



Center for Medicaid and CHIP Services

December 29, 2011

Dr. Andrew Allison
Director
Division of Medical Services Department of Human Resources
103 E. 7th Street
P. O. Box 1437, Slot S411
Little Rock, AR 72203

Dear Dr. Allison:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved your request to renew the Arkansas Safety Net Benefit Program section 1115 Demonstration (Project No. 11-W-00214/6 and Project No. 21-W-0051/6). This renewal is effective December 31, 2011, through December 31, 2013. The extension is granted under the authority of section 1115(a) of the Social Security Act (the Act).

Because authority to provide Children's Health Insurance Program (CHIP) coverage to parents and their spouses has already been extended through September 30, 2012 in a separate administrative action, this renewal only extends the Medicaid funded portion of the Demonstration. To extend coverage for these parents through the end of September 2013, the State must submit a separate request to CMS under section 2111(b)(2)(B) of the Act.

There are several changes included in this approval that are noteworthy.

- Under the extension, the State will be required to develop a plan for improving demonstration participants' access to Health and Wellness Benefit Program services.
- Under the extension, the State will be required to develop an Administrative Cost Claiming Protocol, which explains the process the State will use to determine administrative costs incurred for the Safety Net Benefit Program. The Administrative Cost Claiming Protocol includes how the State distinguishes the portion claimed as a Medicaid administrative expenditure from the portion claimed as a CHIP administrative expenditure. The revised Special Terms and Conditions (STCs) also require the State to include administrative costs in the budget neutrality test and a comparative analysis of administrative costs in its annual report.
- The revised STCs require the State to submit to CMS for review and approval a transition plan for individuals enrolled in the Demonstration. The Transition Plan must include how the State plans to coordinate the transition of these individuals to a coverage option

available under the Affordable Care Act without interruption in coverage to the maximum extent possible. The State must submit its initial plan by July 1, 2012.

- The STCs were revised to state that participating employers must achieve coverage for 100 percent of employees whose income is up to 200 percent of the FPL, and for 50 percent of employees whose income exceeds 200 percent of the FPL.
- Under the extension of the Demonstration the State will be required to develop and implement new or significantly revised cost containment strategies. The State must submit a comprehensive plan within 60 days of approval of the Demonstration. CMS must approve the plan and will require that the State fully implement the plan within 180 days of approval by CMS.

Our approval of this Demonstration project is subject to the limitations specified in the attached waiver and expenditure authorities. The State may deviate from Medicaid State plan requirements only to the extent those requirements have been specifically waived, or with respect to expenditure authorities, listed as not applicable to expenditures for Demonstration populations and other services not covered under the State plan in the expenditure authority.

The approval is conditional upon acceptance and compliance with the enclosed STCs defining the nature, character, and extent of Federal involvement in the Demonstration. The award is subject to our receiving your written acknowledgement of the award and acceptance of the STCs and waiver and expenditure authorities within 30 days of the date of this letter.

Your acceptance and any questions regarding the Arkansas Safety Net Benefit Program may be directed to your project officer, Ms. Alexis Gibson. Ms. Gibson's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid, and CHIP Services
Division of State Demonstrations and Waivers
7500 Security Boulevard, Mail Stop S2-02-26
Baltimore, MD 21244-1850
Telephone: (410) 786-2813
Facsimile: (410) 786-8534
E-mail: alexis.gibson@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Gibson and Mr. Bill Brooks, Associate Regional Administrator in our Dallas Regional Office. Mr. Brook's contact information is as follows:

Centers for Medicare & Medicaid Services
1301 Young Street, Suite 714
Dallas, TX 75202

If you have questions regarding this correspondence, please contact Ms. Victoria Wachino, Director, Children and Adults Health Programs Group, Center for Medicaid, and CHIP Services, at (410) 786-5647. We look forward to continuing to work with you and your staff.

Sincerely,

/Cindy Mann/

Cindy Mann
Director

Enclosure

cc: Bill Brooks, ARA, Region VI
Tamara L. Sampson, CMCHO