



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

THOMAS M. SUEHS
EXECUTIVE COMMISSIONER

January 10, 2012

Ms. Nicole Kaufman
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mailstop S2-0 1-16 7500
Security Boulevard
Baltimore, MD 21244-1850

Re: 1115 Texas Healthcare Transformation Quality Improvement Program Waiver

Dear Ms. Kaufman:

I am pleased to accept your approval of the new Medicaid section 1115(a) Demonstration, entitled "Texas Healthcare Transformation Quality Improvement Program Waiver" (Project Number 11-W-00278/6). This new section 1115 Demonstration will allow the Texas Health and Human Services Commission to expand its use of pre-paid Medicaid managed care to achieve program savings, while also preserving locally funded supplemental payments to hospitals, as directed by the Texas Legislature, through the 2012-2013 General Appropriations Act and Senate Bill 7.

This Demonstration will allow Texas to continue to provide comprehensive and coordinated care to populations previously served under section 1915(b) and 1915(b)/(c) waivers and will allow Medicaid-eligible children to receive a full array of primary and preventative dental services through the Children's Dental Program.

Texas acknowledges and accepts the Standard Terms and Conditions (STC) for this Demonstration which define the nature, character, and extent of anticipated Federal involvement in this project. Texas also acknowledges and accepts that the following provisions were not approved, and therefore, not included in this Demonstration:

- Federal funding for Designated State Health Programs; and
- Authority to shift funding between the Uncompensated Care (UC) and Delivery System Reform Incentive Payment (DSRIP) Pools within a given Demonstration year; and to carry forward unspent UC or DSRIP funds to future Demonstration years.

Ms. Nicole Kaufman

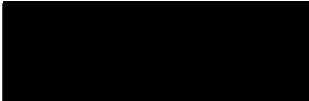
January 10, 2012

Page 2

This written acknowledgement of the award and acceptance of the STCs, waiver list, and expenditure authorities is submitted in fulfillment of the requirements of the Demonstration approval letter dated December 12, 2011. Texas looks forward to continuing to work with CMS on the successful implementation of this Demonstration, and on the planned statewide expansion of STAR and STAR+PLUS in March, 2012.

Please let me know if you have any questions or need additional information concerning this project. Betsy Johnson, Policy Analyst in the Medicaid and CHIP Division, serves as lead staff on this matter for purposes of formal communication with CMS and can be reached at (512) 491-1199 or by e-mail at betsy.johnson@hhsc.state.tx.us.

Sincerely,


Billy Millwee
State Medicaid Director

Enclosures

cc: Dianne Heffron, CMS, Baltimore
Beverly Boston, CMS, Baltimore
Paul Boben, CMS, Baltimore
Bill Brooks, CMS, Dallas
Mary Foster, CMS, Dallas

WRM: CVL