

---

---

**OFFICE OF GOVERNOR RONNIE MUSGROVE**  
**INTEROFFICE MEMORANDUM**

---

---

**TO:** GOVERNOR  
**FROM:** BOYD  
**SUBJECT:** CHIP EMPLOYER INSURANCE PREMIUM SUBSIDY  
**DATE:** 5/31/00  
**CC:** SIMMONS

---

Refer to memo dated 5/23/00, as attached. After obtaining financial numbers from Division of Medicaid, it may not be in the best interest of the state to pursue an insurance premium subsidy program at this time. According to Betty Sledge, Finance Director, noted that the state is extremely close to the 10% administrative cap for CHIP; **therefore, it is not in the state's financial interest to embark on a high administrative cost element to expand CHIP as it will require STATE General Fund Monies.**

Although the policy recommendation was to move forward with this program enhancement, I must change that recommendation as a result of this financial burden posed to the state. Medicaid needs to alter the state plan to eliminate the premium assistance program subsidy.