

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



JAN 15 2013

Michael Gargano
Secretary
Indiana Family and Social Services Administration
402 W. Washington St.
P.O. Box 7083
Indianapolis, IN 46207-7083

Dear Mr. Gargano:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved Indiana's December 27, 2011, request to extend its section 1115 Healthy Indiana Plan (HIP) demonstration (project number 11-W-00237/5). This extension is effective through December 31, 2013. At the state's request, several changes to the demonstration have been incorporated into the Special Terms and Conditions (STCs), waivers and expenditure authorities for the extension approval, which are summarized as follows:

- Addition of authority for not-for-profit organizations to contribute up to 75 percent of a beneficiary's POWER account;
- Removal of the additional savings projects that improved Medicaid operations, such as more effective cost recovery efforts, from the STCs as these projects were completed during the first five years of the demonstration; and
- Removal of the Disproportionate Share Hospital (DSH) funding from the state's budget neutrality agreement.

We have also added a provision in the STCs that the state reconcile expenditures through the CMS MBES/CBES reporting system and demonstrate budget neutrality for the prior approval period of demonstration year (DY) 1 through DY 5 no later than March 31, 2013. State amendments to the demonstration are contingent on the state completing the reconciliation process.

As indicated in our July 31, 2012, letter, we share the state's goal of maintaining coverage for the approximately 42,000 parents and childless adults enrolled in the HIP program, and are committed to continuing our discussions with the state regarding options for 2014. We are happy to meet with the state to discuss potential approaches.

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As this approval extends your demonstration through December 31, 2013, we also wanted to clarify the timeframe in which the state may submit a request to extend its demonstration. The STCs have been revised to reflect an extension request submission date of June 30, 2013, in accordance with the applicable regulations at 42 C.F.R. §431.412(c). You are also welcome to submit your extension request at any earlier point.

The CMS approval of the HIP extension is conditioned upon continued compliance with the enclosed set of STCs defining the nature, character, and extent of anticipated federal involvement in the project. The award is subject to our receiving your written acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter. A copy of the revised STCs, waivers and expenditure authorities is enclosed.

Your project officer for this demonstration is Ms. Jessica Schubel. She is available to answer any questions concerning your section 1115 demonstration and this extension. Ms. Schubel's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 786-3032
Facsimile: (410) 786-5882
E-mail: Jessica.Schubel@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Schubel and to Ms. Verlon Johnson, Associate Regional Administrator for the Division of Medicaid & Children's Health in the Chicago Regional Office. Ms. Johnson contact information is as follows:

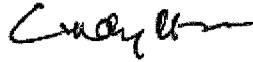
Ms. Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children Health Operations
233 North Michigan Avenue, Suite 600
Chicago, IL 60601

We extend our congratulations to you on this award and we appreciate your cooperation throughout the review process. If you have additional questions, please contact Ms. Jennifer Ryan, Acting Director, Children and Adults Health Programs Group, Center for Medicaid and CHIP Services at (410) 786-5647.

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We look forward to continuing to work with you and your staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Cindy Mann", with a stylized flourish at the end.

Cindy Mann
Director

cc: Verlon Johnson, ARA, Chicago Regional Office
Jennifer Ryan, CMCS
Patricia Cassanova, Medicaid Director, Indiana Family and Social Services
Administration