

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-03-17  
Baltimore, Maryland 21244-1850



Donna Frescatore  
Director  
Office of Health Insurance Programs  
New York State Department of Health  
Empire State Plaza  
Corning Tower (OCP - 1211)  
Albany, NY 12237

FEB 21 2020

Dear Ms. Frescatore:

Thank you for submitting the November 27, 2019 request to amend New York's Medicaid Redesign Team (MRT) section 1115(a) demonstration. The Centers for Medicare & Medicaid Services (CMS) appreciates all of the state's thoughtful work on behalf of New York's Medicaid beneficiaries. As noted in the proposal, the authorities for New York's Delivery System Reform Incentive Payment (DSRIP) program expire on March 31, 2020—one year before the expiration of the broader MRT demonstration. Therefore, the state is proposing a "Phase 1" to "continue the existing [...] efforts, but in a streamlined fashion" and a "Phase 2," or "conceptual agreement," to leverage the current MRT approval period's unused budget neutrality expenditure authority (i.e. "savings") for three additional years of new authority.

In CMS's approval letter dated April 14, 2014, the state's DSRIP award was "time-limited and [...] explicitly intended to be a one-time investment in system transformation that [could] be sustained through ongoing reimbursement mechanisms and/or state and local initiatives." CMS intends to maintain that agreement and preserve the original expiration of DSRIP's expenditure authority as outlined in the MRT demonstration's current terms and conditions. Also, as discussed with state financial staff on January 23, 2020, if CMS were to approve an extension of the MRT demonstration beyond March 2021, it would be rebased consistent with State Medicaid Director Letter #18-009.<sup>1</sup> Among other changes, rebasing the MRT demonstration would limit the state to just five years of its current budget neutrality savings, making it impossible for CMS staff to adequately assess the state's Phase 2 proposal. CMS is therefore not in a position to authorize a conceptual agreement that is beyond the current demonstration period.

With regards to the various other Phase 1 requests, CMS and our federal partners are continuing to review the state's proposal in light of the Administration's goals for providing Value-Based

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<sup>1</sup> Available at <https://www.medicare.gov/sites/default/files/federal-policy-guidance/downloads/smd18009.pdf>.

Care in the Medicaid program.<sup>2</sup> These efforts will continue beyond the planned expiration of the DSRIP program. As we have stated previously, CMS is available to provide your staff with technical assistance regarding a variety of non-section 1115(a) regulatory mechanisms that would support the state's delivery system reform goals.

If you have any questions, please contact Mrs. Judith Cash, Director, State Demonstrations Group, Centers for Medicaid & CHIP Services at (410) 786-9686.

Sincerely,



Calder Lynch,  
Deputy Administrator and Director

Enclosures

cc: Maria Tabakov, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

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<sup>2</sup> See Administrator Verma's remarks at the National Association of Medicaid Director (NAMD) meeting on November 2019, available at <https://www.cms.gov/newsroom/press-releases/cms-administrator-seema-vermas-speech-national-association-medicaid-directors-washington-dc>.