

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



APR 16 2013

Mr. Thomas Betlach
Director
Arizona Health Care Cost Containment System
801 East Jefferson Street
Phoenix, AZ 85034

Dear Mr. Betlach:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving your request to amend Arizona's Medicaid section 1115 demonstration, the Arizona Health Care Cost Containment (AHCCCS) demonstration (11-W-00275/09 and 21-W-00064/9). Approval of the amendment to this demonstration is under the authority of section 1115(a) of the Social Security Act and is effective from the date of this letter through December 31, 2013.

This award approves the state's request to expand the Safety Net Care Pool (SNCP) to add nine new hospitals from the City of Phoenix as participating providers, which allows the state to make payments to these hospitals to reflect the burden of uncompensated care costs. The SNCP expansion will also provide additional funding to the KidsCare II program which will help expand coverage through the program. This award also permits the state to increase the KidsCare II program's maximum income level from 175 to 200 percent of the federal poverty level (FPL) in addition to increasing enrollment in the KidsCare II Program by an additional 33,000 children. Finally, this award permits the state, through the SNCP expansion, to continue coverage for parents previously eligible for Medicaid under section 1931 of the Social Security Act who, because of a lack of a dependent child, would otherwise lose coverage due to the state's prior determination to stop enrolling additional individuals into the childless adult population. Maintaining coverage to these adults as well as expanding coverage to children in the KidsCare II program are important features of the demonstration as they further the objectives of both the Medicaid and CHIP programs.

The CMS approval of the AHCCCS demonstration amendment is conditioned upon continued compliance with the enclosed set of Special Terms and Conditions (STCs) defining the nature, character, and extent of anticipated federal involvement in the project. The award is subject to our receiving your written acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter.

A copy of the revised STCs and expenditure authorities are enclosed. The waivers for the demonstration are unchanged by this amendment, and remain in force.

Your project officer for this demonstration is Ms. Wakina Scott. She is available to answer any questions concerning your section 1115 demonstration and this amendment. Ms. Scott's contact information is as follows:

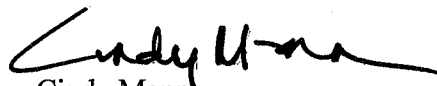
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 786-0921
Facsimile: (410) 786-8534
E-mail: Wakina.Scott@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Scott and to Ms. Gloria Nagle, Associate Regional Administrator for the Division of Medicaid and Children's Health in our San Francisco Regional Office. Ms. Nagle's contact information is as follows:

Ms. Gloria Nagle
Associate Regional Administrator
Division of Medicaid and Children Health Operations
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103 -6706

If you have questions regarding this approval, please contact Ms. Jennifer Ryan, Acting Director, Children and Adults Health Programs Group, Center for Medicaid and CHIP and Services, at (410) 786-5647.

Sincerely,


Cindy Mann
Director

Enclosures

cc: Jennifer Ryan, CMCS
Gloria Nagle, Associate Regional Administrator, Region IX
Wakina Scott, CMCS