

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop: S2-26-12
Baltimore, Maryland 21244-1850



September 6, 2013

Kay Ghahremani
State Medicaid Director
Texas Health and Human Services Commission
P.O. Box 13247
Austin, Texas 78711

Dear Ms. Ghahremani:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving your June 19, 2013 request to amend Texas's section 1115 demonstration project, entitled Texas Healthcare Transformation and Quality Improvement Program (Project Number 11-W-00278/6). This amendment adds a spell-of-illness limitation for inpatient hospital services for STAR+PLUS that aligns with the state plan. This amendment is effective as of the date of this letter.

In addition, this amendment incorporates updates to the demonstration's eligibility table to conform to anticipated state plan changes that are effective January 1, 2014. Also, Attachment J, the Program Funding and Mechanics Protocol for the demonstration's Delivery System Reform Incentive Payment (DSRIP) pool, has been modified to clarify the state's ability to require intergovernmental transfer (IGT) entities to contribute towards the state's administrative costs for the demonstration.

CMS is also in receipt of requests to amend the demonstration to count \$466 million in 2011 supplemental provider payments against the unused portion of the DY 2 DSRIP funds or against the state's budget neutrality limit, and to use unused DSRIP funds to support statewide priority projects in DY 3-5. We are still considering these requests, and will provide a formal response at a later date.

CMS approval of this section 1115 demonstration amendment is subject to the limitations specified in the approved waiver and expenditure authorities and "not applicables" list. The state may deviate from the Medicaid State plan requirements only to the extent those requirements have been specifically listed as waived or not applicable to the expenditure authorities. All requirements of the Medicaid program as expressed in law, regulation, and policy statement not expressly waived or identified as not applicable shall apply to Texas's Healthcare Transformation and Quality Improvement Program. This approval is also conditioned upon

continued compliance with the enclosed special terms and conditions (STCs) defining the nature, character, and extent of Federal involvement in this project.

These approvals are conditioned upon written acceptance from the state that it agrees with the amendments, expenditure authorities, and STCs. This written acceptance is needed for our records within 30 days of the date of this letter.

Your project officer is Mr. Robert Nelb. He is available to answer any questions concerning your section 1115 demonstration. Mr. Nelb's contact information is as follows:

Centers for Medicare & Medicaid Services
7500 Security Boulevard
Mail Stop: S2-01-16
Baltimore, MD 21244-1850
Telephone: (410) 786-1055
Facsimile: (410) 786-8534
E-mail: robert.nelb@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Mr. Nelb and to Mr. Bill Brooks, Associate Regional Administrator in our Dallas Regional Office. Mr. Brooks' address is:

Bill Brooks
Centers for Medicare & Medicaid Services
1301 Young St. Suite 714
Dallas, TX 75202
Telephone: (214) 767-4461
E-mail: Bill.Brooks@cms.hhs.gov

If you have questions regarding this approval, please contact Eliot Fishman, Director, Children and Adults Health Programs Group, Center for Medicaid & CHIP Services, at (410) 786-5647.

Sincerely,

/s/

Cindy Mann
Director

Enclosures

cc: Bill Brooks, Associate Regional Administrator, Region VI