



NOV 28 2017

Administrator

Washington, DC 20201

Rafael Rodríguez Mercado, MD
Secretary of Health
Departamento de Salud, Oficina Del Secretario
P.O. Box 70184
San Juan, PR 00936-8184

Dear Dr. Mercado:

We are pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved Puerto Rico's Disaster Relief section 1115 demonstration, entitled "Puerto Rico Disaster Relief demonstration" (Project Number: 11-W-00310/2). This demonstration project will test whether, in the face of a natural disaster, it is more effective to maintain continuity of existing Medicaid coverage for displaced Medicaid beneficiaries rather than requiring that such beneficiaries establish residency and apply for Medicaid coverage in their new temporary location. This approval is effective November 13, 2017, through January 27, 2018, or until the disaster declaration expires.

This approval authorizes Puerto Rico to provide off-island medical coverage to eligible Medicaid beneficiaries who are eligible for the Federal Emergency Management Agency (FEMA) Transitional Shelter Assistance (TSA) Program who are temporarily relocated to the states of New York and Florida. Individuals eligible for the TSA program were evacuated to New York or Florida beginning November 13, 2017; therefore, the effective date of this demonstration is November 13, 2017. A public health emergency was declared in Puerto Rico on September 5, 2017, due to Hurricanes Irma and Maria. The TSA program is authorized for 75 days and may be extended for the period of the disaster declaration. The demonstration supports the objectives of the Medicaid program by improving access to high-quality, person-centered services that produce positive health outcomes for individuals.

We are providing this authority in response to Puerto Rico's request for the demonstration. Puerto Rico will provide the necessary non-federal share to support this demonstration. The demonstration is approved in accordance with section 1115(a) of the Social Security Act. CMS approval of this section 1115 demonstration is subject to the limitations specified in the approved waiver authorities and compliance with the enclosed Special Terms and Conditions (STCs) defining the nature, character, and extent of federal involvement in this project. The Puerto Rico government and Medicaid program may deviate from the Medicaid state plan requirements only to the extent those requirements have been waived or specifically listed as not applicable to the expenditure authority. The approval is subject to CMS receiving your written acknowledgment of the award and acceptance of these STCs within 30 days of the date of this letter. A copy of the STCs and expenditure authorities are enclosed.

Please send your written acceptance and any communications or official correspondence concerning the demonstration to your project officer, Ms. Julie Sharp. She is available to answer any questions concerning your section 1115 demonstration. Ms. Sharp's contact information is as follows:

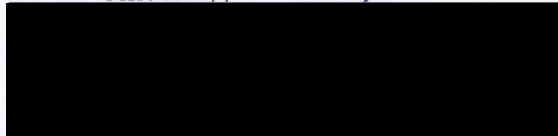
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop: S2-03-17
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 786-2292
E-mail: Juliana.Sharp@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Sharp and to Mr. Michael Melendez, Associate Regional Administrator in our New York Regional Office. Michael Melendez's contact information is as follows:

Centers for Medicare & Medicaid Services
Division of Medicaid and Children's Health Operations
26 Federal Plaza, Room 37-100 North
New York, NY 10278
Email: Michael.Melendez@cms.hhs.gov

If you have questions regarding this approval, please contact Ms. Judith Cash, Acting Director, State Demonstrations Group, Center for Medicaid & CHIP Services, at (410) 786-9686. Thank you for all your work with us on this new demonstration.

Sincerely,

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Seema Verma

Enclosures

**CENTERS FOR MEDICARE & MEDICAID SERVICES
EXPENDITURE AUTHORITY**

NUMBER: 11-W-00310/2

TITLE: Puerto Rico Disaster Relief Medicaid Section 1115 Demonstration

AWARDEE: Puerto Rico Department of Health

Under the authority of section 1115(a)(2) of the Social Security Act (the Act), expenditures made by Puerto Rico 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, be regarded as expenditures under the state's title XIX plan. The period of the demonstration is November 13, 2017, through January 27, 2018 or until the disaster declaration expires, whichever is longer.

The following expenditure authorities may only be implemented consistent with the approved Special Terms and Conditions (STCs) and shall enable Puerto Rico to operate its section 1115 demonstration.

The expenditure authorities listed below promote the objectives of title XIX in the following ways:

- By improving access to high-quality, person-centered services that produce positive health outcomes for individuals who would otherwise lose such coverage due to displacement resulting from Hurricanes Irma and Maria.
1. Provide off-island medical coverage for Puerto Rico Medicaid beneficiaries who are eligible for the Federal Emergency Management Administration (FEMA) Transitional Shelter Assistance (TSA) program who are temporarily relocated to the states of New York or Florida. Individuals have been determined eligible for Medicaid under the Puerto Rico Medicaid state plan. The current Puerto Rico Medicaid state plan only provides coverage for emergency services off-island. Therefore, this expenditure authority allows Puerto Rico Medicaid beneficiaries in the FEMA TSA program to receive off-island medical coverage as defined in the Puerto Rico Medicaid State plan.

**CENTERS FOR MEDICARE & MEDICAID SERVICES
SPECIAL TERMS AND CONDITIONS**

NUMBER: 11-W-00310/2

TITLE: Puerto Rico Disaster Relief Medicaid Section 1115 Demonstration

AWARDEE: Puerto Rico Department of Health

I. PREFACE

The following are the Special Terms and Conditions (STCs) for the Puerto Rico Disaster Relief section 1115(a) Medicaid Demonstration (hereinafter referred to as “demonstration”). The parties to this agreement are the Puerto Rico Department of Health (“Commonwealth”) and the Centers for Medicare & Medicaid Services (CMS). The STCs set forth in detail the Commonwealth’s obligations to CMS during the life of the demonstration. The STCs are effective November 13, 2017, through January 27, 2018, or until the disaster declaration expires, whichever is longer.

The STCs have been arranged into the following subject areas:

- I. Preface
- II. Program Description and Objectives
- III. General Program Requirements
- IV. Definitions and Conditions
- V. Eligibility
- VI. Benefits
- VII. Delivery System
- VIII. General Financial Requirements
- IX. General Reporting Requirements
- X. Schedule of State Deliverables during the Demonstration Period

II. PROGRAM DESCRIPTION AND OBJECTIVES

The demonstration is granted in recognition of the public health emergency in Puerto Rico caused by Hurricanes Irma and Maria in September 2017. This demonstration tests whether it is more effective to allow Puerto Rico to provide off-island medical coverage to Puerto Rico Medicaid beneficiaries who are eligible for the Federal Emergency Management (FEMA) Transitional Shelter Assistance (TSA) Program who are temporarily relocated to the states of New York or Florida than to effectively require such individuals to establish residency and apply for Medicaid in New York and Florida.

The demonstration does not make available any additional federal Medicaid funding. The demonstration must be implemented using existing Medicaid and Children’s Health Insurance Program (CHIP) funding.

III. GENERAL PROGRAM REQUIREMENTS

1. **Compliance with Federal Non-Discrimination Statutes.** The Commonwealth agrees that it must comply with all applicable Federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.
2. **Compliance with Medicaid and CHIP Law, Regulation, and Policy.** All requirements of the Medicaid and CHIP programs expressed in law, regulation, and policy statement not expressly waived or identified as not applicable in the waiver and expenditure authority documents of which these terms and conditions are part, must apply to the demonstration.
3. **CMS Right to Terminate or Suspend.** CMS may suspend or terminate the demonstration, in whole or in part, at any time before the date of expiration, whenever it determines, following a hearing that the Commonwealth has materially failed to comply with the terms of the project. CMS must promptly notify the Commonwealth in writing of the determination and the reasons for the suspension or termination, together with the effective date.
4. **Finding of Non-Compliance.** The Commonwealth does not relinquish its rights to challenge CMS' finding that the Commonwealth materially failed to comply.
5. **Withdrawal of Waiver Authority.** CMS reserves the right to withdraw waiver or expenditure authorities at any time it determines that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of title XIX or XXI, as applicable. CMS must promptly notify the State in writing of the determination and the reasons for the withdrawal, together with the effective date, and must afford the State a brief opportunity to request reconsideration by submitting a brief explanation of the benefits of the waiver or Demonstration, prior to the effective date of the withdrawal of authority. If a waiver or expenditure authority is withdrawn, Federal financial participation (FFP) is limited to normal closeout costs associated with terminating the demonstration, including services and administrative costs of disenrolling participants.
6. **Adequacy of Infrastructure.** To the extent possible under emergent circumstances, the State will ensure the availability of adequate resources for implementation and monitoring of the Demonstration, including education, outreach, and enrollment; maintaining eligibility systems; compliance with cost sharing requirements; and reporting on financial and other demonstration components.

IV. DEFINITIONS AND CONDITIONS

7. **Duration of the Demonstration Program:** The duration of the program will be from November 13, 2017, through January 27, 2018, or until the disaster declaration expires, whichever is longer.

Effective Date: The demonstration project will be effective upon approval by the Secretary's delegate. Eligibility and payments under the demonstration may be retroactive to November 13, 2017.

Disaster Area: Refers to a geographic area or region in which a National Disaster has been declared. For Puerto Rico, this is the entire island.

V. ELIGIBILITY

8. **Eligibility.** The demonstration does not affect eligibility under the Puerto Rico Medicaid state plan. The demonstration provides off-island benefits to individuals as described below in the benefits section. All individuals must be determined eligible under the Puerto Rico Medicaid State plan. Individuals must also be eligible for the Federal Emergency Management Administration (FEMA) Transitional Shelter Assistance (TSA) program. The additional benefits are only available to Puerto Rico evacuees in the TSA program. The additional benefits are not available to individuals who have moved from Puerto Rico voluntarily.

VI. BENEFITS

9. **Benefits.** This demonstration project allows Puerto Rico to provide off-island medical care for Puerto Rico Medicaid beneficiaries who are eligible for the FEMA TSA program who are temporarily relocated to the states of New York or Florida. Individuals will receive the same benefits and services (determined medically necessary) as provided in the Puerto Rico Medicaid state plan. Individuals have been determined eligible for Medicaid under the Puerto Rico Medicaid state plan. The current Puerto Rico Medicaid state plan only provides coverage for emergency services off-island. Therefore, this demonstration is needed to allow Puerto Rico Medicaid beneficiaries in the FEMA TSA program to receive off-island medical coverage.

VII. DELIVERY SYSTEMS

10. **Delivery Systems.** Puerto Rico delivers all of its Medicaid services via managed care. The managed care plans will contract with providers in the host states (Florida and New York) to cover off-island medical care.

VIII GENERAL FINANCIAL REQUIREMENTS

11. **Reporting Expenditures.** The Commonwealth will provide quarterly expenditure reports using the Form CMS-64 to report total expenditures for services provided under the Medicaid program, including those provided through the demonstration under Section 1115 authority. This project is approved for expenditures applicable to services rendered during the demonstration period. The CMS will provide Federal Financial Participation (FFP) for allowable demonstration expenditures only.

12. **Tracking Expenditures.** In order to track expenditures under this demonstration, Puerto Rico will report the demonstration expenditures through the MBES/CBES as required by CMS.
- a) All expenditures will be reported on separate Forms CMS-64.9 WAIVER and/or 64.9P WAIVER, identified by the demonstration project number assigned by CMS (including the project number extension, which indicates the demonstration year in which services were rendered or for which capitation payments were made).
 - b) Administrative costs directly attributable to the demonstration are separately reported and tracked on separate Forms CMS-64.10 WAIVER and/or 64.10P WAIVER.
 - c) All claims for demonstration expenditures must be made within 2 years after the calendar quarter in which the Commonwealth made the expenditures. Furthermore, all claims for services during the demonstration period must be made within 2 years after the conclusion or termination of the demonstration.
13. **Funding Process.** The standard Medicaid funding process will be used during the demonstration. The estimate of aggregate matchable demonstration expenditures (total computable/federal share) must be separately reported by quarter for each federal fiscal year on the Form CMS-37.12 for both the Medical Assistance Program (MAP) and Administrative Costs (ADM). CMS will make Federal funds available based upon the Commonwealth's aggregate estimate, as approved by CMS. Within 30 days after the end of each quarter, the Commonwealth must submit the Form CMS 64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended.

IX. GENERAL REPORTING REQUIREMENTS

14. **Monthly Calls.** CMS may schedule monthly conference calls with the Commonwealth. The purpose of these calls will be to discuss any significant, actual or anticipated, developments affecting the demonstration. The Commonwealth and CMS (both the Project Officer and the Regional Office) must jointly develop the agenda for the calls.
15. **Final Report.** The Commonwealth will be required to submit a final report to CMS to describe the impact of this demonstration including, but not limited to, the impact on affected individuals and the Commonwealth. CMS will provide guidance on the submission of the final report. The draft report will be due to CMS by July 31, 2018. CMS will provide comments on the draft report within 60 days of receipt, and the Commonwealth must submit a final report within 60 days of receipt of CMS comments.
16. **Cooperation with Federal Evaluators.** Should CMS undertake an evaluation of the demonstration, the Commonwealth must fully cooperate with federal evaluators and their contractors' efforts to conduct an independent federally funded evaluation of the demonstration.

17. **Budget Neutrality.** In light of the natural disaster, the demonstration will be presumed to be budget neutral. Therefore, Puerto Rico will not be required to provide or demonstrate budget neutrality through “without waiver” and “with waiver” expenditure data.

X. SCHEDULE OF STATE DELIVERABLES DURING THE DEMONSTRATION PERIOD

Due Date	Deliverable
30 days from date of approval letter	Commonwealth Acceptance of Demonstration, STCs, and Expenditure Authorities.
July 31, 2018	Draft Final Report