



MAY 11 2017

Stephanie McGee Azar
Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Montgomery, AL 36104

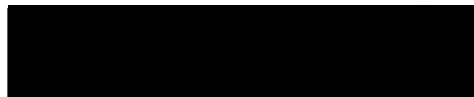
Dear Ms. Azar:

As requested, the Centers for Medicare & Medicaid Services (CMS) is sending a replacement page to make a technical correction to Alabama's recently amended section 1115 demonstration entitled, "Alabama Medicaid Transformation" (Project Number 11-W00299/4).

The replacement page corrects the reference to Attachment "A" from Attachment "B" on page one of the expenditure authority document. The corrected sentence now reads: "Expenditures for the approved DSHP specified in and subject to the conditions in section XI and Attachment A of the STCs, not to exceed the amounts specified in the STC 69." CMS has incorporated the replacement page into the recently amended expenditure authority document of the demonstration. Please find enclosed the updated expenditure authority document.

If you have any questions, please contact your project officer, Ms. Linda Macdonald. Ms. Macdonald can be reached at (410) 786-3872, or by email at Linda.Macdonald@cms.hhs.gov.

Sincerely,



Kim Howell
Director
Division of State Demonstrations and Waivers

Enclosures

cc: Jackie Glaze, ARA, Region IV

CENTERS FOR MEDICARE & MEDICAID SERVICES
EXPENDITURE AUTHORITY

NUMBER: 11-W-00299/4
TITLE: Alabama Medicaid Transformation
AWARDEE: Alabama Medicaid Agency

Under the authority of section 1115(a)(2) of the Social Security Act (the Act), expenditures made by the state for the items identified below, which are not otherwise included as expenditures under section 1903 of the Act shall, for the period of this demonstration, April 1, 2017 through March 31, 2022, be regarded as expenditures under the state's title XIX plan.

The following expenditure authorities may only be implemented consistent with the approved Special Terms and Conditions (STCs) and shall enable Alabama (the state) to operate its section 1115 Medicaid demonstration. The effective date for the following expenditure authorities will begin on April 1, 2017. These expenditure authorities promote the objectives of title XIX in the following ways:

1. Increase access to stabilize and strengthen providers and provider networks available to serve Medicaid and other low-income individuals in the state;
 2. Improve health outcomes for Medicaid and other low-income populations in the state; and
 3. Increase efficiency and quality of care through initiatives to transform service delivery networks.
1. **Expenditures for Designated State Health Programs (DSHP).** Expenditures for the approved DSHP specified in and subject to the conditions in section XI and Attachment A of the STCs, not to exceed the amounts specified in the STC 69. This expenditure authority will not be renewed or extended after March 31, 2022.
 2. **Expenditures for Transition Pool Payments to Providers.** Expenditures are limited to the amounts specified in STC 74 for incentive payments to providers, including Regional Care Organizations (RCOs). These Payments will provide additional support for providers and during DY1-DY3 (that is, April 1, 2017 through March 31, 2020) as the state transitions to a risk-based capitated managed care delivery system. RCOs and providers must meet the requirements stated in section XII to receive transition pool payments.