



JUN 22 2015

Administrator
Washington, DC 20201

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

Dear Mr. Betlach:

This letter is in response to the state's February 2014 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), to authorize a \$200 co-pay for non-emergency use of the emergency room (ER) for individuals in the new adult group with income between 100 and 133 percent of the federal poverty level (FPL). The Centers for Medicare & Medicaid Services (CMS) is not approving this request. We believe that requiring this co-pay, which far exceeds the co-payments for such services established under Medicaid regulations and which exceeds co-pays approved under the Secretary's waiver authority, does not promote the objectives of the Medicaid program.

We are also unable to approve the state's request for authority to allow for federal financial participation (FFP) for outpatient services provided by the Tuba City Regional Health Care Corporation for inmates of the Navajo Detention Center. The Medicaid statute, in the text following 1905(a)(29), expressly excludes coverage under Medicaid for care and services furnished to inmates of public institutions, such as prisoners. This provision ensures that federal Medicaid funds are not used to finance care that is the responsibility of another governmental unit. Our determination that the state's request is not likely to promote the purposes of the Medicaid statute is consistent with that statutory goal.

Although we are not able to approve these amendment requests, we are happy to continue to work with you and members of your staff on other pending Medicaid matters. CMS staff will also continue to be available to provide technical assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew M. Slavitt", is positioned above the printed name.

Andrew M. Slavitt
Acting Administrator

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cc: Hye Sun Lee, Acting ARA, San Francisco Regional Office