



AUG 16 2019

Administrator
Washington, DC 20201

The Honorable Gary R. Herbert
Governor of Utah
Salt Lake City, UT 84114

Dear Governor Herbert:

This letter pertains to your 1115 demonstration request entitled, "Per Capita Cap." submitted on August 1, 2019. Thank you for your submission. The Centers for Medicare & Medicaid Services (CMS) has long supported state flexibility to design innovative Medicaid demonstrations that improve outcomes and promote fiscal sustainability.

CMS is committed to working with Utah on achieving its goals for the Medicaid program. While the state's application remains under review, I wanted to inform you of CMS's policy related to two elements of the proposal. Utah, like some other states, has asked CMS to approve a demonstration under which the state would cover only a portion of the adult expansion group and still access the enhanced federal funding available under section 1905(y)(1) of the Social Security Act. While we have carefully considered these requests, CMS will continue the existing policy of only approving section 1115 demonstrations under which the section 1905(y)(1) match rate is provided if the demonstration covers the entire adult expansion group.¹

Additionally, enrollment caps would also have the effect of limiting enrollment to less than the full group otherwise eligible for Medicaid, which would be tantamount to "partial expansion." Therefore, in light of our decision to retain our existing policy of only providing an enhanced match if the full group is covered, we will not authorize the enhanced match rate if enrollment caps are implemented through section 1115 demonstrations for the new adult group.

Although we will not be able to approve these components of Utah's request, the CMS team is working to analyze the other elements of the proposal and will continue to support state efforts to design reforms that promote the objectives of the Medicaid program while ensuring greater fiscal and programmatic sustainability.

CMS looks forward to continuing to assist you in this important work to increase coverage for low-income Utahans in a fiscally sustainable manner. We are committed to working with your team to provide feedback in as timely manner as possible. If you have any questions, please feel free to reach out to me or contact Calder Lynch, Acting Deputy Administrator and Director, Center for Medicaid and CHIP Services at 202-690-7428.

Sincerely,


Seema Verma

¹ See CMS Statement on Partial Medicaid Expansion Policy, available at <https://www.cms.gov/newsroom/press-releases/cms-statement-partial-medicaid-expansion-policy>.