DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

Children and Adults Health Programs Group

MAY 20 2015

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

Dear Mr. Betlach:

On behalf of the Centers for Medicare & Medicaid Services (CMS), I am writing to make you aware of recent changes made to home and community-based services (HCBS) regulations that have implications for your section 1115 demonstration. Amendments were made effective March 17, 2014 under 42 CFR Part 441.301, 441.302, and 441.304 to regulations regarding HCBS under section 1915(c), section 1915(i) and section 1915(k) of the Social Security Act. In granting Arizona's 1115 demonstration, the Secretary determined that it was likely to promote the objectives of title XIX with the understanding that the home and community based (HCB) services provided through the demonstration would be within a definition of HCBS that could otherwise be made available under a state plan, section 1915(c), section 1915(k), or section 1915(i) authority.

The key components of this regulation relevant to your demonstration include:

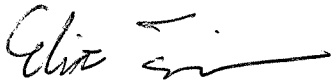
1. Regulatory changes to Person-Centered Planning found at 42 CFR 441.301(c)(1), (2) and (3)
2. Regulatory changes to what comprise HCB settings found at 42 CFR 441.301(c)(4), and (5), and
3. Regulations on how transition plans may be used to bring HCB settings into compliance found at 42 CFR 441.301(c)(6)

Further information about the requirements and some helpful tools can be found at http://www.medicaid.gov/medicaid-chip-program-information/by-topics/long-term-services-and-supports/home-and-community-based-services/home-and-community-based-services.html. Technical assistance is also available upon request.

For purposes of your section 1115 demonstration, CMS is requesting that you address the application of the HCBS regulation to all HCBS services provided through the Arizona section 1115 demonstration. Please submit a section 1115-specific transition plan to CMS as your section 1115 demonstration is the only HCBS authority in your state. This 1115-specific transition plan will suffice as the Arizona Statewide Transition Plan, addressing the compliance of the HCB settings in your 1115 demonstration, as outlined in paragraph 22(f) of your Special Terms and Conditions. Per the regulation, states were responsible to submit their statewide transition plans by March 17, 2015; however, given this date is passed, we request that you work with CMS to submit a plan as soon as practical.

Please contact your section 1115 demonstration project officer, Jessica Woodard at (410)786-9249, or at Jessica.Woodard@cms.hhs.gov if you have questions regarding this letter and to discuss a mutually agreeable date for submitting your transition plan. For questions related to compliance with the final HCBS regulation, please contact Kathryn Poisal at (410)786-5940 or Kathryn.Poisal@cms.hhs.gov . CMS looks forward to working with you on the implementation of these important provisions for some of our most vulnerable beneficiaries.

Sincerely,



Eliot Fishman
Director

cc: Hye Sun Lee, Acting Associate Regional Administrator, CMS San Francisco