



July 25, 2013

Justin Senior
Deputy Secretary for Medicaid
Florida Agency for Health Care Administration
2727 Mahan Drive, Mail Stop #2
Tallahassee, FL 32308

Dear Mr. Senior:

Thank you for your letter regarding Florida's section 1115 demonstration, entitled Managed Medical Assistance (MMA) (project number 11-W-00206/4). The letter requests the Centers for Medicare & Medicaid Services' (CMS) approval for a funding methodology that uses certified public expenditures (CPE) to reimburse Florida hospitals for uncompensated care costs, in addition to the money for uncompensated care distributed through the Low Income Pool (LIP) program. The state also requests CMS approval to apply this funding methodology retrospectively, to allow Jackson Health System to receive uncompensated care funding in excess of the LIP payments it received in demonstration years 4-7.

The proposal references requirements in the demonstration's Special Terms and Conditions (STCs) related to state certification of funding conditions. Paragraph 99(b) provides that if the state wishes to use CPEs as a funding mechanism for title XIX payments (or payments under section 1115 authority), a cost reimbursement methodology must be used that is approved by CMS. While CMS would support the development of a CPE funding methodology for this demonstration, there is no authority in the approved MMA demonstration for the state to receive reimbursement for uncompensated care costs in excess of the approved \$1 billion annual LIP allotment. Any additional payment in excess of the approved LIP allotment, or in excess of allowable costs as defined in the LIP Reimbursement and Funding Methodology document, require an amendment to the demonstration. Finally, all claims for expenditures subject to the demonstration's budget neutrality agreement (including LIP payments) must be made within two years after the calendar quarter in which the state made the expenditures, as required in paragraph 94(i) of the STCs.

The CMS stands ready to work with Florida on a CPE methodology for the MMA demonstration. The first step is for Florida to submit a draft protocol to CMS. If you would like to initiate this process, your assigned project officer, Heather Hostetler of our Division of State Demonstrations and Waivers, can assist you. She can be reached at (410) 786-4515, or at Heather.Hostetler@cms.hhs.gov.

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Sincerely,

/s/

Cindy Mann
Director

cc: Jennifer Ryan, CMCS
Jackie Glaze, ARA, CMS Atlanta Regional Office
Heather Hostetler, CMCS