

**Frequently Asked Questions (FAQs)**  
**Health Services Initiative**

January 12, 2017

These FAQs provide additional information and address questions raised regarding health services initiatives.

***Q1: What is a health services initiative?***

**A1:** States have the option under title XXI to develop a state-designed Health Services Initiatives (HSI) to improve the health of low-income children. HSIs are permitted under section 2105(a)(1)(D)(ii) of the Act and are defined in the regulations at 42 CFR 457.10. Both direct services and public health initiatives are permitted under the statute and regulations.

***Q2: Who can benefit from a health services initiative?***

**A2:** An HSI must directly improve the health of low-income children<sup>1</sup> less than 19 years of age who are eligible for CHIP- and/or Medicaid, but may serve children regardless of income. In addition, to the extent possible, the state should use its efforts through an HSI to enroll eligible but unenrolled children in Medicaid or CHIP.

***Q3: Can a health services initiative be used to improve health outcomes for adults?***

**A3:** No. All approved HSIs are either exclusively oriented toward children, or, if the HSI serves a broader population, the state claims title XXI reimbursement only for services provided to children under 19 years of age.

***Q4: What types of health services initiatives has CMS approved?***

**A4:** As of November 2016, we have approved 26 HSI state plan amendments (comprised of 49 programs/projects) in 19 states. All HSIs focus on improving the health of low-income children, and typically involve provision of preventive services and interventions. Some examples include Massachusetts's initiative to prevent youth violence through after school programs aimed at mitigating the consequences of trauma and promoting healthy development, Missouri's initiative to promote immunizations among low income families that are less likely to receive the recommended immunizations, and Missouri's initiative to increase awareness of the risks from exposure to lead and importance of blood lead screening. In addition, several states have implemented healthy families' initiatives, which include home visits to teen parents in which staff support positive parent-child interactions and provide crisis intervention and referral to other services, as needed.

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<sup>1</sup> 42 CFR Section 457.10 – A low-income child means a child whose household income is at or below 200 percent of the federal poverty line for the size of the family involved.

***Q5: Will CMS consider other types of health services initiatives?***

**A5:** Yes. The statute and regulations provide flexibility in designing the purpose of an HSI. CMS is open to considering new proposals that have the potential to improve health outcomes for low-income children. We encourage states to consider data collected for the Medicaid/CHIP Children's Health Care Quality Measures (<https://www.medicaid.gov/medicaid-chip-program-information/by-topics/quality-of-care/chipra-initial-core-set-of-childrens-health-care-quality-measures.html>) as well as other state quality initiatives and goals in developing new health services initiatives, including, for example, initiatives to improve oral health and increase utilization of preventive dental services, to increase screening and treatment for behavioral health care needs, to increase well-child visit rates for adolescents, and initiatives to address childhood obesity. In addition, we encourage states to consider initiatives to increase blood lead level screening for young children, which is important to identify children with elevated blood levels and refer them to needed developmental assessments and medical services, which they are entitled to receive under Medicaid or may receive through the CHIP. States can also use this an opportunity to connect these children to preventive interventions that can help identify and address sources of the lead exposure. An initiative to increase compliance with lead screening requirements would help ensure that children receive the screening and treatment services they need for healthy and productive lives.

***Q6: What else can be funded through an HSI to address lead poisoning prevention?***

**A6:** As mentioned previously, states can use an HSI to fund initiatives to increase blood lead level screening. In addition, CMS recently approved an HSI for lead abatement activities in Michigan in response to the public health emergency of lead exposure related to the Flint water system. The HSI will provide coordinated and targeted lead abatement services for eligible homes of Medicaid and CHIP eligible children. Services funded through the HSI include the removal, enclosure, or encapsulation of lead based paint and lead dust hazards; the removal and replacement of surfaces or fixtures, which can include water service lines and other fixtures identified during an environmental investigation as lead hazards; the removal or covering of soil lead hazards; and training to ensure there is a sufficient number of qualified workforce to complete the lead abatement activities.

Any state pursuing a lead abatement HSI would need to demonstrate the need for the initiative and must meet the following criteria: individuals performing abatement service must be properly certified by the state; performance of the abatement must be demonstrated to be effective in removing all lead hazards; the program must be time limited; and the state must work with CMS to develop metrics to measure the effectiveness of the lead abatement activities. Any HSI focused on water-based lead abatement must demonstrate how the strategies, either alone or in combination with other resources or state and local efforts, ensure complete and not partial abatement of service lines and other related fixtures.

In addition, states must assure in the CHIP State Plan that they will not supplant or match CHIP federal funds with other federal funds, nor allow other federal funds to supplant or match CHIP federal funds. States should be able to demonstrate that they have a process for coordinating work with other federal agencies and other federal funds.

***Q7: How is a health services initiative funded?***

**A7:** States finance the non-federal portion of HSI expenditures and the federal portion is funded through a state's available CHIP allotment for a fiscal year, as determined under section 2104 of the Act. HSI expenditures (including administration of the HSI itself) are subject to a cap that also applies to administrative expenses. Under section 2105(c)(2)(A) of the Act, claims for HSIs and administrative expenses cannot exceed 10 percent of the total amount of title XXI funds claimed by the state each quarter. Within the 10 percent limit, states must fund costs associated with administration of the CHIP state plan first; any funds left over may be used for an HSI, subject to the 10 percent cap. In addition, states must assure in the CHIP State Plan that they will not supplant or match CHIP federal funds with other federal funds, nor allow other federal funds to supplant or match CHIP federal funds. States should be able to demonstrate that they have a process for coordinating work with other federal agencies and other federal funds.

***Q8: What should states consider in determining how much funds are available to them for a health services initiative?***

**A8:** Administrative expenses associated with programmatic needs and meeting regulatory requirements must be covered prior to funding the HSI. Therefore, in reviewing a new HSI proposal, CMS reviews the amount of funds available under the 10 percent cap on HSI and administrative expenditures for CHIP to determine whether sufficient funds are available to cover the costs of the HSI in addition to necessary administrative expenses. Common administrative activities funded from a state's title XXI allotment include stakeholder engagement, eligibility determinations and renewals, negotiation of contracts, performance measurement, and quality assurance activities.<sup>2</sup> Outreach activities to ensure that eligible but uninsured children are enrolled are also a required administrative activity under title XXI, and must be defined in the CHIP State Plan, as described in 42 CFR 457.90. A number of states use administrative funding to conduct outreach strategies targeting hard-to-reach children, such as engaging schools and providers in enrollment and retention activities, providing in-person application and renewal assistance, tailoring efforts to communities with disproportionately low enrollment of eligible children, and focusing outreach efforts on families with eligible parents. We also encourage states to help children aging out of Medicaid and CHIP eligibility find new sources of coverage, including through the Marketplace.

States also need to account for, and CMS will consider, new administrative expenses. In particular, the final rule published on May 6, 2016, establishes new quality requirements for separate CHIPs using a managed care delivery system, effective for the fiscal year beginning on or after July 1, 2018. These requirements include development of a managed care quality strategy, implementation of external quality review (EQR), and later, implementation of a quality rating system. These requirements will be new for many separate CHIPs, and likely will require additional administrative expenditures. Additional guidance on the new regulations, is available at: <https://www.medicaid.gov/federal-policy-guidance/downloads/cib061016.pdf>.

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<sup>2</sup> The August 6, 1998, SHO letter describes allowable expenditures, including health services initiatives, associated with health benefits coverage to low-income children.

***Q9: How do states request an HSI?***

**A9:** In order to implement an HSI, states submit a CHIP state plan amendment to CMS that includes a detailed description of the HSI program under section 2.2 of the state plan. States are also required to submit updated budget information under section 9.10 of the state plan.

Through the SPA process, states will need to demonstrate the populations served by the HSI, including the proportion of low-income children served, and how the purpose of the HSI will improve the health of children.

***Q10: How do states claim federal match for an HSI?***

**A10:** States report HSI-related expenditures in MBES/CBES on the Form CMS-21, Line 20 to obtain federal match for an HSI.