



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

January 3, 2013

The Honorable Mike Beebe
Governor of Arkansas
State Capitol Room 250
Little Rock, AR 72201
501-682-2345

Dear Governor Beebe:

I am pleased to inform you that Arkansas has received conditional approval to establish a State Partnership Exchange for 2014. We commend Arkansas for taking this important step towards providing affordable health insurance for consumers. Congratulations on reaching this significant milestone on the path to establishing an Exchange for the people of Arkansas.

Conditional approval reflects the substantial progress Arkansas has made and an expectation that Arkansas will be ready to provide affordable, quality coverage for consumers and small businesses in 2014. The Centers for Medicare & Medicaid Services (CMS) has reached this decision based on Arkansas' self-assessment, progress to date, and expected progress across the entire spectrum of Exchange requirements, and is contingent upon the following conditions:

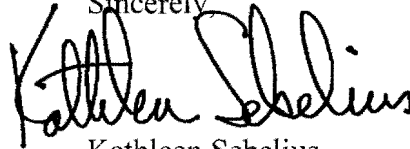
1. Demonstrate the ability to perform all required Exchange activities in line with the attestations Arkansas has made in its Exchange Blueprint Application submission;
2. Comply with regulations and expected progress milestones. During the first year of the program (plan year 2014), approval of State Partnerships will take in to consideration constraints related to guidance and infrastructure development;
3. Maintain a Federal funding source throughout the operations of plan year 2014, in compliance with the Anti-Deficiency Act, which prohibits the Federal government from accepting voluntary services for the United States; and
4. Sign a memorandum of understanding (MOU) with CMS outlining specific roles and responsibilities for the operation of Plan Management and Consumer Assistance, Outreach, and Education functions of Arkansas' State Partnership Exchange by February 15, 2013.

We recognize that Arkansas is working under intense timelines and will work with you to establish benchmark dates that are appropriate and will allow us to jointly monitor Arkansas' progress.

The Honorable Mike Beebe
January 3, 2013
Page 2

CMS will continue its work with all Exchanges, including providing more detailed information directly to Arkansas' State Partnership Exchange.

Sincerely

A handwritten signature in black ink, appearing to read "Kathleen Sebelius". The signature is written in a cursive style with a large initial "K" and a distinct "S" at the end.

Kathleen Sebelius