



SEP 3 0 2011

Administrator
Washington, DC 20201

Patricia Casanova, Director
Office of Medicaid Policy and Planning
MS 07, 402 W. Washington Street, Room W382
Indianapolis, IN 46204-2739

Dear Ms. Casanova:

I am responding to your request to approve the State of Indiana's Medicaid State plan amendment (SPA) 11-009, received by the Centers for Medicare & Medicaid Services (CMS) on April 15, 2011. A formal Request for Additional Information (RAI) was sent to you on July 13, 2011 and we received your response on July 21, 2011. In this amendment, Indiana proposes changes in its Medicaid program, in particular with respect to coverage through benchmark benefit packages, which would not take effect until January 1, 2014. Because this proposed SPA would not be effective for more than 2 years, I am unable to approve it because it is too soon to determine whether it complies with the requirements of section 1902(a) of the Social Security Act (the Act) during the period in which it would go into effect.

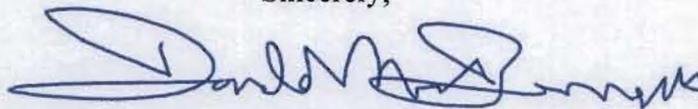
As you know, a number of the statutory provisions underlying the State's submission do not take effect until January 1, 2014. CMS is actively involved in developing guidance to States on the implementation of these provisions, some of which promote the type of consumer-driven health plan your amendment envisions. This guidance is being developed in an open process in which the ultimate outcome is affected by public input. Until that process is complete, it is premature to conclude that the proposed SPA meets the requirement of section 1902(a) of the Act as those requirements will be in effect on or after January 1, 2014 (which is also when the proposed SPA would go into effect). For this reason, and after consulting with the Secretary as required by Federal regulations at 42 CFR 430.15(c), I am unable to approve this SPA at this time. After CMS has developed needed guidance through this public process, we are happy to consider a resubmitted SPA or any other proposals that the State may have to improve its Medicaid program.

I want to assure you that this action in no way interferes with Indiana's ability to maintain its current section 1115 demonstration or to seek an extension of that demonstration. We are eager to work with you as you consider Indiana's various options and we will, of course, take under advisement any comments Indiana may have on how the provisions of the law that are effective in 2014 ought to be implemented.

If you have any questions or wish to discuss this determination further, please contact Ms. Verlon Johnson, Associate Regional Administrator, Division of Medicaid and Children's Health Operations, Centers for Medicare & Medicaid Services, 233 N. Michigan Avenue, Suite 600, Chicago, IL 60601. If you are dissatisfied with this determination, you may

petition for reconsideration within 60 days of receipt of this letter in accordance with the procedures set forth at 42 CFR 430.18. Your request for reconsideration may be sent to Ms. Cynthia Hentz, Centers for Medicare & Medicaid Services, Center for Medicaid, CHIP and Survey & Certification, 7500 Security Boulevard, Mail Stop S2-01-01, Baltimore, MD 21244-1850.

Sincerely,

A handwritten signature in blue ink, appearing to read "Donald M. Berwick". The signature is stylized with a large initial "D" and a long horizontal stroke.

Donald M. Berwick, M.D.