



CABINET FOR HEALTH AND FAMILY SERVICES  
OFFICE OF THE SECRETARY

Steven L. Beshear  
Governor

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Janie Miller  
Secretary

September 8, 2010

The Honorable Steven L. Beshear  
Governor of Kentucky  
State Capital  
700 Capital Avenue, Suite 100  
Frankfort, Kentucky 40601

Dear Governor Beshear:

The purpose of this letter is to certify that the Kentucky Medicaid Program is in full compliance with all of the conditions contained in the attached document required for receipt of additional federal funding under the American Reinvestment and Recovery Act (ARRA). These conditions have not changed since the beginning of ARRA stimulus funding in October 2008 and will continue throughout the six month partial ARRA extension recently approved by Congress.

Specifically, the Department for Medicaid Services has taken the following actions to comply with these requirements:

The Department has not changed Medicaid eligibility standards, methodologies, or procedures during the period addressed by ARRA.

The Department has worked closely with Mr. John Hicks of the Governor's Budget Office to ensure that ARRA funding was not credited to the state rainy day fund or other reserve accounts.

The Department has not changed required state share contributions from other political subdivisions of the state during this time period.

The Department has not claimed expenditures at the enhanced FMAP rate which are not eligible for increased FMAP under ARRA requirements.

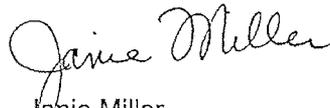
The Department has reduced the average time between claim submission and claims payment by approximately seven days for all services to ensure compliance with prompt pay requirements.

The Honorable Steven L. Beshear  
September 8, 2010  
Page Two

These actions described above have brought us in complete compliance with all ARRA requirements for receipt of enhanced Federal funding. The additional federal funding available under this extension is approximately \$138 million for the six-month period. While we are appreciative of Congressional action to provide additional federal assistance to states, this funding level is approximately \$100 million less than was assumed in the enacted Biennial Budget. We will need to work with legislative leaders on how to address this issue.

Please advise if additional information is needed.

Sincerely,



Janie Miller  
Secretary

Attachment

JM/EAJ/NW/dc01000

08/18/10

**ARRA Conditions Relating to the Receipt of the  
Use of the Additional Federal Medicaid Funds**

With respect to the additional Federal Medicaid funds made available under Section 201 of Public Law 111-226 for the period January 1, 2011 through June 30, 2011, all of the requirements of Section 5001 of the Recovery Act, as amended, apply. These specific requirements are listed below and described more fully in guidance previously provided by CMS to States:

1. The State shall not apply Medicaid eligibility standards, methodologies, and procedures that are more restrictive than those in effect under the State plan (or any waiver or demonstration project) on July 1, 2008.
2. No amounts attributable (directly or indirectly) to such increased FMAP are deposited or credited to any reserve or rainy day fund of the State. (Section 5001(f)(3) of the Recovery Act).
3. Political subdivisions within the State shall not be required to contribute for quarters beginning October 1, 2008, and ending June 30, 2011, a greater percentage of the non-Federal share of such expenditures (including for expenditures under section 1923 of the Social Security Act (the Act)) than the respective percentage that would have been required under the State Medicaid plan on September 30, 2008. (Section 5001(g)(2) of the Recovery Act). Voluntary contributions by a political subdivision to the non-Federal share of expenditures under the State plan under this title or to the non-Federal share of payments under section 1923 of the Act shall not be considered to be required contributions for purposes of this subsection.
4. The expenditures for which the State draws funds must be eligible expenditures. Expenditures for disproportionate share hospital payments are ineligible as are expenditures that are claimed based on the enhanced FMAP (described in section 2105(b) of the Act), or expenditures that are not paid based on the FMAP. Expenditures for medical assistance provided to individuals made eligible because of increased income eligibility standards that are higher than those in effect on July 1, 2008, are also ineligible for the increased FMAP (Section 5001(e) of the Recovery Act, as amended, and subject to the amendment made by section 201(4) of P.L 111-226).
5. The State is in compliance with prompt payment standards. (Section 5001(f)(2) of the Recovery Act).