

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop 52-01-16  
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP and Survey & Certification

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Children and Adults Health Programs Group

**FEB 18 2011**

Eugene I. Gessow  
Director  
Arkansas Department of Human Services  
Division of Medical Services  
Donaghey Plaza South  
P.O. Box 1437, Slot S401  
Little Rock, AR 72203-1437

Dear Mr. Gessow:

As you are aware, Arkansas' title XXI funded coverage of parents in the section 1115 demonstration project No. 21-W-00051/6, entitled the "Arkansas Safety Net Benefit," is currently operating under 1115(a) of the Social Security Act (the Act), and is scheduled to expire on September 30, 2011.

The purpose of this letter is to inform Arkansas that the State's request to continue to cover uninsured parents up to and including 200 percent of the Federal poverty level (FPL) under its existing demonstration authority, and in accordance with Section 2111(b)(1) of the Act, has been approved. The demonstration extension period is through September 30, 2012. Under this extension, Arkansas will continue to be subject to its currently approved expenditure authorities and Special Terms and Conditions (STCs).

Section 2111(b)(3)(A) of the Act, as added by section 112 of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), permits a State that had existing authority in place to cover parents prior to the passage of CHIPRA, to continue to do so at the enhanced Federal medical assistance percentage (FMAP) in Federal Fiscal Year (FFY) 2012 if it can achieve certain child outreach or child coverage benchmarks. Specifically, a State may continue to cover parents in FFY 2012 at the enhanced FMAP as long as it has "implemented one or more of the enrollment and retention provisions described in Section 2105(a)(4) of the Act" for both Medicaid and CHIP. At a minimum, Arkansas meets these criteria because it has eliminated its in-person interview.

Federal funds for the expenditures of such parents will come from the State's CHIP allotment, and may not exceed the amount of the "block grant set aside," which is defined in section 2111(b)(2) of the Act. In order to receive Federal funds for FFY 2012, Arkansas must include separate FFY 2012 expenditure projections for the parent population in its submission of the CMS-21B, and include a breakout of such expenditures on the CMS-21B narrative form, by no later than August 31, 2011. These separate projections are needed to calculate the amount of the block grant set aside.

The State must submit an additional request for renewal for 2013 to the Centers for Medicare and Medicaid Services (CMS), to receive consideration for coverage for parents during FFY 2013. To enable calculation of a block grant set-aside for FFY 2013, State must also submit separate FFY 2013 expenditure projections for parents in its CMS-21B, in the manner described above. The request and projections must be sent to CMS by no later than August 31, 2012.

Arkansas may apply to receive matching funds for those expenditures at the REMAP rate in FFY 2013 because it qualifies to receive enhanced FMAP for parents' coverage FFY 2012 (REMAP is a matching percentage that is mid-way between the regular Medicaid FMAP and the enhanced FMAP). Arkansas can qualify for REMAP if it can document meeting one of the two outreach or coverage benchmarks as follows: 1) the State, on the basis of the most timely and accurate published estimate of the Bureau of the Census, ranks in the lowest 1/3 of states in terms of the State's percentage of low-income children without health insurance, or 2) The State qualified for a performance bonus under section 2105(a)(3)(B) for the most recent FFY. If these conditions are not satisfied, the State could receive the regular FMAP from its block grant set aside for parent coverage. We are happy to provide additional technical assistance and encourage you to contact your title XXI Project Officer if you would like to discuss the criteria further.

As specified in section 2111(b)(i)(B) of the Act, states, including Arkansas, are prohibited from receiving payments from the block grant set aside for eligibility expansions to parents that exceed the existing income level in the currently approved section 1115 demonstration.

Your project officer is Andrea Casart. She can be reached at (410) 786-0742 or by email at [Andrea.Casart@cms.hhs.gov](mailto:Andrea.Casart@cms.hhs.gov) if you have any questions about this extension. We look forward to working with you on the extension of your demonstration.

Sincerely,

/Vikki Wachino/

Vikki Wachino  
Director

Enclosure

cc: Bill Brooks, ARA, Dallas Regional Office