



July 14, 2016

Mari Cantwell  
Chief Deputy Director  
Department of Health Care Services  
Director's Office, MS 0000  
P.O. Box 997413  
Sacramento, CA 95899-7413

Dear Ms. Cantwell:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) authorizes up to \$472 million in total computable funds for the Uncompensated Care (UC) component of the Global Payment Program for each of demonstration years two through five under California's section 1115 demonstration project, entitled Medi-Cal 2020 (Project Number 11-W-00193/9). CMS determined the UC component based upon its analysis of information contained in the state's Independent Report on UC, consistent with the Special Term and Condition 167(d), and charity care costs reported in the Healthcare Cost Report Information System data in 2014/2015, the most recently available federal hospital cost report data. We calculated your level of uncompensated care for the uninsured taking into account existing Medicaid revenues, including regular Medicaid payments, supplemental payments, and disproportionate share hospital (DSH) revenue. This UC pool also reflects the exclusion of costs associated with the estimated difference between Medicaid payment and the cost to providers of providing these services, as well as costs associated with pending receivables and costs associated with other payment issues for patients with insurance. This amount is consistent with our UC principles which specifically establish that: 1) uncompensated care pool funding should not pay for costs that would be covered in a Medicaid expansion, 2) Medicaid payments should support services provided to Medicaid beneficiaries and low-income uninsured individuals, and 3) provider payment should promote provider participation and access, and should support plans in managing and coordinating care.

These changes are effective as of the date of the approval letter. The special terms and conditions will be updated with these changes as part of the upcoming technical corrections package.

Your project officer for this demonstration is Ms. Mehreen Hossain. She is available to answer any questions concerning your section 1115 demonstration and this amendment. Ms. Hossain's contact information is:

Center for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
Mail Stop: S2-01-16  
7500 Security Boulevard

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Baltimore, MD 21244-1850  
Telephone: (410) 786-0938  
Facsimile: (410) 786-5882  
E-mail: [Mehreen.Hossain@cms.hhs.gov](mailto:Mehreen.Hossain@cms.hhs.gov)

Official communications regarding this demonstration should be sent simultaneously to Ms. Hossain and Ms. Henrietta Sam-Louie, Associate Regional Administrator for the Division of Medicaid and Children's Health in our San Francisco Regional Office. Ms. Sam-Louie's contact information is as follows:

Ms. Henrietta Sam-Louie  
Associate Regional Administrator  
Division of Medicaid and Children's Health Operations  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706

If you have any questions regarding this letter, please contact Mr. Eliot Fishman, Director, State Demonstrations Group, Centers for Medicaid & CHIP Services at (410) 786-5647.

Sincerely,

/s/

Timothy Hill  
Deputy Director

cc: Henrietta Sam-Louie, ARA Region IX