

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-25-26  
Baltimore, Maryland 21244-1850



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## State Demonstrations Group

August 30, 2024

Carmen Heredia  
Cabinet Executive Officer and Executive Deputy Director  
Arizona Health Care Cost Containment System  
801 East Jefferson Street  
Phoenix, Arizona 85034

Dear Director Heredia:

The Centers for Medicare & Medicaid Services (CMS) completed its review of the Housing and Health Opportunities (H2O) Evaluation Design, which is required by the Special Terms and Conditions (STCs), specifically, STC 96, of the section 1115 demonstration, “Arizona Health Care Cost Containment System (AHCCCS)” (Project Number 11-W-00275/9), effective through September 30, 2027. CMS has determined that the H2O Evaluation Design, which was submitted on January 31, 2024, and revised on August 23, 2024,<sup>1</sup> meets the requirements set forth in the STCs and our evaluation design guidance, and therefore approves the state’s H2O Evaluation Design.

CMS has incorporated the approved H2O Evaluation Design into Attachment H of the demonstration’s STCs. A copy of the STCs, which includes the updated attachment, is enclosed with this letter. In accordance with 42 CFR 431.424, the approved H2O Evaluation Design may now be posted to the state’s Medicaid website within 30 days. CMS will also post the approved H2O Evaluation Design as a standalone document, separate from the STCs, on Medicaid.gov.

Please note that an Interim Evaluation Report, consistent with the approved H2O Evaluation Design, is due to CMS one year prior to the expiration of the demonstration, or at the time of the extension application, if the state chooses to extend the demonstration. Likewise, a Summative Evaluation Report, consistent with this approved design, is due to CMS within 18 months of the end of the demonstration period. In accordance with 42 CFR 431.428 and the STCs, we look forward to receiving updates on evaluation activities in the demonstration monitoring reports.

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<sup>1</sup> CMS approved the Evaluation Design for all demonstration components except H2O and Targeted Investments (TI) 2.0 initiatives on February 27, 2024. A separate Evaluation Design was submitted for the TI 2.0 program, which the state is currently revising.

We appreciate our continued partnership with Arizona on the AHCCCS section 1115 demonstration. If you have any questions, please contact your CMS demonstration team.

Sincerely,

Danielle Daly  
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Danielle Daly -S  
Date: 2024.08.30  
08:59:26 -04'00'

Danielle Daly  
Director  
Division of Demonstration Monitoring and Evaluation

cc: Brian Zolynas, State Monitoring Lead, CMS Medicaid and CHIP Operations Group