

Janice K. Brewer, Governor
Thomas J. Betlach, Director

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

May 12, 2010

Stacey Green
Technical Director
Center for Medicaid and State Operations
Mailstop: S2-04-04
7500 Security Blvd.
Baltimore, Maryland 21244-1850

RE: Withdrawal of KidsCare termination request

Dear Ms. Green:

On March 18, 2010, AHCCCS notified CMS of its intent to terminate the Children's Health Insurance Program (CHIP), known as KidsCare in Arizona, with an effective date of June 15, 2010. Shortly thereafter, President Obama signed the Patient Protection and Affordable Care Act (PPACA) into law. One of the maintenance of effort provisions of the PPACA requires states to maintain current levels of eligibility in both the Medicaid and CHIP programs in order to receive federal funding for the Medicaid program.

On April 1, 2010, CMS notified our office that termination of the KidsCare program would be in violation of one of the maintenance of effort provisions, and as such, would result in a loss of an estimated \$7.8 billion in federal funding for Arizona. On May 6, 2010, Governor Brewer signed SB 1043, restoring the KidsCare program. Since authority and funding to operate the KidsCare program has been reinstated, AHCCCS withdraws its March 18th request to terminate the KidsCare program.

In addition, AHCCCS continues to await confirmation from CMS that the KidsCare program in its current form (i.e. enrollment cap) approved by CMS and in effect as of January 1, 2010, is not in violation of the maintenance of effort requirements under the PPACA.

Thank you for your assistance in this matter. Do not hesitate to contact Theresa Gonzales at 602-417-4732 should you require additional information.

Sincerely,

Monica Coury

cc: Gloria Nagle
Steve Rubio
Susan Ruiz
Cheryl Young