STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

September 23, 2015

The Honorable Sylvia Mathews Burwell
Secretary of Health and Human Services
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Burwell:

The purpose of this letter is to update you regarding the status of our Medicaid Reform efforts in Arkansas and to advise you of changes in the state's development of the Arkansas Health Insurance Marketplace.

As you know, I have been working closely with more than 30 different stakeholders through my Medicaid Advisory Council on a vision for the future of Medicaid in Arkansas. Furthermore, the final report from the Health Reform Legislative Task Force is expected by December 31 and will make specific recommendations on steps Arkansas can take to provide the highest-quality Medicaid services in the lowest-cost manner possible.

By way of background, in 2013, Governor Beebe signed Act 1500 into law. This act created the Arkansas Health Insurance Marketplace (AHIM), which was intended to provide Arkansans a streamlined process to access their ACA-compliant plans and to receive their advanced premium tax credits. AHIM has received federal grants for the construction of a state-based small business exchange, as well as an individual market exchange. The small business, or SHOP, exchange will go live this fall, but the bids for the state-based exchange construction have been put on hold based on concerns I have expressed and direction from the legislative oversight committee.

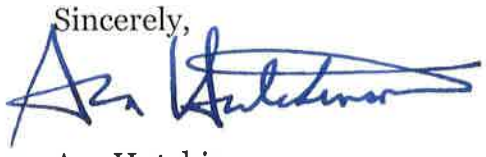
Earlier this year, I presented a concept of Medicaid reform to the Health Reform Legislative Task Force that will not necessitate the development of an individual state-based exchange. The legislative task force is required to make its recommendations on reform by December of this year and, in my judgment, it is the wisest course to delay any further development of the state-based exchange pending a final determination by

500 WOODLANE STREET, SUITE 250 • LITTLE ROCK, AR 72201
TELEPHONE (501) 682-2345
www.governor.arkansas.gov

the legislature on future reform requirements and to fully understand whether a state exchange will even be necessary.

For these reasons, I am advising the board of AHIM to pause the development of the state-based individual exchange, and I wanted to make your department fully aware of this change in status. I look forward to meeting with you in the near future to discuss this matter more fully.

Sincerely,



Asa Hutchinson

CC: Cheryl Smith, Executive Director, Arkansas Health Insurance Marketplace
AHIM Legislative Oversight Committee
Health Reform Legislative Task Force

500 Woodlane Street, Suite 250 • Little Rock, AR 72201
Telephone (501) 682-2345
www.governor.arkansas.gov