

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

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MAY 17 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:

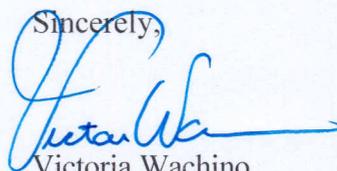
I write in response to your letter of April 1, 2010, regarding Arizona's enrollment freeze in the KidsCare program, given the Patient Protection and Affordable Care Act (Public Law 111-148) (the Affordable Care Act) maintenance of effort (MOE) requirement. You have requested that the Centers for Medicare & Medicaid Services (CMS) provide guidance and clarification regarding the State's interpretation of the MOE provision as it relates to Arizona's Children's Health Insurance Program (CHIP) enrollment freeze in the KidsCare program which was effective January 1, 2010.

Section 2101(b) of the Affordable Care Act requires that States maintain their CHIP eligibility standards, methodologies, and procedures that were in effect as of March 23, 2010, as a condition of receiving Medicaid funding. As specified in CHIP regulations at 42 CFR 457.65(d), enrollment freezes, waiting lists and enrollment caps are considered eligibility procedures.

Prior to enactment of the Affordable Care Act, Arizona had an approved State Plan to freeze enrollment and had stopped enrolling new children in CHIP pursuant to its eligibility freeze. Since the enrollment freeze was an eligibility procedure in place as of the March 23, 2010, MOE date, we do not believe that continuation of the enrollment freeze would be a change in Arizona's eligibility procedures that would trigger an MOE violation.

Under the State plan, reopening of enrollment is discretionary with the State, and is not tied to a target enrollment level. Under the plan, Arizona continues to accept new applications, and process the applications to determine eligibility for a waiting list that would be activated should enrollment reopen. Applicants are screened for Medicaid eligibility and enrolled if eligible, consistent with our CHIP regulations. Arizona's approved CHIP State plan also states that children who have current enrollment in the KidsCare program will be allowed to continue to renew their enrollment as long as they meet eligibility and renewal criteria. After reviewing the State's enrollment data since the freeze began, we are concerned about the extent to which eligible children are being properly retained at renewal and we would like to follow up with you on this process.

I hope this letter is responsive to your inquiry. We will follow up with you with respect to the State's renewal procedures. Meanwhile, please contact me at 410-786-5647 if you have questions or need clarification.

Sincerely,  


Victoria Wachino

Director

Family and Children's Health Programs Group

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