



National Association of State Medicaid Directors

an affiliate of the American Public Human Services Association

September 24, 2008

Herb B. Kuhn, Deputy Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Room 314-G
Washington, DC 20201

Dear Mr. Kuhn:

We are writing to request your assistance in remedying a recent CMS decision that will have a detrimental impact on the ability of states with managed care programs to efficiently operate our Medicaid programs.

Recently, as Deputy Administrator of CMS you sent a letter to all states informing them that their Federal Financial Participation ("FFP") as of October 1, 2008 for Medicaid managed care enrollment brokerage services was in jeopardy because of a new interpretation of the Section 1903 (b) (4) of the Social Security Act. . We are very concerned this short transition and unexpected action by CMS will cause a negative and detrimental impact on the Medicaid beneficiaries in our states.

As you know, most states that require clients to enroll into a managed care plan contract with an outside vendor to assist their clients to select a managed care plan. Your recent interpretation, and the extremely short transition period creates a significant problem for all states using managed care. States have found that managed care improves the quality of care provided to their clients and results in lower costs to the state.

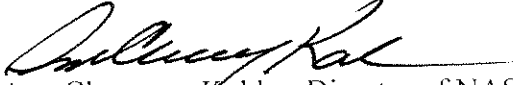
This states to conduct expensive transition process from one vendor to another for the administration of their Medicaid managed care. This action will result in disruption to states managed care programs and force state Medicaid agencies, as well as CMS, to incur significant costs to transition to a new vendor and may lead to non-competitive sole source contracting.

In this period of acquisitions and mergers, we question if any enrollment broker vendors could meet this strict interpretation of conflict of interest.

We ask that CMS work with the states to assure that enrollment broker services continue to be available to states and that any transition timeline be sufficient to prevent negative impacts to the Medicaid beneficiaries of our states

We look forward to discussing this critical issue with you.

Sincerely,



Ann Clemency Kohler, Director of NASMD