



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

January 22, 2015

The Honorable Asa Hutchinson
Governor of Arkansas
Little Rock, AR 72201

Dear Governor Hutchinson:

Thank you for coming to meet with me and our team about your vision for how to best achieve Arkansas's goals achieving a sustainable approach to health coverage for low-income Arkansans through the Medicaid program. Arkansas has proven itself as a national leader, and we are eager to consider and work with you on additional changes and new ideas.

I was pleased to learn of your commitment to an effective and affordable approach to coverage for the newly covered adults beyond the current three year term of Arkansas's Healthcare Independence Program demonstration ("Private Option") and to also move forward on major delivery system reforms that would apply to the larger Medicaid population.

You expressed particular interest in promoting prevention and healthy behaviors and supporting small businesses interested in covering their employees. And, understandably, you want to minimize the costs of Medicaid to Arkansas taxpayers. These are reasonable and achievable objectives, and I can assure you of our openness to new ideas as you consider how to pursue these interests. We also understand your desire to encourage employment, and we commit to work with you on how you might achieve this objective while ensuring access to health coverage for eligible individuals.

On the topic of delivery system changes, you stated your desire to move quickly to design and implement reforms that would result in budget savings and a state health system that is sustainable in the long haul. As we discussed, Arkansas is making real progress although there are significant savings and quality initiatives still available to the state, particularly with respect to high cost, high needs enrollees who could be best served in the community as opposed to through more costly institutions.

We appreciate and support your desire to avoid a piecemeal approach to reform and look forward to working with you on a potential broad block of changes that could lower costs and improve access and quality in ways that best meet the needs of your state.

Thank you again for taking the time to meet with me and our team and please know that we are ready to begin our work together on the priorities you identified.

Sincerely,

A handwritten signature in black ink, appearing to read 'SMB', written in a cursive style.

Sylvia M. Burwell