

Ms. Anne Murphy
Secretary
Indiana Family and Social Services Administration
402 West Washington Street
Indianapolis, IN 46207

Dear Ms. Murphy:

We are pleased to inform you that the amendments to the Indiana section 1115 Medicaid demonstration project, entitled “Healthy Indiana Plan” (HIP) (Project No. 11-W-00237/5), submitted on October 23, 2008, April 15, 2009, and August 19, 2009, have been approved through December 31, 2012, upon which date, unless reauthorized, all waivers and authorities granted to operate this demonstration will expire. Approval of the demonstration project amendment is granted under section 1115 of the Social Security Act (the Act).

Our approval of these amendments is subject to the limitations specified in the list of approved waivers, expenditure authorities, and title XIX requirements not applicable. The State may deviate from the Medicaid State plan requirements to the extent those requirements have been specifically waived or listed as granted expenditure authority or title XIX requirements not applicable. The approval is also conditioned upon compliance with the enclosed Special Terms and Conditions (STCs). All previously granted waiver and expenditure authorities are superseded by this approval, the enclosed STCs, and the waiver and expenditure authorities list.

The Centers for Medicare & Medicaid Services (CMS) is approving the State’s requests to amend the demonstration to make the following changes:

(1) Add Two Cost Savings Projects

The State requested adding two types of cost savings projects to the list of savings projects—strategic purchasing agreements involving (1) incontinence supplies, and (2) hemophilia blood factor. These two cost savings projects have been added to the list of savings projects in the STCs.

(2) Raise the Limit on Nursing Facility Care from 30 to 60 Days

The State requested raising the limit on nursing facility care to 60 days. The STCs have been revised to allow for 60 days of nursing facility care.

(3) Use Additional Disproportionate Share Hospital (DSH) Allotment Made Available Through the American Recovery and Reinvestment Act of 2009 (ARRA) For Actual DSH Expenditures.

The State requested using the additional Federal fiscal year (FFY) 2009 and FFY 2010 DSH allotment available under ARRA to make payments for actual DSH expenditures rather than using the

allotment on the demonstration. The STCs have been revised to allow the State to use the additional ARRA DSH allotment for actual DSH expenditures.

(4) Carve-Out Pharmacy

The State requested making changes to the STCs to reflect the State's plan to carve pharmacy out from the capitated managed care plans that serve the Hoosier Healthwise and HIP populations beginning January 1, 2010. The STCs have been modified to reflect the State's plans to carve out pharmacy beginning January 1, 2010.

(5) Change Eligibility Parameters for the Enhanced Services Plan (ESP)

The State requested defining the qualifying conditions for ESP in the managed care contracts rather than in the STCs and defining the referral process in the managed care contracts. The STCs have been revised to reflect that the ESP qualifying conditions and the ESP-referral process are identified in the State's contracts with the managed care plans.

(6) Cover Additional Non-Caretakers

The State requested authority to lift the 34,000 member enrollment cap on HIP non-caretakers covered under the demonstration. The STCs have been revised to allow the State to cover up to 36,500 non-caretakers. If the State would like to cover more than 36,500 non-caretakers, the State would need to submit a formal amendment request and identify a sustainable way to cover these additional non-caretakers. CMS staff members are available to assist the State in working to identify a sustainable way to cover additional non-caretakers.

Written notification to our office of your acceptance of this award must be received within 30 days after you receive this letter. Your project officer is Ms. Julie Sharp. She is available to answer any questions concerning this demonstration project. Ms. Sharp's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
7500 Security Boulevard
Mailstop S2-01-16
Baltimore, MD 21244-1850
Telephone: (410) 786-2292
Facsimile: (410) 786-5882
E-mail: Juliana.Sharp@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Sharp and to Ms. Verlon Johnson, Associate Regional Administrator in our Chicago Regional Office. Ms. Johnson's contact information is as follows:

Centers for Medicare & Medicaid Services
233 N. Michigan Avenue, Suite 600
Chicago, IL 60601-5519

Page 3 – Ms. Anne Murphy

If you have questions regarding this correspondence, please contact Ms. Victoria Wachino, Director, Family and Children's Health Programs Group, Center for Medicaid and State Operations, at (410) 786-5647.

We look forward to continuing to work with you and your staff.

Sincerely,

Charlene Frizzera
Acting Administrator

Enclosure

Page 4 – Ms. Anne Murphy

cc: Verlon Johnson, ARA, Region V
Alice Holden, State Representative