



State Demonstrations Group

November 20, 2015

Thomas Betlach
Director
Arizona Health Care Cost Containment System
801 East Jefferson, MD 4100
Phoenix, AZ 85034

Dear Mr. Betlach:

I am writing regarding Arizona's section 1115(a) Medicaid demonstration, entitled "Arizona Health Care Cost Containment System" (Project Number 11-W-00275/09 and 21-W-00064/9). As we discussed in conversations earlier this year, the Centers for Medicare & Medicaid Services (CMS) would like to work with Arizona to review its uncompensated care pool.

As we have previously discussed with the state, CMS uses three principles to review states' uncompensated care pool requests: 1) coverage is the best way to assure beneficiary access to health care for low income individuals and uncompensated care pool funding should not pay for costs that would otherwise be covered in a Medicaid expansion; 2) Medicaid payments should support the provision of services to Medicaid and low income uninsured individuals; 3) and provider payment rates must be sufficient to promote provider participation and access, and should support plans in managing and coordinating care. These principles apply whether or not a state expands Medicaid.

On August 20, 2015, we received the state's Phoenix Children's Hospital Safety Net Care Pool Transition Report which includes information from an independent report the state commissioned. We are currently reviewing the report, and information from it will inform our discussions with you about your upcoming uncompensated care pool renewal request and potential reforms to the uncompensated care pool that will improve Medicaid payment systems and funding mechanisms and the quality of health care services to Arizona's Medicaid beneficiaries.

We look forward to working with you further on your request. If you have any questions about this letter please contact me at (410) 786-5647.

Sincerely,

/s/

Eliot Fishman
Director

Page 2 – Mr. Thomas Betlach

cc: Ms. Hye Sun Lee, Acting Associate Regional Administrator, Region IX