

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



MAY 24 2013

Mary C. Mayhew
Commissioner
Department of Health and Human Services
221 State Street
11 State House Station
Augusta, ME 04333-0011

Dear Commissioner Mayhew:

Thank you for taking time to meet with me and share your plans for Maine's Medicaid program. Your interest in improving care and lowering costs through better integration of services and greater reliance on home and community based long term care services and supports is very much aligned with the Centers for Medicare & Medicaid Services' (CMS) priorities. Please be assured that we will do whatever we can to support your efforts in these areas. We are ready to move ahead with discussions about possible strategies as soon as you are ready to do so; just let Rich McGreal know when you are ready to meet on these issues and we will bring our various subject matter experts together.

In the meantime, you asked that we clarify two points related to financing for the new adult group under the Affordable Care Act. As the Secretary noted in her April 30th letter to Governor LePage, it appears as though the childless adult population previously covered by Maine's section 1115 demonstration will qualify as "newly eligible" individuals and, as such, expenditures for this population who become eligible for the new adult eligibility group will be eligible for the increased "newly eligible" federal medical assistance percentage (FMAP), or matching rate. This is the rate that provides 100 percent federal financing for calendar years 2014, 2015, and 2016, 95 percent for 2017, 94 percent for 2018, 93 percent for 2019 and 90 percent for 2020 and beyond.

We have reached the tentative conclusion that these individuals are newly eligible because it appears that Maine did not offer them coverage that meets the criteria established by the law. Specifically, under the law the newly eligible FMAP is available for costs of providing coverage for individuals who a state covers in the new adult coverage group if they would not have been eligible for either full state plan, benchmark, or benchmark equivalent coverage (as of December 1, 2009). Without hearing services, the coverage would not meet full state plan or benchmark coverage (assuming the three benchmark plans in Maine covered hearing services). The coverage would also not meet the statutory standard for benchmark equivalent coverage, which includes a requirement that certain services, including hearing services, must have been provided at least 75 percent of the actuarial value of the hearing services offered by the benchmark plans.

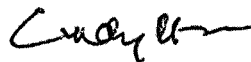
Should Maine elect to cover the new adult group, and we are able to confirm that the newly eligible matching rate applies, the federal government would assume the full cost of childless adults in MaineCare for the three calendar years beginning in 2014.

You also asked about the continuing availability of the 100 percent matching rate and specifically whether it was available for the next ten years. As we discussed, by law, the 100 percent newly eligible matching rate is available for three calendar years: 2014, 2015 and 2016. Beginning in 2016, the rate gradually declines, reaching 90 percent by 2020 where it remains indefinitely. Over the ten-year period between 2014 and 2023, the average matching rate for Maine's childless adult enrollees will be 94.2 percent. These rates are set by law, and CMS has no authority to change the matching rates by regulation or waiver. The unprecedented matching rates for newly eligible individuals ensures that Maine can continue to cover low-income adults with significant savings over the ten-year period. As we discussed, the regular matching rate will continue to apply to expenditures for parents who are already eligible for Medicaid.

If you can confirm that Maine did not provide hearing services and that the relevant benchmark plans in Maine did provide such services, we can immediately provide you with confirmation that the childless adults would receive the newly eligible match rate described in this letter. This is the process outlined in our February 14, 2013, letter. If this is not the case but you would like to talk further about what actuarial analyses might be needed to establish the appropriate matching rate, please contact Allison Orris at 202-260-1376 or allison.orris@cms.hhs.gov.

We hope that Maine will decide to continue to provide coverage to low-income Mainers through the new adult coverage group. Whatever decision Maine might make with respect to coverage, we look forward to working with you to help Maine advance the important initiatives you outlined at our meeting.

Sincerely,



Cindy Mann
Director

cc: Richard McGreal, ARA, DMCHO, CMS Boston Regional Office
Kristin Fan, Acting Director, Financial Management Group