

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services
Children and Adults Health Programs Group

Dr. ~~Andrew Allison~~^{AUG 13 2012}
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~~^{Andy}:

This letter is in response to your request to continue coverage of parents under your existing title XXI section 1115 demonstration, and to inform you of the associated federal matching rate for the expenditures associated with such coverage.

The Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009 changed States' authority to cover parents under the Children's Health Insurance Program (CHIP). Specifically, Section 2111(b)(2) of the Social Security Act (the Act) permits a State that had authority in place to cover parents prior to the passage of CHIPRA to continue such coverage through September 30, 2013.

A State which elects to continue parent coverage in federal fiscal year (FY) 2013 may be eligible to receive the REMAP for FY 2013 expenditures, if the State qualified to receive EFMAP for FY 2012 expenditures and meets one of two coverage benchmarks, as follows: 1) ranked among the lowest third of states in terms of percentage of low-income children without health insurance, based on the most recent data from the Bureau of the Census; or 2) qualified for a performance bonus under section 2105(a)(3)(B) in Fiscal Year 2011. For a State meeting these conditions, the REMAP is equal to 50 percent of the sum of the state's enhanced federal medical assistance percentage (FMAP) under CHIP and the state's regular FMAP under Medicaid. A State not meeting these conditions will receive the regular FMAP.

The State's "Arkansas Safety Net Benefit" demonstration for coverage of uninsured parents with incomes up to and including 200 percent of the Federal poverty level (FPL) (project No 21-W-00012/6), which had been scheduled to expire September 30, 2012, is extended at the State's request through September 30, 2013. Under this extension, Arkansas will continue to be subject to its currently approved expenditure authorities and Special Terms and Conditions (STCs). Although Arkansas was unable to meet criteria to cover parents at the REMAP rate, the State can continue to cover these parents at the regular FMAP rate.

As you are aware, the Affordable Care Act provides eligibility for health coverage to most individuals, including parents, beginning in 2014. In order to avoid a gap in coverage for parents when title XXI authority expires under this demonstration on October 1, 2013, we encourage the

State to continue coverage from October 1, 2013 through December 31, 2013 in Medicaid. We would be happy to work with you to explore options for transitioning this demonstration.

Finally, please note that Federal funds for the expenditures of parents under the Demonstration 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 FY 2013 for these expenditures, Arkansas must include and separately identify the FY 2013 expenditure projections for the parent population in its submission of the CMS-21B, and include the breakout of such expenditures on the CMS-21B narrative form, by no later than August 31, 2012. These projections are needed to calculate the amount of the block grant set aside. These payments will fund coverage at the existing income level in the currently approved section 1115 demonstration, but the statute provides that these funds cannot be used for any eligibility expansion above this level.

Stacey Green, CHIP Technical Director, can be reached at (410) 786-6102 or by email at stacey.green@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,

/Jennifer Ryan/ for

Victoria Wachino
Director

Enclosure

cc: Bill Brooks, ARA, Dallas Regional Office