DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850

State Demonstrations Group

October 23, 2026

Sally Kozak
Deputy Secretary
Office of Medical Assistance Programs
Pennsylvania Department of Human Services
625 Forster Street, Room 333
Harrisburg, PA 17120

Dear Deputy Secretary Kozak:

The Centers for Medicare & Medicaid Services (CMS) accepts the Commonwealth of Pennsylvania's Continuous Eligibility Evaluation Design, submitted pursuant to Special Term and Condition (STC) 11.3, "Draft Evaluation Design," and addressing the continuous eligibility evaluation requirements in Attachment G, STC 3, "Evaluation," of Pennsylvania's section 1115 demonstration, Medicaid Coverage for Former Foster Care Youth from a Different State and SUD Demonstration (Project No. 11-W-00308/3), effective through September 30, 2027.[1]

Pennsylvania informed CMS that the Commonwealth does not plan to implement the continuous eligibility authority approved under the demonstration following CMS's July 17, 2025 letter, "Section 1115 Demonstration Authority for Continuous Eligibility Initiatives," which stated that CMS does not anticipate extending existing section 1115 demonstration authority for expanded continuous eligibility beyond the populations and durations required or available under the Medicaid and Children's Health Insurance Program (CHIP) state plans.[2]

Therefore, CMS accepts the state's Continuous Eligibility Evaluation Design submission. The Commonwealth should continue to include confirmation in each Annual Monitoring Report, for the remainder of the current demonstration approval period, that the continuous eligibility authority has not been implemented.

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[1] STCs are available at https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/pa-former-foster-care-youth-monitor-rdsgn-ovl-ltr.pdf.

[2] Available at https://www.medicaid.gov/resources-for-states/downloads/contin-elig-ltr-to-states.pdf.

The accepted Evaluation Design will be posted to Medicaid.gov under the demonstration's administrative record. In accordance with STC 11.4, the accepted Evaluation Design must be posted to Pennsylvania's Medicaid website within 30 calendar days of the date of this letter.

Program Integrity

States are responsible for following all applicable federal law and regulations when they claim and use federal Medicaid funds and must fully comply with all applicable Medicaid statutes and regulations under a section 1115 demonstration, except where specific provisions have been expressly waived or identified as not applicable for that demonstration. This obligation includes all requirements in Title XIX of the Social Security Act and implementing regulations governing provider screening and enrollment activities, pre- and post-payment review claiming, payment methodologies and rate-setting, utilization controls, and program integrity including processes to identify, investigate, and refer suspected fraud, and methods to receive complaints and identify questionable practices. States must maintain effective systems and safeguards to prevent, detect, and address any fraud, waste, or abuse (FWA) in the delivery of and payment for Medicaid services, including referrals to law enforcement when appropriate.

States should have heightened monitoring and oversight mechanisms in place featuring robust internal controls to identify and remediate all vulnerabilities (including, but not limited to, FWA and beneficiary access issues) inherent in service areas approved as part of a demonstration. At any time, CMS may request that the state provide a plan detailing the state's systems and safeguards to prevent, detect, and address any FWA relative to this demonstration. Failure to meet program integrity obligations under federal statutes and regulations or under the terms and conditions of this demonstration approval may result in compliance actions or other enforcement measures that could include requirements to develop and implement corrective action plans, withholdings, deferrals, disallowances, and termination of demonstration authority.

We look forward to our continued partnership on the Pennsylvania Medicaid Coverage for Former Foster Care Youth from a Different State and SUD section 1115 demonstration. If you have any questions, please contact your CMS demonstration team.

Sincerely,

DANIELLE DALY -S

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Date: 2026.10.23 15:05:15 -04'00'

Danielle Daly
Director
Division of Demonstration Monitoring and Evaluation

cc: Margaret Kosherzenko, State Monitoring Lead, CMS Medicaid and CHIP Operations Group