



Children and Adults Health Programs Group

August 23, 2023

Carmen Heredia
Director
Arizona Healthcare Cost Containment System
801 E Jefferson St
Phoenix, AZ 85034

Dear Ms. Heredia:

This letter is in response to Arizona's request, received July 11, 2023, for a waiver under section 1902(e)(14)(A) of the Social Security Act (the Act) that will protect beneficiaries in addressing the challenges the state faces as part of a transition to routine operations following the end of the Medicaid continuous enrollment condition on March 31, 2023. Section 1902(e)(14)(A) allows for waivers "as are necessary to ensure that states establish income and eligibility determination systems that protect beneficiaries." Such waivers are time-limited and are meant to promote enrollment and retention of eligible individuals by easing the administrative burden states may experience in light of systems limitations and challenges.

The COVID-19 pandemic and implementation of federal policies to address the PHE disrupted routine Medicaid and Children's Health Insurance Program (CHIP) eligibility and enrollment operations. Medicaid and CHIP enrollment has grown to historic levels due in large part to the continuous enrollment requirements that states implemented as a condition of receiving a temporary 6.2 percentage point federal medical assistance percentage increase under section 6008 of the Families First Coronavirus Response Act (P.L. 116-127).

Consistent with the March 3, 2022 Centers for Medicare & Medicaid Services (CMS) State Health Official (SHO) letter #22-001, "*Promoting Continuity of Coverage and Distributing Eligibility and Enrollment Workload in Medicaid, the Children's Health Insurance Program (CHIP), and Basic Health Program (BHP) Upon Conclusion of the COVID-19 Public Health Emergency*" (March 2020 SHO Letter) Arizona has requested that CMS provide authority under section 1902(e)(14)(A) of the Act to temporarily suspend the requirement to cooperate with the agency in establishing the identity of a child's parents and in obtaining medical support as required under Section 1902(a)(45) of the Act, Section 1912, 42 C.F.R. §§ 435.610, 433.147, 433.145, and 433.148. CMS indicated in the March 2022 SHO letter that we would consider additional state requests for section 1902(e)(14)(A) waiver strategies that impact the state's ability to process renewals in order to maximize state resources. The state expressed the need for this authority in order to address systems and operational issues related to the extraordinarily high volume of renewals and other eligibility and enrollment actions that need to be conducted during the unwinding period. Specifically, the state is concerned that the additional requests for information from beneficiaries that would otherwise be required will delay renewal processing, create unmanageable workload given limited staff capacity, and lead to an increase in procedural terminations. Such procedural terminations could further increase the state's workload if impacted beneficiaries reapply for coverage, thereby further undermining the state's

capacity to successfully process all eligibility and enrollment actions that need to be conducted during the unwinding period.

Under section 1902(e)(14)(A) of the Act, your request for the temporary suspension of the requirement to cooperate with the agency in establishing the identity of a child's parents and in obtaining medical support as required under Section 1902(a)(45) of the Act, Section 1912, 42 C.F.R. §§ 435.610, 433.147, 433.145, and 433.148 is approved, as described and subject to the conditions below.

Suspension of the Requirement that Beneficiaries Cooperate

The authority provided in accordance with this letter will enable the state, during the period of time specified below, to complete eligibility determinations without requesting additional information or documentation from individuals related to medical support cooperation. This authority temporarily permits a waiver of the requirement that beneficiaries cooperate with the agency in establishing the identity of a child's parents and in obtaining medical support, codified at 42 C.F.R. 435.610, 433.147, 433.145, and 433.148, implementing Section 1902(a)(45) and Section 1912 of the Act. This strategy will reduce the workload for eligibility staff who otherwise must follow up with beneficiaries whose coverage was continued despite not having met medical support cooperation requirements while the continuous enrollment condition described in section 6008(b)(3) of the Families First Coronavirus Response Act, as amended by the Consolidated Appropriations Act, 2023, was in effect. Such waiver is necessary because it temporarily reduces the workload on the limited state eligibility determination workforce and system and protects beneficiaries by reducing burden and promoting access to, and continuity of, Medicaid coverage.

The authority provided in this letter is effective September 1, 2023, and remains effective until 14 months after the end of the continuous enrollment condition, (i.e. May 31, 2024).

The authority provided in this letter is subject to CMS receiving your written acknowledgement of this approval and acceptance of this new authority and the terms described herein within 30 days of the date of this letter.

We look forward to our continuing work together as part of a transition to routine operations. If you have questions regarding this waiver approval, please contact Melissa McChesney in the Division of Medicaid Eligibility Policy, at melissa.mcchesney@cms.hhs.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sarah deLone".

Sarah deLone, Director,
Children and Adults Health Programs Group