

**Center for Medicaid, CHIP and Survey & Certification**

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JUN 24 2010

Ms. Monica Coury  
Assistant Director  
Office of Intergovernmental Relations  
Arizona Health Care Cost Containment System  
801 East Jefferson  
Phoenix, AZ 85034

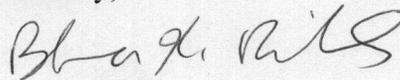
Dear Ms. Coury:

I write to acknowledge your May 12<sup>th</sup> letter withdrawing Arizona's March 18<sup>th</sup> request to terminate the KidsCare program. Since the KidsCare program has been reinstated, Arizona is not currently considered to be in violation of the "maintenance of effort" provisions in the Affordable Care Act and consequently will be able to continue receiving Federal financial participation for Medicaid and CHIP.

We understand that the renewed funding for the KidsCare program appropriated in Arizona SB 1043 is primarily contingent on Federal action to extend the enhanced Federal Medical Assistance Percentage (FMAP) in the American Reinvestment and Recovery Act (ARRA). If the extension of the enhanced ARRA FMAP is not approved by Congress, Arizona will be expected to indentify funding from other sources. Please keep us informed about the status of the renewed funding for the reinstated KidsCare program.

Please contact me at 410-786-5143 if you have questions or need clarification.

Sincerely,



Barbara K. Richards  
Acting Director  
Division of State Children's Health Insurance

cc: Ms. Gloria Nagle, Associate Regional Administrator, Region IX  
Ms. Susan Ruiz, Regional CHIP Coordinator