



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

CHRIS TRAYLOR
EXECUTIVE COMMISSIONER

April 7, 2016

Ms. Vikki Wachino
Deputy Administrator and Director
Centers for Medicare and Medicaid Services
Center for Medicaid and CHIP Services
7500 Security Boulevard, Mail Stop: 32-26-12
Baltimore, Maryland 21244-1850

Dear Ms. Wachino:

The State of Texas submitted a request to extend its Section 1115 Demonstration Waiver as required on September 29, 2015. Since that time, the Health and Human Services Commission (HHSC) and CMS have worked diligently to come to an agreement on the extension. HHSC is now requesting an initial 15-month extension to facilitate an orderly transition to the overall five-year extension.

There are three major components within the current waiver and the extension application:

- The delivery of Medicaid managed care services statewide through the STAR, STAR+PLUS and Children's Medicaid Dental Services programs.
- The Delivery System Reform Incentive Payment (DSRIP) program that established 20 Regional Healthcare Partnerships to enhance access to care and test innovative care.
- The Uncompensated Care program that helps offset uncompensated costs of hospitals and other providers in serving Medicaid and uninsured populations.

For this initial 15-month extension, Texas requests to maintain the Demonstration Year (DY) 5 funding levels for both the Uncompensated Care program and the DSRIP program. As such, the pool of funds available for each program will be \$3.1 billion (all funds) for twelve months, and a pro-rated amount for the additional three months. Texas will also continue the delivery of Medicaid services through the managed care delivery model statewide.

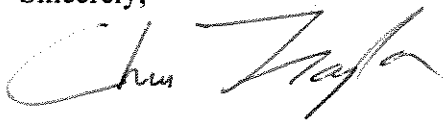
HHSC will continue to work with CMS in the coming months, including completing the Uncompensated Care Pool Study, as specified in the November 20, 2015, CMS letter. As agreed upon by CMS previously, Texas plans to complete the study by August 31, 2016.

Ms. Vikki Wachino
April 7, 2016
Page 2

HHSC looks forward to a response from CMS. Because our providers require a level of certainty to continue serving Medicaid populations, a timely response is very important. The proposed time period for this initial extension is October 1, 2016, to December 31, 2017. Texas would continue to work with CMS to determine the requirements for a longer-term agreement.

Thank you for the opportunity to submit this initial extension request. If you have any questions, please contact Ardas Khalsa, Deputy Medicaid CHIP Director for the Transformation Waiver at HHSC, at (512) 707-6105 or ardas.khalsa@hhsc.state.tx.us or Pam McDonald, Director of the Rate Analysis Department of HHSC, at (512)707-6079 or pam.mcdonald@hhsc.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Traylor". The signature is fluid and cursive, with a large, sweeping initial "C".

Chris Traylor