



December 21, 2017

Mr. Brian Neale, Director
Center for Medicaid and CHIP Services
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard, Mail Stop 52-26-12
Baltimore, Maryland 21244-1850

Re: 1115 Texas Healthcare Transformation Quality Improvement Program
Waiver Extension

Dear Mr. Neale:

I am pleased to accept your approval of the five-year extension of the Medicaid Section 1115(a) Demonstration, entitled "Texas Healthcare Transformation Quality Improvement Program Waiver" (Project Number 11-W-00278/6). Our partnership with the federal government during the first six years of the waiver demonstrates what can be achieved through a comprehensive commitment of local, state, and federal resources. The extension of this Demonstration will allow the Texas Health and Human Services Commission to continue use of managed care to achieve program savings and improve the delivery of health care to Texans.

The new demonstration waiver also preserves critical support for the state's hospital safety net. In particular, it provides crucial funding for the state's safety net system through the Uncompensated Care (UC) pool. Without this funding, many hospitals that serve the state's most vulnerable populations would struggle to maintain financial viability, imperiling critical health care access for individuals and families.

My staff and I are committed to working with you and your team over the next several weeks to finalize all outstanding protocols describing the details for the supplemental funding pools.

As agreed upon on December 21st, please note the following two technical corrections to the Special Terms and Conditions (STCs):

1. STC 33(b), page 39, change the date July 31, 2019, to March 30, 2018.
2. STC 33(b), page 39, first paragraph, any references to "addendum," "UC Protocol addendum," and "UC Payment Protocol addendum," shall mean the UC Payment Protocol appended to the STCs as Attachment H.

Mr. Brian Neale
December 21, 2017
Page 2

With the understanding that these technical corrections will be made, Texas acknowledges and accepts the STCs for this Demonstration which define the nature, character, and extent of anticipated federal involvement in this extension. 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.

Please let me know if you have any questions or need additional information. Kara Crawford, Chief of Staff, serves as lead staff on this matter for purposes of formal communication with CMS and she can be reached at (512) 424-6502 or by email at Kara.Crawford@hhsc.state.tx.us.

Sincerely,

A black rectangular redaction box covering the signature of Charles Smith.

Charles Smith

cc: Angela Garner, CMS, Baltimore
Bill Brooks, CMS, Dallas