



Policy Memo	
KDHE-DHCF POLICY NO: PM2024-01-01	From: Erin Kelley, Senior Manager
Date: January 4, 2024	Medical KEESM/KFMAM Reference(s):
RE: CHIP Premium Delinquency and Continuous Eligibility	Program(s): Family Medical Programs

This memo sets forth instructions for implementation of policy changes related to premium delinquency and the new continuous eligibility (CE) requirements for children as mandated by the Consolidated Appropriations Act (CAA) of 2023, effective January 1, 2024. These policies supersede related information in [PM2010-10-01](#) and [PM2016-05-01](#). KFMAM and MKEESM will be updated with the next scheduled revision.

I. CHANGES IMPACTING FAMILY MEDICAL PROGRAMS ONLY

A. CONTINUOUS ELIGIBILITY REQUIREMENTS FOR CHILDREN - BACKGROUND

Continuous eligibility (CE) refers to 12 months of continuous coverage regardless of changes in circumstances. The state of Kansas implemented CE for children beginning with the original implementation of the program with limited exceptions. Exceptions to CE have historically included the following: Aging out of the program (i.e. turning 19), moving out of state, voluntary withdrawal, approval in error, and death (see [PM2010-10-01](#)). Specific to CHIP, the additional exceptions of failure to pay premiums and transitioning to Medicaid have also applied.

NOTE: 12-month CE periods begin the month of application for Medicaid programs and the month following authorization for CHIP. They do not include the 3-month prior medical period, which is considered a separate eligibility period. For reviews, they begin the first month of the new review period.

B. NEW REQUIREMENTS

Under the new requirements under the CAA of 2023, effective January 1, 2024, the only exceptions to CE for children eligible for Medicaid or CHIP are age requirements, residency, voluntary withdrawal, approval in error, death, and moving from CHIP to Medicaid. It is no longer permissible under this ruling to end CE due to failure to pay CHIP premiums.

C. CHIP PREMIUM DELINQUENCY DURING CE PERIOD

Previous to this change, CHIP coverage was discontinued as a result of premium delinquency which would occur after two unpaid invoices (consecutive or non-consecutive), regardless of the recipient's CE period. When coverage ended due to failure to pay premiums, a three-month penalty period was established which could be negated, shortened, or served depending on actions taken by the consumer. Premium delinquency has previously been considered an exception to CE for CHIP recipients.

Beginning January 1, 2024, non-payment of premiums is no longer an exception to CE, meaning it is no longer allowable to close coverage during a CHIP CE period due to failure to pay premiums. This supersedes policy found in [PM2016-05-01](#) which states that premiums are considered delinquent after two unpaid invoices and that coverage will be closed due to delinquency via the discontinuance batch or manual processing.

Going forward, delinquent premiums will only impact coverage at a CHIP recipient's review when the recipient is determined otherwise eligible for CHIP coverage or for new applicants who are otherwise CHIP eligible. All other existing policies regarding the establishment of the three-month penalty period remain in place; however, they may only be applied at the individual's review or when adding a child or children to open coverage. In any case, the consumer may shorten the period by making full payment, or they may reapply once the penalty has expired, per existing policies.

NOTE: For handling of premium penalties incurred at review, see [PM2016-05-01](#) (2)(C)(8).

Example 1: A child is on a CHIP CE period of 02/2024-01/2025. After two unpaid invoices, the premiums are considered delinquent beginning 09/2024. The consumer will continue to receive invoices from the fiscal agent informing them of their unpaid premiums, but the agency takes no negative action during the CE period. When the individual's review is due, a pre-populated review form is sent and returned. The child is determined CHIP eligible based on the information provided. Coverage is closed due to failure to pay premiums, and a three-month penalty period is established beginning the first month of ineligibility.

When a case includes CHIP recipient children with different CE periods and review periods, only the child up for review may be discontinued due to premium delinquency.

Example 2: A case includes two CHIP children. One has a review due in January, and the other is not due for review until June. A review is processed for January for the first child, the child is determined CHIP eligible and is closed due to failure to pay premiums. A three-month penalty period is set for that child beginning the first month of ineligibility. The other child's CHIP remains active through the CE/review period.

For a request to add a CHIP eligible child to an active CHIP case where another child or children are in a CHIP CE period, if there are delinquent premiums on the case, the new child will be denied due to delinquent premiums and a premium penalty applied to that child only. The penalty will begin the month the request is processed.

Example 3: An add-child request is received and processed in June on an active CHIP case for another child in a CE period. At the time of request, the case is in a delinquent status due to unpaid premiums. The child in the CE period will continue to receive CHIP through the end of the CE period. The new child will be denied due to premium delinquency and a three-month penalty period established for June-August.

NOTE: This policy will have no impact on CHIP cases already in a penalty period at the time this policy goes into effect. All standard policies and procedures related to penalty periods will still apply for premium discontinuances effective 12/31/2023 or prior. For policies related to penalty periods and consumer requirements for reestablishing coverage, please refer to [PM2016-05-01](#) (2)(C).

D. PROCESSING IN KEES

Current EDBC functionality in KEES will not protect a CHIP CE period from ending due to non-payment of premiums (i.e., premium delinquency). This will be addressed with a future system change; however, in the meantime, the premium discontinuance batch will be suspended effective January 2024 to prevent CHIP recipients from losing coverage due to non-payment of premiums during a CE period. The system will continue to show delinquency after two unpaid invoices, as well as updates when premiums have been paid.

Eligibility staff addressing changes on a CHIP case that require EDBC to run will need to ensure that CHIP coverage is not discontinued due to premium delinquency prior to the end of the review period. A KEES business process will be issued in accordance with this memo.

As a reminder, staff processing a discontinuance at review for failure to pay premiums will need to apply the three-month penalty period and send the appropriate notice. At that time, any unpenalized premium incurred during the CE period will be penalized, and payment of the penalized amount will be required in order to negate or shorten the penalty period.

As CE and review periods are specific to the individual while premium penalties are applied at the case level, there may be some situations where a penalty period is still in effect for one child (or children) when another child (or children) becomes due for a review, see the example below. In these rare situations it will not be necessary to start a new penalty period as it is not allowable to penalize the same premiums more than once.

Example 4: Two children are active on CHIP. The first child has a review due in April, and the second child in June. The first child is closed at review due to premium delinquency and a penalty period is applied from May-July. The second child is also closed at review due to premium delinquency; however, because there is already a penalty period in effect, it will not be necessary to begin a new penalty. The existing penalty will serve for both children on the case. As penalty periods are applied at the case level, the first penalty period must be cleared before CHIP eligibility exists on the case for either child, meaning that CHIP can only be approved once there is no longer an active penalty on the case.

For additional scenarios that arise regarding applying penalties at an individual level, please send inquiries to the Policy mailbox as indicated in section II below.

II. QUESTIONS

For questions or concerns related to this document, please contact the KDHE Medical Policy Staff at KDHE.MedicaidEligibilityPolicy@ks.gov.

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Questions regarding any KEES issues are directed to the KEES Help Desk at KEES.HelpDesk@ks.gov.