

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



September 30, 2021

Jami Snyder
Director
Arizona Health Care Cost Containment System
801 East Jefferson Street
Phoenix, Arizona 85034

Dear Ms. Snyder:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved a temporary extension of the state's section 1115 demonstration, entitled "Arizona Health Care Cost Containment System (AHCCCS)" (Project Number 11-W-00275/9), in order to allow the state and CMS to continue negotiations over the state's December 22, 2020 extension application. This demonstration will now expire on September 30, 2022.

As requested by the state, CMS is not extending the authorities to operationalize the AHCCCS Choice Accountability Responsibility Engagement (CARE) program, which gave the state authority to require certain beneficiaries with incomes over 100 percent of the federal poverty level (FPL) to make monetary contributions to flexible spending accounts, such as coinsurance and premium payments. This program was never implemented by the state.

CMS's approval is conditioned upon the state's continued compliance with the Special Terms and Conditions (STCs) defining the nature, character, and extent of anticipated federal involvement in the project. The current STCs, waivers, and expenditure authorities will generally continue to apply during the temporary extension of this demonstration. The state's current budget neutrality agreement, per member per month (PMPMs), and trend rates will continue to apply as listed in STC 85 and STC 86, until September 30, 2022, or until the state's December 22, 2020 extension request is approved (in part or in full), whichever is sooner. CMS will not allow the state to earn budget neutrality savings during this one-year temporary extension period.

For the temporary extension period, the state should continue to monitor its demonstration as stipulated in the current STCs. In addition, the state will be expected to include the temporary extension period in its demonstration evaluation. The state may include this temporary extension period within its evaluation for the current approval period, October 1, 2016 through September 30, 2021. Alternatively, if CMS approves (in part or in full) the state's December 22, 2020 extension application, the state may include this temporary extension period in the evaluation design and activities of the demonstration approval period under that approval. The state will

submit to CMS a summative evaluation report in accordance with the approved evaluation design. The summative evaluation report will cover the full period of performance from October 1, 2016 through September 30, 2021 (and the temporary extension period, if the state chooses), and will encompass all demonstration components. In the event that the state does not obtain an extension beyond September 30, 2022, the state should include the temporary extension period in its summative evaluation report.

Your CMS project officer for this demonstration is Kelsey Smyth. She is available to answer any questions concerning your section 1115 demonstration. Ms. Smyth can be reached at Kelsey.Smyth@cms.hhs.gov.

If you have questions regarding this approval, please contact me at (410) 786-9686.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. Tsai', with a long horizontal stroke extending to the right.

Daniel Tsai
Center Director and Deputy Administrator

cc: Brian Zolynas, State Monitoring Lead, Medicaid and CHIP Operations Group