



Dannel P. Malloy

GOVERNOR
STATE OF CONNECTICUT

August 20, 2012

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

I am writing to submit the State of Connecticut's Section 1115 demonstration waiver application to make changes to the Medicaid for Low-Income Adults (LIA) program. Connecticut was the first state in the nation to extend Medicaid benefits to additional low-income adults when the opportunity arose as a result of the Affordable Care Act in 2010. This transformation of a state-funded program into a new Medicaid coverage group allowed for a more extensive benefit package for this group of low-income individuals. In the years since implementation, however, the LIA program has seen dramatic and unanticipated growth, both in numbers of clients and LIA program expenditures. Concern that this growth is unsustainable resulted in Connecticut passing legislation this year to require the submission of this Section 1115 demonstration waiver application.

Connecticut's Section 1115 application preserves our commitment to health care coverage for the state's neediest low-income adult residents in anticipation of the expansion of Medicaid under the Affordable Care Act in 2014, while managing program growth and expenditures. Specifically, the waiver application includes the implementation of an asset test of \$10,000. In addition, the demonstration proposes to take into account the income and assets of the parents of an individual under age 26 when the individual resides with one or both parents or when the individual is claimed by one or both parents as a tax dependent. Based on the state's public input process, the application provides for certain flexibility in counting parental income, by establishing a financial hardship exception and disregarding parents' earnings below 185% of the federal poverty level.

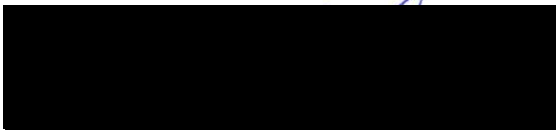
It is our expectation that Connecticut's experience under this demonstration waiver will inform the state and national dialogue with regard to implementation of the Medicaid "newly eligible" expansion population. The waiver will offer insights into the income and assets that may be

available to individuals and their use of nursing facility benefits. In addition, the waiver will provide Connecticut with the opportunity to gain a deeper understanding of the specific cost, benefit design, and access barriers that are present in private coverage, which may have encouraged families to forgo such private coverage and seek out coverage under Medicaid LIA.

The State of Connecticut is dedicated to providing coverage to needy individuals. The Section 1115 waiver application seeks to preserve Medicaid benefits for the truly needy, while recognizing that the current eligibility criteria are over-broad and unsustainable. I respectfully request that CMS consider our proposal in a favorable manner. Because the state is seeking an ambitious approval and implementation timeframe, we would appreciate prompt review. Given our request for an October 20, 2012 approval date, with implementation no later than November 1, 2012, Connecticut staff will make every effort to facilitate CMS review.

We appreciate your assistance with this application and look forward to our continued work together on important health care reforms.

Sincerely,

A large black rectangular redaction box covering the signature area. A blue ink mark, possibly a checkmark or a flourish, is visible to the right of the box.

Dannel P. Malloy
Governor

cc: Marilyn Tavenner, Acting Administrator, CMS
Cindy Mann, Deputy Administrator/Director, Center for Medicaid and CHIP Services
Raymond Hurd, Acting Administrator, CMS Region I & II
Richard McGreal, Associate Regional Administrator, CMS
Ben Barnes, Secretary, CT Office of Policy and Management
Roderick Bremby, Commissioner, CT Department of Social Services
Patricia Rehmer, Commissioner, CT Department of Mental
Health and Addiction Services