

Mr. Roger Auerbach
Administrator, Department of Human Resources
Senior and Disabled Services Division
500 Summer Street, NE
Salem, OR 97310-1015

Dear Mr. Auerbach:

We are pleased to inform you that your request to amend the demonstration proposal titled, "Independent Choices" has been approved. The demonstration will continue to be project No. 1 I-W-00130/0 for the period beginning May 1, 2001, through April 30, 2006. The approval is under the authority of section 1115 of the Social Security Act (the Act).

Specifically, with the approval of this amendment, expenditures for demonstration caregiver services provided by members of the demonstration participant's family, *including* the spouse of the participant, will be regarded as expenditures under Oregon's Title XIX Plan. All other provisions including the waivers and Federal matching authority provided for thereunder as well as the special terms and conditions of the original approval (which are enclosed) will remain unchanged and enforced. This award is subject to our receiving your written acceptance of the award within 30 days of the date of this letter.

Oregon's Independent Choices will ensure the personal involvement and control of consumers in decisionmaking with respect to a set of in-home care and related services. This program will provide consumers an excellent opportunity to make choices about their care, which will enhance their independence and dignity.

To reiterate the original approval, all requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable to this letter, shall apply to the Independent Choices demonstration. Subject to approval of your protocol, as described in the special terms and conditions, the following waivers are granted pursuant to the authority of section 1115(a)(1) of the Act for a 5-year period beginning with the enrollment of the first demonstration participant.

I. Statewideness 1902(a)(1)

To enable the State to operate the demonstration within an area that does not include all political subdivisions of the State.

2. Comparability 1902(a)(10)(B)

To permit the provision of services under the demonstration that will not otherwise be available under the State Plan. Benefits (i.e., amount, duration and scope) may vary by individual based on assessed need.

3. Income and Resource Rule 1902(a)(10)(C)(i)

To permit the exclusion of payments received under the Independent Choices demonstration from the income and resource limits established under State and Federal law for Medicaid eligibility. Beneficiaries will also be permitted to accumulate cash in a separate account for special (approved) purchases.

4. Provider Agreements 1902(a)(27)

To permit the provision of care by individuals who have not executed a Provider Agreement with the State Medicaid agency.

5. Direct Payments to Providers 1902(a)(32) To permit payments to be made directly to beneficiaries or their representatives.

6. Payment Review 1902(a)(37)(B)

To the extent that prepayment review may not be available for disbursements by individual beneficiaries to their caregivers/providers.

Under the authority of section 1115(a)(2) of the Act, expenditures made by the State of Oregon under the Independent Choices demonstration for the items identified below (which are not otherwise included as expenditures under section 1903) shall, for the period of this project, be regarded as expenditures under the State's Title XIX plan.

1. Expenditures for demonstration caregiver services provided by members of the demonstration participant's family, including the spouse of the participant, to the participant.
2. Expenditures to provide services that are not covered under the State Plan as demonstration services, i.e., to provide for training and fiscal intermediary services as a part of the demonstration design.

3. Expenditures for prepayment to demonstration participants for demonstration services prior to the delivery of those services.

Your project officer is Ms. Carrie Smith, who can be reached at (410) 786-4485. Your project officer is available to answer any questions concerning the scope and implementation of the demonstration described in your application. Communications regarding program matters and official correspondence concerning the demonstration (including continuation applications) should be submitted to the project officer at the following address: Center for Medicaid and State Operations, Health Care Financing Administration, Mail Stop \$2-14-26, 7500 Security Boulevard, Baltimore, Maryland 21244-1850.

We extend our congratulations on this award and look forward to working with you during the course of the demonstration.

Acting Administrator

Enclosure