June 6, 2018

The Honorable Mandy Cohen, MD  
Secretary, N.C. Department of Health and Human Services  
2001 Mail Service Center  
Raleigh, NC 27699-2001

Dear Secretary Cohen

We appreciate your leadership and the work of your talented staff in planning for the implementation of Medicaid Transformation. We are also grateful for the opportunity to respond to the many concept papers that outline the proposed process. As an adjunct to this process, we are requesting that you give serious consideration to merging CHIP with Medicaid at this time. This would reduce confusion for families and providers, and we believe it would enhance the chance of successful implementation of Transformation.

It should also be noted that as part of ACA implementation, 21 states have successfully merged CHIP with Medicaid. In addition, NC has already created an MCHIP program, so the basic infrastructure for a complete merger is likely in place.

The proposed Medicaid Transformation will cover more than 1 million children. Of these children, approximately 96,000 children are on CHIP. This relatively small, healthy group presents challenges for the Transformation process, both in terms of eligibility and services.

Points of Consideration Regarding Merger

- Obvious HUGE administrative simplification (with associated cost savings) for DHHS, enrollment brokers, families and providers.
- There would no longer be families with a child in each program, nor children transferring from one program to the other due to small fluctuations in family income.
- CHIP co-pays, currently an administrative burden with little financial benefit, would be eliminated.
- The vaccine benefit would be less expensive to DHHS, since all children on Medicaid are covered by the federal Vaccines for Children Program, but vaccines for children on CHIP must be purchased in the private market.
- There are some little used benefits from which children on CHIP are currently excluded, such as non-emergency medical transport.
• There is one benefit that requires study: children on CHIP do not have access to the medical necessity treatment criteria under EPSDT. It should be noted that these children are older and relatively healthy.

As it stands now, as many as 15 PHPs would need to establish sub-systems to both serve and monitor the relatively small CHIP population. This has been a challenge in the current one-provider system. A merger before Transformation is implemented would obviate the need for the creation of sub-systems, and would thereby make it easier for the PHPs to implement Transformation successfully.

Thank you for your consideration of this request. We would be happy to help in any way to make this proposal a reality.

The following organizations are in support of this request. We anticipate additional support moving forward as well.

• Advocates for Medically Fragile Children
• Disability Rights NC
• MomsRising
• NC Alliance for Health
• NC Child
• NC Justice Center
• NC Local Health Directors Association
• NC Pediatric Society

Sincerely,

Michelle Hughes
Executive Director
NC Child

Elizabeth S. Hudgins
Executive Director
NC Pediatric Society

Cc: Roger Barnes
    Christen Linke-Young
    Matt Gross
    Jay Ludlam
    Susan Perry-Manning
    Dave Richard
    Sandy Terrell