

# **Exhibit B**

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**

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August 31, 2012

The Honorable Mike Beebe  
Governor of Arkansas  
Little Rock, AR 72201

Dear Governor Beebe:

I am writing to follow up on our discussion and to respond to the question you have asked about the Medicaid low-income adult eligibility expansion in light of the Supreme Court's decision in *NFIB v. Sebelius*. As you know, beginning in 2014, the Affordable Care Act provides for the expansion of Medicaid eligibility to adults under the age of 65 with incomes up to 133 percent of the federal poverty level who were not previously eligible for Medicaid. Pursuant to the Court's decision, a state may choose not to undertake this expansion without losing federal funding for its existing Medicaid program. The Court's decision did not affect other provisions of the law.

A state may choose whether and when to expand, and, if a state covers the expansion group, it may decide later to drop the coverage. The federal financial support for this coverage established under the Affordable Care Act is 100 percent in 2014, 2015, and 2016, gradually declining to 90 percent by 2020 and remaining at that level thereafter. While states have flexibility with respect to whether and when to start or stop the expansion, the match rates that are available are tied by law to the specific calendar years noted. Ultimately, I am hopeful that state leaders will take advantage of the opportunity provided to insure their poorest families with these unusually generous federal resources while dramatically reducing the burden of uncompensated care on their hospitals and other health care providers.

I hope this information is helpful and look forward to continuing to work with you and others in Arkansas on ensuring the Arkansas Medicaid program is as strong and effective as it can be.

Sincerely,

A handwritten signature in black ink, appearing to read "Cindy Mann", is positioned above the typed name.

Cindy Mann  
Director