



State Demonstrations Group

November 20, 2015

Mr. Daniel Tsai
Assistant Secretary for MassHealth
Department of Health and Human Services, Office of Medicaid
1 Ashburn Place, 11th Floor, Room 1109
Boston, MA 02108

Dear Mr. Tsai:

I am writing regarding Massachusetts' section 1115(a) Medicaid demonstration, entitled "MassHealth" (Project Number 11-W-00030/1). As we discussed in conversations earlier this year, the Centers for Medicare & Medicaid Services (CMS) is notifying states with uncompensated care pools of the information and analysis that should be included as part of an uncompensated care pool renewal request. Under the Special Terms and Conditions (STCs) of Massachusetts' demonstration, the state is required to complete two independent reports examining the role of the Safety Net Care Pool, and submit those reports on February 1, 2016 and June 30, 2016. This letter reaffirms the reports' content.

As we have previously discussed with the state, CMS uses three principles to review states' uncompensated care pool requests: 1) coverage is the best way to assure beneficiary access to health care for low income individuals and uncompensated care pool funding should not pay for costs that would otherwise be covered in a Medicaid expansion; 2) Medicaid payments should support the provision of services to Medicaid and low income uninsured individuals; 3) and provider payment rates must be sufficient to promote provider participation and access, and should support plans in managing and coordinating care. These principles apply whether or not a state expands Medicaid.

We reaffirm and clarify that the reports required in the STCs should review the impact of the Safety Net Care Pool on:

- financing overall uncompensated care in the state;
- Medicaid provider payment rates;
- beneficiary access to Medicaid services;
- financing providers that play a significant role in serving the Medicaid population and the low-income uninsured;
- support of managed care plans in managing care;

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- any state specific circumstances for CMS to take into account as it reviews the uncompensated care pool; and,
- whether and, the extent to which, similar issues exist in the state's Delivery System Reform Incentive Payment Pool.

Consideration of such information will assist CMS in reviewing future Safety Net Care Pool requests and will inform discussions with the state about potential reforms to the uncompensated care pool that will improve Medicaid payment systems and funding mechanisms and the quality of health care services for Massachusetts' Medicaid beneficiaries. The analysis above is necessary for CMS to assess the role of the pool in promoting Medicaid objectives. My staff is available for technical assistance and will follow up with you regarding this letter.

We look forward to working with you further on your renewal request. If you have any questions about this letter please contact me at (410) 786-5647.

Sincerely,

/s/

Eliot Fishman
Director

cc: Mr. Rich McGreal, Associate Regional Administrator, Region I