



Administrator

Washington, DC 20201

DEC 17 2010

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

Dear Ms. Coury:

The Centers for Medicare & Medicaid Services (CMS) has approved your request to amend the State of Arizona's section 1115 Demonstration (project number 11-W-00032/09 and 21-W-00009/9), "Arizona Health Care Cost Containment System" (AHCCCS). Specifically, the amended section 1115 Demonstration provides the following:

1. Inclusion of Community Transition Services (CTS) as a Home and Community Based Service (HCBS) under the Arizona Long Term Care System (ALTCs);
2. Inclusion of an updated Disproportionate Share Hospital (DSH) protocol in Exhibit 3 of Attachment D of the Special Terms and Conditions (STCs) to reflect the DSH pool funding amount for FY 2010;
3. State flexibility to permit benefits for the expansion population adults 21 years and older to mirror all benefits as defined in the Medicaid State Plan;
4. Expenditure authority allowing the State to continue directly reimbursing the Indian Health Service (IHS) and 638 facilities; and
5. Removal of AHCCCS' sister agency, the Arizona Department of Health Services/Office of Children with Special Health Care Needs/Children's Rehabilitative Services Administration (CRSA), as the contractor for the administrative oversight of the Children's Rehabilitative Services (CRS) program in order to contract directly with a health plan to provide program oversight.

CMS has not approved your request to waive the requirement to provide non-emergency medical transportation (NEMT) to childless adults below 100 percent of the Federal poverty level and for Medical Expense Deduction (MED) participants in Maricopa and Pima counties.

Approval of this section 1115 Demonstration amendment (and its Federal matching authority) is contingent upon the State's agreement to the enclosed STCs. The STCs set forth in detail the nature, character, and extent of Federal involvement in this project. The award is subject to our receiving your written acceptance of the award within 30 days of the date of this letter.

Your project officer is Ms. Jessica Schubel. She is available to answer any questions concerning your

section 1115 Demonstration. Ms. Schubel's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid, CHIP and Survey & Certification
7500 Security Boulevard
Mailstop S2-01-06
Baltimore, MD 21244-1850
Telephone: (410) 786-3032
Facsimile: (410) 786-8534
E-mail: Jessica.schubel@cms.hhs.gov

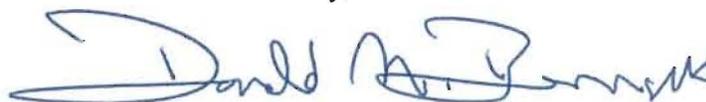
Official communications regarding program matters should be sent simultaneously to Ms. Schubel and to Ms. Gloria Nagle, Associate Regional Administrator for the Division of Medicaid and Children's Health in our San Francisco Regional Office. Ms. Nagle's contact information is as follows:

Ms. Gloria Nagle
Associate Regional Administrator
Division of Medicaid and Children Health Operations
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103 -6706

If you have questions regarding this approval, please contact Victoria Wachino, Director, Family and Children's Health Programs Group, Center for Medicaid, CHIP and Survey & Certification, at (410)786-5647.

Congratulations on the approval of this amendment to your section 1115 Demonstration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Donald M. Berwick". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Donald M. Berwick, M.D.

Enclosures

cc: Cindy Mann, Director, CMCS
Victoria A. Wachino, CMCS
Gloria Nagle, Associate Regional Administrator, Region IX
Jessica Schubel, CMCS