) will be opened on the existing eCIS case record. No eCIS data will be changed with the merge.
- If there is a match between the CAPS case record and the eCIS case record but it is **NOT** exact, the CHIP recipient(s) will be added to a spreadsheet for manual intervention.
- If there is no match between the CAPS case record and any existing eCIS case records, a new eCIS case record will be created using data from the CAPS record.

Additionally, seven years of CAPS eligibility history will be loaded into eCIS.

Dual CHIP/Family Planning (PSF 14/15) Recipients

Prior to transition, DHS will identify children who are enrolled in both CHIP and Family Planning (PSF 14/15) through OIM. These children will have their Family Planning budgets systematically closed effective 4/16/23 because dual enrollment in

MA and CHIP is not permitted by regulation. CHIP coverage includes family planning services.

A one-time notice with appeal rights will be systematically mailed 15 days prior to the closing (4/1/23) (**Attachment 1, PSF Closure Notice for CHIP Recipient (CM 635)**). The notice will inform the household that Family Planning through OIM has been discontinued and that coverage for Family Planning services is available through the child's CHIP coverage. This notice will not be available in the Correspondence module.

An automated case comment will also be entered when the PSF budget is closed.

Transition Communications

A series of communications will be sent to CHIP families to inform them of transition activities:

- *Transition Letter (CHIP MCO) - Early March 2023*

CHIP MCOs has sent a letter to CHIP families to inform them of the upcoming transition. A Frequently Asked Questions (FAQ) document will be included along with the letter. The FAQ can be viewed at: <https://www.dhs.pa.gov/CHIPFAQ>

- *Welcome Letter (DHS) - Seven Days After Transition Letter from CHIP MCO*
The Department of Human Services (DHS) will send a "welcome" letter to all CHIP families. **Attachment 2, DHS Welcome Letter**
- *eCIS Record Number Letter - Conversion Weekend 4/15/2023-4/16/2023.*

A letter will be systematically generated to CHIP households that will provide their eCIS record number.

Additionally, the CHIP website (<https://www.dhs.pa.gov/CHIP/Pages/CHIP.aspx>) will be updated to include information about the transition.

CHIP ELIGIBILITY

CHIP provides medical, behavioral health, vision, and dental services to children under the age of 19 who are eligible based on non-financial and financial criteria. Some CHIP categories require a monthly premium for coverage. Once determined eligible, CHIP recipients will be assigned a category/program status code (PSC) based on the program for which they are eligible.

Non-Financial Criteria

- *Age*

Any child under age 19 can be eligible for CHIP as long as all other eligibility criteria for CHIP is met.

When a CHIP recipient turns 19, they will be reviewed for MA eligibility. If they are not eligible for MA, a referral to Pennie is generated. An alert will be generated when a CHIP recipient turns 19 to notify the CAO to take action. See below in section “CHIP Processing” for more information about this alert.

EXCEPTION: If a CHIP recipient is pregnant or within the 12-month postpartum period, they will remain in CHIP until the end of the postpartum period.

- *Residence*

CHIP applicants/recipients must reside and remain in Pennsylvania, with or without a permanent address.

- *Identity/Citizenship*

CHIP applicants/recipients must be a U.S. citizen or lawfully present non-citizen as determined by the United States Citizenship and Immigration Services (USCIS).

Like MA, if citizenship cannot be verified electronically, CHIP applicant/recipients must be given an opportunity to provide verification of citizenship. See [MAEH 322.2, Citizenship](#).

- *Household Composition*

The CHIP applicant/recipient’s household composition is determined using Modified Adjusted Gross Income (MAGI) methodology which uses tax filing status to determine household composition.

- *Other Health Insurance*

A child is NOT eligible for CHIP if they:

- Have other creditable health insurance coverage that meets the definition of minimum essential coverage (MEC). See [Minimum Essential Coverage Desk](#) Guide for more information.
- Are an inmate of a public institution or a patient in a public institution for mental diseases.

- Are covered by a self-insurance plan.
- Are covered by a self-funded plan.
- Have access to health care coverage by court order (this fact may not be known to the caseworker).
- Are eligible for coverage through a state health benefit plan based on a parent, legal guardian, or legal custodian's employment with or retirement from a state/public agency. NOTE: For CHIP, if they are PEBTF eligible and opt out of PEBTF, they are ineligible for CHIP. Exceptions for financial hardship and for employees in their probationary period exist.
- Are eligible for Medicaid

Financial Criteria

- *Income* – Like household composition, monthly household income is determined based on MAGI methodology. Verification requirements apply for income with the exception that income reported over the Full Cost CHIP limit does not require verification and is considered verified as reported.

Refer to **Attachment 3, CHIP Income Limits:**

Assignment of categories based on the income limits will be discussed in the next section, "Categories."

NOTE: While the FPIG changes in January, new income limits become effective for CHIP on March 1.

Categories

Once determined income eligible, a category/PSC will be assigned based on household's income level.

- **CHP 00 – Free CHIP**

Household income over 133% up to 208% of the Federal Poverty Income Guideline (FPIG). No premium is associated with this category/PSC.

NOTE: Children who are American Indian/Alaskan Native (AI/AN) will be systematically enrolled in CHP 00 even if household income would put them in CHP 01, 02, or 03.

AI/AN status is designated by a code of "3 – American Indian or Alaskan Native" in the "Race" field on the "Demographics" screen.

An auto case narrative will be entered if a child is placed in CHP 00 based on AI/AN status.

This does NOT apply if the child is eligible in CHP 04.

- **CHP 01 – Subsidized Group 1**

Household income over 208% up to 262% of the FPIG. A premium is required for this category.

- **CHP 02 – Subsidized Group 2**

Household income over 262 % up to 288% of the FPIG. A premium is required for this category.

- **CHP 03 – Subsidized Group 3**

Household income over 288% up to 314% of the FPIG. A premium is required for this category.

- **CHP 04 – Full-Cost CHIP**

Reported Household income is over 314% of the FPIG. A premium is required for this category.

NOTE: The regular 5% MAGI disregard is only applicable from CHP 04 – Full-Cost CHIP to CHP 03 – Subsidized Group 3.

CHIP categories will be added to the existing MA cascade and will be explored only when MA fails for income for a child under age 19. See **Attachment 4, Health care Cascade** for the updated cascade with CHP categories incorporated.

If the CAO receives a Home and Community Based Services (HCBS) Eligibility/Ineligibility Change Form (PA 1768) or Medical Evaluation Form (MA 51) for a CHIP recipient, CHIP must be closed, and the child evaluated for coverage in an HCBS or a Long-Term Care (LTC) facility category.

Premiums

The CHIP subsidized (CHP 01, 02, and 03) and full-cost categories (CHP 04) have monthly premiums that are collected by the CHIP MCOs.

[https://www.dhs.pa.gov/CHIP/Eligibility-and-Benefits/Documents/CHIP%20Contractor%20Rate%20Information%20-%207-1-2022%20\(rev%20-13-23\).pdf](https://www.dhs.pa.gov/CHIP/Eligibility-and-Benefits/Documents/CHIP%20Contractor%20Rate%20Information%20-%207-1-2022%20(rev%20-13-23).pdf)

See the section titled Premium Payments for more information.

CHIP PROCESSING

Application

All health care applications will receive an A# with the program type as “MA.” CAOs will continue to use the application date on the “Program Request” screen when processing applications with an “MA” program type. See **MAEH Chapter 304, Application** Medical Assistance Eligibility Handbook (state.pa.us) for more information about how to determine the application date.

Once a health care application cascades to a CHIP budget, the A# functions differently due to new automated TPL checks and CHIP MCO enrollment requirements that are unique to CHIP budgets. New MA Application Work Item Activities have been created to reflect the A# as it moves through the various TPL checks and MCO enrollment statuses. The caseworker will process the A# through the existing pend commit process. However, the A# will remain on the caseworker’s Workload Dashboard (WLD) after the caseworker has committed the case and until all enrollment statuses are resolved. Completion of the enrollment statuses may or may not require further caseworker action. After the caseworker pend commits the case, the subsequent application Work Item Activities related to enrollment statuses can take up to 74 days for the system automated processing. More time may be required if caseworker action is needed before the final MCO enrollment is complete. Once MCO enrollment is complete the A# will automatically clear from the WLD. See the Enrollment Statuses section below for more detailed information.

Eligibility vs. Enrollment

Eligibility and ***Enrollment*** for CHIP begins on the first day of the calendar month following the month in which the CAO processes the application.

- ***Eligibility*** – This is the period for which the child meets the financial and non-financial eligibility for CHIP.
 - ***Eligibility*** for CHIP begins on the first day of the calendar month following the month in which the CAO processes the application.
 - In eCIS, eligibility periods for CHIP are not displayed on the Case Summary screen because a CHIP eligibility period does NOT mean the child was receiving CHIP at that time. The Case Summary screen will display the CHIP program the child is eligible for and the current enrollment status.
- ***Enrollment*** – This is the period for which the child is enrolled in an MCO. An MCO enrollment period indicates when the child is receiving health care coverage under CHIP.

- **Enrollment** for CHIP begins on the first day of the calendar month following the month in which the CAO processes the application.
 - Current system limitations require a background data fix to align the **Enrollment** date to the **Eligibility** date when a case is processed after the 15th of the month. A weekly data file will be generated for CHIP MapTech staff to manually change the **Enrollment** date. This process does not require caseworker intervention. See section below 02-First Day of Next Month.
- In eCIS, MCO enrollment for CHIP will show on the “Managed Care Plan Information” screen as it does for MA. A new field will be added to designate CHIP MCO enrollment.

Unlike MA, CHIP does not offer fee-for-service coverage before the MCO enrollment date. CHIP households do not have health coverage until they are enrolled for coverage with an MCO. This means that there will be a gap in health coverage from the date of application until the MCO enrollment begin date displayed on the Managed Care Information screen.

CHIP does not have retroactive coverage for months prior to the month of application. CHIP families can request coverage for the month of application and, upon receiving the request, OIM will process a non-continuous eligibility (NCE) segment starting with the first day of the month of application. No rationale or documentation is required to backdate the application.

A field called “CHIP Start Preference” has been added to the “Individual Program Request” screen to capture when the household would like CHIP to begin. This field will be required for all applicants under age 19. At this time, this field will be shown in grey and will default to “02-First Day of Next Month.” If the household requests to backdate enrollment to the date of application, the manual processed outlined in the “01-Application Date” section below will need to be followed.

“02-First Day of Next Month”

Eligibility and **Enrollment** for CHIP must begin on the first day of the calendar month following the month in which the CAO processes the application.

- If the CAO processes the application ON or BEFORE the 15th of the month, **Eligibility** and **Enrollment** begins on the first day of the calendar month following the month in which the CAO processes the application.

Example: Application received on May 25. The CAO processes the application on June 7. The child is **eligible** and **enrolled** for CHIP beginning on July 1.

Example: Application received on May 25. The CAO processes the application on July 7. The child is **eligible** and **enrolled** for CHIP beginning on August 1.

- If the CAO processes the application AFTER the 15th of the month, current system design is for **Enrollment** to begin the 1st of the month, two months out from the date of processing.

Reminder: A background data fix will occur to align the **Enrollment** date to the **Eligibility** date when a case is processed after the 15th of the month. A weekly data file will be generated for CHIP MapTech staff to manually change the **Enrollment** date. This process does not require caseworker intervention. See section below 02-First Day of Next Month.

Example: Application received on May 25. CAO processes on June 17. **Eligibility** for CHIP begins on July 1. Enrollment in the system begins on August 1. A weekly data file will be generated for CHIP MapTech staff to manually change the enrollment date to July 1. This process does not require caseworker intervention, and when it is completed, **Eligibility** and **Enrollment** for CHIP both begin on July 1.

Example: Application received on May 25. CAO processes on July 17. **Eligibility** for CHIP begins on August 1. Enrollment in the system begins on September 1. A weekly data file will be generated for CHIP MapTech staff to manually change the enrollment date to August 1. This process does not require caseworker intervention, and when it is completed, **Eligibility** and **Enrollment** for CHIP both begin on August 1.

Reminder: There is no fee-for-service for CHIP. If the child is not eligible for MA before the CHIP MCO enrollment date, the child will not have coverage under CHIP unless coverage is requested by the household that they would like coverage to be effective on the date of application.

“01-Application Date”

CHIP families can request **Eligibility** and **Enrollment** to begin on the date of application. In these cases, **Eligibility** and **Enrollment** will begin as the first day of the month of application regardless of when the CAO processes the application.

These requests can be received verbally or through any form of household contact and do not require rationale or documentation to backdate.

The caseworker will need to authorize a non-continuous eligibility (NCE) segment to cover the period from the first day of the month of application to the day before the enrollment date. The caseworker will also need to manually adjust the reapplication

date to assure no more than 12-months of continuous eligibility is received. See 12-month continuous eligibility section below for example.

Example: Application received May 10. The CAO processes the application on May 13. The child is **eligible** and **enrolled** in CHIP as of June 1. The household contacts the CAO and requests CHIP be opened back to the application date. The CAO will authorize an NCE for May 1 to May 31/1 to 5/31 and manually adjust the reapplication date.

Processing the NCE will open **eligibility** for the period in eCIS, but **enrollment** will not be automatically opened for the NCE segment. The CAO will need to complete a [Correction of MCO Coverage Form](#) to notify the Office of CHIP (OOC) that enrollment must be opened for the NCE period. The form will capture:

- CHIP Recipient's Name
- Recipient ID
- County/Case Record Number
- Eligibility Begin and End Dates
- MCO (if known)
- Additional Comments

This form is also available on the OIM Intranet [CAO Resources](#) page.

After submitting the Correction of MCO Coverage form for an NCE segment, a manual eligibility notice will need to be sent by the caseworker to the household reflecting the timeframe of the NCE begin date to the day prior to the current MCO enrollment date. **Attachment 6, CHIP 945-1, Attachment 7, CHIP 945-2, or Attachment 8, CHIP 945-3**

Example: An application received on May 10. The CAO processes the application on May 25. The child is eligible and enrolled in the MCO on July 1. The CAO will authorize the NCE back to the first day of the month of application which would be May 1. The NCE notice dates are May 1 - June 30.

In other instances where eCIS eligibility and MCO enrollment do not align, caseworker intervention is not required.

A narrative should be entered by the caseworker reflecting the eligibility segment has been opened in eCIS and the renewal date was adjusted. Once the correction of coverage request is processed, the change will be visible on the Managed Care Screen. If the managed care screen does not reflect the eligibility segment that was submitted, questions should be directed to CHIP at 1-800-986-KIDS (5437). Questions about coverage during an NCE period should be directed to the CHIP MCO.

12-month continuous eligibility

CHIP has 12-months of continuous eligibility for recipients guaranteed from the date of **Enrollment** or renewal.

During this 12-month continuous eligibility period, CHIP can only be terminated for the following reasons:

- Child turns 19 (unless pregnant or in a 12-month postpartum period)
- Voluntary withdrawal
- No longer residing in PA
- Coverage was granted in error at the most recent eligibility determination because of Agency error or fraud, abuse, or perjury attributed to child or child's representative
- Death
- Child becomes eligible for MA
- Failure to pay premiums (unless pregnant or in a 12-month postpartum period)
- Child has other health insurance

Enrollment Statuses

New A# enrollment statuses have been created to indicate the status of the CHIP budget at application and renewal while health insurance/TPL checks and premium payments, if applicable, are in progress. See **Attachment 5, CHIP Enrollment Statuses** for more detailed information

These enrollment statuses will be reflected on the Application Work Item Activity and be visible on the “Case Summary” screen and the “Eligibility Results” screen.

Health Insurance/TPL Checks:

- A caseworker may have to verify private insurance and PEBTF coverage. The caseworker will be made aware of this information through the new Exchanges 13 and 14 and they should follow the Exchange due date on their workload dashboard. See the below section Health Insurance/Third Party Liability (TPL) section below for more information.
 - If exchange data is returned, the caseworker should review the information within the exchange data hit and follow normal TPL procedures.
 - If exchange data is not returned, then the application work items will remain on the workload dashboard after the case is committed, and while

these enrollment statuses are validated, no further action is needed by the caseworker. The alerts will clear from the dashboard.

Premium Payments:

- 'Pending Premium' payment is an activity that has been added to the Application work item (see screenshot). This activity is due within 39 days (i.e., family has up to 39 days to pay). The activity will be systematically completed if the MCO responds with 'Paid' or 'Unpaid' status within 39 days.

Health Insurance/Third-Party Liability (TPL)

Because CHIP recipients cannot have other health insurance coverage that meets the definition of MEC, checks are needed to ensure the child does not have other coverage that would exclude the child from CHIP eligibility.

NOTE: CHIP enrollees can have non-MEC private health insurance, such as a stand-alone dental plan. These plans should be entered into eCIS as TPLs.

The system will use the Insurance Type on the TPL Individual Insurance Type screen to determine whether the individual has MEC (Minimum Essential Coverage). If an individual has insurance that meets the MEC, they are not eligible for CHIP.

Automated checks for other health insurance coverage for CHIP applicants/recipients will be conducted at application and renewal. Information for these checks is available in the new Exchanges 13 and 14. eCIS will utilize the Health Management Services (HMS) contractor file and the Pennsylvania Employee Benefits Trust Fund (PEBTF) cross match to ensure the applicant/enrollee does not have other health insurance coverage. The system is designed to run the PEBTF check first and the HMS check second.

- **Pennsylvania Employee Benefits Trust Fund (PEBTF) -**
Per federal regulations, an individual who is enrolled or eligible for state employee health care benefits may not qualify for CHIP benefits, with a few limited exceptions including:
 - Seasonal Workers/temporary – temporary employees that do not meet the hourly requirement to be eligible for PEBTF
 - Probationary employees

A PEBTF cross match check is run nightly for new applications that match key words. PEBTF is also run quarterly for all CHIP enrollees. The employer's name entered on the Employment and Wages screen will be checked against a list of keywords that indicate Commonwealth employment when eligibility is run.

Entering data on the Employment and Wages screen will initiate a new Data Exchange 14 hit for PEBTF Enrollment to determine whether the individual has PEBTF health insurance.

- **Enrollment Status-** During this system automated check, the A# Work Item Activity will display as “PEBTF Verification”.
 - If no Employment and Wage screen keyword matches trigger this TPL check, the Work Item Activity will skip this enrollment status and move directly to “HMS Verification” as outlined below.
- **Exchange 14-** If an individual match is found during the PEBTF check, an Exchange 14 hit will be created and assigned to the caseworker. PEBTF is not verified upon receipt.
- **Health Management Services (HMS)** – All applicants are checked against the HMS database to check for private health insurance that meets Minimum Essential Coverage (MEC) requirements. Children with health insurance coverage that meets MEC requirements are not eligible for CHIP.
 - **Enrollment Status-** During this system automated check, the A# Work Item Activity will display as “HMS Verification”.
 - If no premium payment is required for the CHIP budget and after completion of this enrollment status, the Work Item Activity will update to “Complete” and the A# will automatically be removed from the caseworker WLD
 - If a premium payment is required, see the Premium Payment section below for the next Work Item Activity.
 - **Exchange 13-** If an individual match is found during the HMS check, an Exchange 13 hit will be created and assigned to the caseworker. Exchange 13 is verified upon receipt; however, HMS data does not include individual coverage start and end dates. Therefore, before entering data the caseworker will need to obtain and verify the individual coverage start and end date.

Anytime a caseworker finds that private health insurance exists, it is important that the TPL is added to eCIS via the TPL screens. When eligibility is run after a new TPL is entered for a child, the system will automatically reject or close the corresponding CHIP budget. If a match is found, the caseworker will manually enter the private insurance information on the TPL screen .

Premium Payments

The CHIP subsidized (CHP 01, 02, and 03) and full-cost categories (CHP 04) have monthly premiums that are collected by the CHIP MCOs.

Initial premium payment is required to become enrolled for coverage after being determined eligible for CHIP in these categories.

- **Enrollment Status-** When a CHIP premium is required and pending payment, the A# Work Item Activity will display as “Premium Payment Verification”.
 - After completion of this enrollment status, the Work Item Activity will update to “Complete” and the A# will automatically be removed from the caseworker WLD

Once a child is determined eligible for CHIP, the CHIP MCO will send the household information regarding premium payments, including the amount and due date for the premium. The CHIP MCO will collect any premium payments.

CAOs will not be responsible for determining the amount of the premium or the collection of premium payments. Any questions regarding premium payments should be directed to the CHIP MCO. The list of CHIP MCOs and their contact information can be found at: <https://www.dhs.pa.gov/CHIP/CHIP-Coverage/Pages/CHIP-Insurance-Companies.aspx>

Renewal

CHIP recipients are required to complete a renewal at the end of their 12-month continuous eligibility period. The renewal process for CHIP will mirror the process currently used for MA.

NOTE: Semi-Annual Reporting (SAR) is not applicable for CHIP; no SAR date will be set for CHIP budgets.

The 12-month continuous eligibility period starts on the date of **Enrollment**, which is the first day of the calendar month following the month in which the CAO processes the application. The system will set the CHIP budget reapplication date as the last day of the 11th month from the **Enrollment** date.

Example: Application received on May 25. CAO processes on June 17. **Eligibility** and **Enrollment** for CHIP begins on July 1. The **12-month continuous eligibility period** starts July 1. **Renewal Due Date** is June 30 of the following year.

Example: The same household in the example above contacts the CAO and requests enrollment to begin in the month of application. To fulfill the backdate request, the caseworker completes the NCE process to backdate **Eligibility** and **Enrollment** back to the first day of the month of application which is May 1. The **12-month continuous eligibility period** now starts May 1. **Renewal Due Date** must be manually adjusted to April 30 of the following year.

The CHIP 12-month continuous eligibility cannot be shortened to align with other budgets or when running reapplication mode for other non-CHIP benefits. When running Reapplication mode for other benefits before the CHIP budget renewal date, the

system is currently designed to advance all renewal dates on the case, including CHIP. A data fix is in place to reset CHIP budget renewal dates back to their original due date after the reapplication mode is complete. No caseworker action is required.

Approximately 90 days before the renewal date, CHIP households will receive the Change Reporting Flyer (CM 537).

Approximately 60 days before the renewal date, the Automated Renewal process will evaluate electronic data sources and attempt to complete an Ex Parte renewal. If successful, CHIP is renewed, given a new 12-month continuous eligibility period and a notice is generated.

If Automated Renewal is unsuccessful, a renewal packet must be sent to the household. The Automated Scheduling process will generate a renewal packet. For CHIP-only cases, existing Packet #5 will be generated and pre-populated with case information.

If the household does not submit the renewal packet or the packet is incomplete, follow ex parte guidance. Refer to ex parte guidance link.

<https://pagov.sharepoint.com/sites/DHS-OIM/Desk%20Guides/Ex%20Parte%20Review%20Desk%20Guide.pdf>

CHIP budgets WILL NOT automatically close if a CHIP renewal is not processed by the due date. If the household does not submit the renewal packet, or the renewal packet is incomplete, the caseworker must close the CHIP budget 042 in reapplication mode and MA Closure Checklist procedures must be followed.

Like MA, there is a 90-day reconsideration period for CHIP. If the household submits a completed renewal within 90 days of the closure and the child is found eligible, the child may be reinstated retroactively to the date of closure. The process for reopening will be the same as the opening from the application date and will require the use of the Correction of MCO Coverage form to ensure no gap in MCO enrollment.

NOTE: If the child is found eligible in a CHIP category that requires a premium, CHIP can only be reinstated to the date of closure if the family pays the premiums for the break in coverage.

At renewal, CHIP recipients can move to higher premium CHIP categories. If this happens, the premium must be collected by the CHIP MCO to maintain the current CHIP category before enrollment in a new category occurs. The child's MCO coverage at renewal will remain open, even if the premium has changed, or if the family is moving from Free CHIP to a Subsidized CHIP plan requiring payment.

The child's MCO coverage will remain open for 90 days or until DHS gets notified of payment.

If a family does not pay the new premium during the first 90 days after the renewal date, the child's MCO coverage will be automatically terminated back to the first day after the end of the last-paid month. No caseworker intervention is required. Any claims incurred during those 90 days will be the family's responsibility.

The enrollment date is determined based on the date the household renews and when the premium is received for the new CHIP category:

- If the premium is paid prior to the renewal date, the effective date of enrollment is the first day of the calendar month following the renewal.
- If the premium is not received for the new CHIP category, follow the 90-day lockout procedure under the "Late/Missed Premium Payments" section below.
- If payment is not received within 90 days immediately following the renewal date, the child must reapply and a gap in coverage results.

An eligibility notice will be generated when a CHIP renewal is processed, regardless of whether the CHIP category changes.

Reported Changes

CHIP recipients are guaranteed a 12-month continuous eligibility period when found eligible. CHIP budgets cannot be closed before the renewal date unless they meet exceptions to the 12-month continuous eligibility requirement.

If a change is reported, the CAO must attempt to verify the reported change. Based on whether the verification is received, the following outcomes can occur:

- *Verification not received* – No action can be taken on the CHIP budget. The system will automatically keep CHIP open to maintain the CHIP continuous eligibility period.
- *Verification received and positively impacts recipient (budget moves down)* – The change in category can be made.

NOTE: The renewal due date is NOT updated if the category changes.

- *Verification received and negatively impacts recipient (budget moves up)* – No action can be taken on the CHIP budget. It must remain open in the same program for the duration of the continuous eligibility period. Verified income must be updated to the case. The system will automatically keep CHIP open to maintain the CHIP continuous eligibility period.
- *Verification received and child now eligible for MA* – The CHIP budget must be close, and an MA budget opened for the child.

At application and renewal, if any change is reported after the caseworker has determined the eligibility but **BEFORE** the child is enrolled in an MCO, the caseworker will redetermine eligibility with the new information. The CHIP budget should be changed accordingly.

Changes that do not affect eligibility include but are not limited to:

- Income increases prior to renewal
- Change of address within the state
- A Pregnancy or postpartum period

Changes that affect eligibility include but are not limited to:

- Income decreases
- Change to household composition

Remember that CHIP can only be terminated for the reasons listed above in the “CHIP Eligibility” section.

Changes have been made to Alerts and Exchanges to accommodate CHIP processing in eCIS.

Alerts

New alerts have been created specifically for CHIP budgets:

- AGE 196 - generated for CHIP budgets (CHP 00, 01, 02, 03, and 04). This alert will be created one business day after the Stand-Alone Monthly (SAM) batch runs and will identify CHIP recipients turning 19 within the next month. It will be cleared when eligibility is re-run, and the case is committed.
- TPL 054 – generated for all CHIP budgets when other health insurance coverage has been entered in eCIS. The due date will be set to five days after alert creation. It will be cleared when eligibility is re-run, and the case is committed.

Exchanges

The existing logic used for MA in Exchanges 1-11 will be mirrored for CHIP budgets. Exchange 12 (Asset Verification System) will not be used for CHIP budgets. To facilitate checks for other health insurance for CHIP applicants/recipients, two new exchanges will be introduced:

- Exchange 13 – Health Management Services (HMS) for additional information please refer to Health Insurance/TPL section above.

- Exchange 14 – Pennsylvania Employee Benefits Trust Fund (PEBTF) for additional information please refer to Health Insurance/TPL section above.

Late/Missed Premium Payments

At application and enrollment, failure to pay the premium for CHP01, 02, 03, and 04 budgets will result in termination. Households are granted a grace period and could be subject to the 90-day lockout period for non-payment. No caseworker action is required for this process. The household should contact the MCO to resolve the late/missed premium payments.

- **Grace Period:** A minimum 30-day grace period is given if the household fails to pay the required premium payment by the due date.
 - Notification of the grace period will be sent from the enrollee's MCO.
 - Notification will be sent to inform the household that the premium payment must be paid, or coverage will be terminated effective the first day of the month in which the grace period began.
 - The grace period will begin the first of the month immediately following the last month for which premium has been paid, even if the payment due date is before the first of the month of coverage.
 - If a premium payment is not received within the 30-day grace period, the system will retroactively terminate MCO coverage.
 - The CAO will keep the eligibility record open for the 90-day lockout period. Termination will be automated if premiums are not paid. No caseworker action is necessary for this process.
- **90 Day Lock Out**
 - If premiums are not paid during the grace period, the CHIP budget is subject to a 90-day lockout period. The 90 days begins the first of the month following the month the household first missed a payment.
 - Although MCO enrollment is ended after the 30-day grace period, the eligibility will remain open in eCIS through the 90-day premium lockout period.
 - If the household does not pay all unpaid premiums within the 90-day period, then the 90-day premium lockout period will be imposed, and the child cannot have coverage for 90 days.
 - The system will automatically terminate eligibility in eCIS and send a closing notice on the last day of the 90-day lockout period if premium payment is not received.
 - The system will add the following case comment when a CHIP applicant is successfully processed through CHIP Payment Status Automation, and the 'Payment Status' for that individual is 'Not Paid': "CHIP premium payment was not received by the MCO. CHIP enrollment status has been updated to [Current Status]."

- The household will need to complete a new application. No caseworker action is necessary for this process.
- To avoid incurring the 90-day lockout period, the household must reinstate the child by paying any unpaid premiums by the end of the lockout period.
 - Households cannot choose to skip any months of coverage, as enrollment is guaranteed in 12-month periods.
 - If all premium payments are made, the child will automatically be reenrolled back to the date of closure.
 - There is no limit to the number of reinstatements that may be granted within the 12-month continuous eligibility period if the household pays all unpaid monthly premiums.
 - No caseworker action is necessary for this process.
- This policy does not apply to households that fail to make their initial premium payments.

Overrides

CHIP eligibility results can be overridden when necessary. Non-financial overrides can be completed for all CHIP category/PSC combinations. Financial (income) overrides can be completed for CHP 00, 01, 02, and 03. CHIP will use the same override codes as MA for non-financial and financial overrides.

Additionally, overrides will be possible for the CHIP Enrollment Status, if necessary. If an override is needed for the CHIP Enrollment Status, a non-financial override will also need to be completed.

Potential reasons for an override include:

- Any action taken that adversely affects a CHIP budget during the 12-month continuous eligibility period.

Existing override logic applies so CHIP overrides will need to be re-entered each time eligibility is run within the 12-month continuous eligibility period.

Notices

CHIP eligibility notices will be combined with existing notices generated for other benefits determined in eCIS. CHIP notices will be supported in the same languages currently supported – English, Arabic, Chinese, Russian, Spanish, Vietnamese.

CHIP notices will be generated systematically once MCO enrollment has occurred. If a CHIP budget has a “Pending” enrollment status, no notice will be scheduled on the “Client Notice” screen for that CHIP budget.

Option/Reason codes applicable to CHIP budgets will be added to notice system.

- 480 – Pennie Referral
- 945 – Enrollment (w/ Premium Request if applicable)
- 946 – Denial
- 947 – Termination
- 948 – Automated Renewal Enrollment

Hearings and Appeals

CHIP applicants and recipients have the same appeal rights as MA applicants and enrollees. Potential reasons for appeal could include but are not limited to:

- Household disagrees with eligibility determination.
- Eligibility terminations.
- Changes to budget level (moves between CHIP and MA or changes in category assignment).
- Premiums.

The Bureau of Hearings and Appeals (BHA) will handle all eligibility appeals for CHIP. Representatives from the CAO will attend appeals hearings for eligibility and premium payments. The CHIP MCO will attend hearings for premium payments.

NEXT STEPS

1. Review this Operations Memorandum with appropriate staff
2. Direct all questions to your Area Manager

ATTACHMENTS

- Attachment 1: (English) PSF Closure Notice for CHIP Recipient (CM 635)
(Spanish) PSF Closure Notice for CHIP Recipient (CM 635-S)
- Attachment 2: (English) DHS Welcome Letter
(Spanish) DHS Welcome Letter
- Attachment 3: CHIP Income Limits
- Attachment 4: Healthcare Cascade Table
- Attachment 5: CHIP Enrollment Statuses Codes
- Attachment 6: CHIP 945-1
- Attachment 7: CHIP 945-2
- Attachment 8: CHIP 945-3