

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 18, 2023

Emily Zalkovsky
State Medicaid Director
Texas Health and Human Services Commission
4900 Lamar Boulevard
MC:H100
P.O. Box 13247
Austin, Texas 78751

Dear Director Zalkovsky:

The Centers for Medicare & Medicaid Services (CMS) is approving a technical clarification to the section 1115(a) demonstration entitled, “Texas Healthcare Transformation and Quality Improvement Program (THTQIP)” (Project Number 11-W-00278/6). Specifically, we are approving a data source for the reassessment of the amount of uncompensated charity care costs when revising the Uncompensated Care (UC) Pool limit in 2027. Special Term and Condition (STC) 41(d) requires that the UC Pool limits for demonstration years 17-19 be revised based on the amount of uncompensated charity care cost provided by Texas hospitals. For the 2027 reassessment, Texas may use Medicaid payment data from fiscal year 2025 claims and encounter data maintained by Texas as an alternative to payment data from the 2023 Disproportionate Share Hospital audit reports. The attached UC Resizing Template will be used for the 2027 UC Pool limit resizing. Since the 2025 Medicaid claims and encounter data will not yet be audited at the time of the reassessment, Texas will notify CMS of material adjustments to the data within 90 days of audit completion and the UC Pool may be retroactively revised to account for these adjustments. CMS is authorizing this data source to avoid impacts of the COVID-19 public health emergency on data used in the resizing of UC Pool limits.

Approval of this technical clarification does not authorize new federal funding or change the distribution methodology for the UC Pool. Texas is withdrawing its May 1, 2023 amendment request upon approval of this technical clarification.

We look forward to our continued partnership on the THTQIP section 1115(a) demonstration. If you have any questions, please contact your CMS project officer, Ms. Diona Kristian, at Diona.Kristian@cms.hhs.gov.

Sincerely,

Angela D. Garner
Director
Division of System Reform Demonstrations

cc: Ford Blunt, State Monitoring Lead, Medicaid and CHIP Operations Group

Enclosure