

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



Center for Medicaid and CHIP Services

July 31, 2012

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 reviewed Indiana's December 27, 2011, request to extend its section 1115 Healthy Indiana Plan (HIP) Demonstration, and make the Demonstration, with some modifications, the coverage vehicle for the Medicaid newly eligible population effective January 1, 2014. In addition, you requested authority to establish, prior to 2014, a minimum annual POWER account contribution for all Demonstration participants as well as authority for non-profits to contribute up to 75 percent of an individual's POWER account contribution.

We share the State's goal of maintaining coverage for the approximately 42,000 parents and childless adults currently enrolled in the HIP program, and are prepared to approve a one-year extension of the Demonstration through December 31, 2013. To further support the goal of promoting coverage, we are prepared, as part of this extension, to approve the State's request to provide authority for non-profits to contribute up to 75 percent of an individual's POWER account contribution. We are not, at this time, approving the minimum annual POWER account contributions.

The one year extension will allow Indiana to provide continued coverage under its Demonstration while allowing time for the state and CMS to continue our discussions as Indiana considers its options for 2014. Extending the Demonstration through the end of 2013 is also consistent with our approach to other Demonstrations, whose authority to cover low-income adults sunsets in 2013 in anticipation of the new coverage options available in 2014. The extension will also allow you to provide us with the most recent evaluation of the Demonstration that was due to be completed in May 2012 as part of the annual report.

Please let us know how you want to proceed. My staff is ready to finalize the Demonstration's Special Terms and Conditions and authorities as well as the budget neutrality agreement to allow for the one-year extension. We also would be happy to meet with you to discuss these issues, as you recently requested in your July 25th letter. We look forward to continuing to work in

partnership with Indiana to ensure ongoing coverage for those enrolled in the HIP Demonstration. If you have additional questions regarding this letter, please let me know, or contact Ms. Victoria Wachino, Director, Children and Adults Health Programs Group at (410) 786-5647.

Sincerely,



Cindy Mann
Director

cc: Alan Freund, Acting ARA, Chicago Regional Office
Victoria Wachino, CMCS
Patricia Cassanova, Medicaid Director, Indiana Family and Social Services Administration