



Children and Adults Health Programs Group

July 8, 2022

Dana Flannery
Senior Policy Advisor and Assistant Director
Arizona Healthcare Cost Containment System
801 E Jefferson St
Phoenix, AZ 85034

Dear Ms. Flannery:

This letter is in response to Arizona's request, dated April 12, 2022, 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 when the COVID-19 Public Health Emergency (PHE) ends. 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 ongoing COVID-19 pandemic and implementation of federal policies to address the PHE have 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,*" Arizona has requested that CMS provide authority under section 1902(e)(14)(A) of the Act to temporarily extend the timeframe permitted for the state to take final administrative action on fair hearing requests. The state anticipates severe operational and systems challenges in the timely completion of eligibility and enrollment actions, including conducting fair hearings, in large part due to an unprecedented caseload of renewals that the state will need to process, coupled with significant staffing shortages that the state currently faces. The state specifically expressed need for this authority related to fair hearings due to the state's significant workforce shortages, including hearing officers and other staff that support the fair hearing process. Given these staffing limitations and the unprecedented number of eligibility actions that the state will need to process during the unwinding period, the state anticipates an extraordinary volume of fair hearings that will exceed the state's capacity to take final administrative action on all fair hearing requests within the 90-day time limit allowed under 42 C.F.R. § 431.244(f)(1).

Under section 1902(e)(14)(A) of the Act, your request to temporarily extend the timeframe permitted for the state to take final administrative action on fair hearing requests is approved, as described and subject to the conditions below.

Extended Timeframe to Take Final Administrative Action on Fair Hearing Requests

The authority provided in accordance with this letter will enable Arizona, during the period of time specified below, to temporarily extend the timeframe permitted for the state to take final administrative action on fair hearing requests. As a condition of this authority granted in this letter, Arizona assures that it will:

- Not delay resolving expedited fair hearings described in 42 C.F.R. § 431.224(a);
- Provide benefits pending the outcome of a fair hearing decision to all beneficiaries who request a fair hearing within the reasonable time provided by the state under 42 C.F.R. § 431.221(d) and regardless of whether the beneficiary has requested benefits pending the outcome of their fair hearing;
- If a beneficiary requests a fair hearing after the date of action and within the reasonable time provided by the state, reinstate benefits back to the date of action;
- Take final administrative action within the maximum 90 days permitted under the regulations for fair hearing requests where benefits cannot be provided pending the outcome of the fair hearing, such as a fair hearing challenging a denial of eligibility for an applicant;
- Not recoup from the beneficiary the cost of benefits provided pending final administrative action, even if the agency's action is sustained by the hearing decision; and
- Not use this authority as a justification to delay taking final action, and only exceed the 90 days permitted for taking final agency action under 42 CFR 431.244(f)(1) to the extent to which the state is unable to take timely final agency action on a given fair hearing request.

The authority provided in accordance with this letter applies to all Medicaid fair hearings governed by the rules at 42 CFR § 431 subpart E, excluding requests for an expedited fair hearing in accordance with 42 C.F.R. § 431.224(a) and any fair hearing request where benefits cannot be provided pending the outcome of the fair hearing. The authority provided in accordance with this letter applies to the Medicaid population in the state.

The authority provided in this letter is effective the first day of the month preceding the month that the PHE ends, and remains effective until the end of the 23rd month after the end of the month in which the PHE ends.

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.

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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". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Sarah deLone, Director,
Children and Adults Health Programs Group