



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

May 26, 2015

Victoria Wachino
Director
Department of Health & Human Services
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850

Dear Ms. Wachino:

Thank you for your May 21 letter with CMS's preliminary feedback on Florida's Low Income Pool (LIP) Amendment Request.

In your letter, you say, "we note that this level of funding for the LIP coupled with the options the state may elect at its discretion described in this letter would enable Florida to **retain Medicaid investment in the state at or above the current \$2.16 billion level** of LIP funding." Based on this communication and our subsequent clarifying conversations, we understand that the renewed LIP will provide us with enough money to maintain current Medicaid program funding levels.

While some have reported that LIP has been cut in half, the state has not lost the remaining over \$1 billion of the original \$2.16 total (again, as noted in your letter). Instead, the renewed LIP will include the flexibility to draw down federal match on up to \$1 billion in local funds and to drive these matching dollars into Medicaid managed care capitation rates. **This means there is no need to infuse additional state general revenue to maintain current Medicaid hospital funding levels in FY 2015-2016.** We have attached a proposal that would use the renewed LIP to flow \$2.27 billion through our program to hospitals.

Putting additional funding into the Medicaid Managed Care program allows the dollars to follow the patients and addresses your principles that "Medicaid payments should support services provided to Medicaid beneficiaries," and that "provider payment rates must be sufficient to promote provider participation and access." However, our analysis indicates that while total Medicaid funding levels are virtually unchanged for FY 2015-2016, there may be a \$54 million impact to medical school funding.

Thank you again for all of your assistance and work to keep Florida's Medicaid program whole. Your guidance has been essential to ensuring that there is no major fiscal impact to Florida healthcare providers who support the needs of low-income families in our state.

We would like to speak this week to discuss the attached proposal and ensure that it is aligned with your expectations for FY 2015-16 (Demonstration Year 10). We would also like to resolve any outstanding issues or concerns that limit your ability to provide a letter of agreement in principle and get your responses to Governor Rick Scott's letter sent to Secretary Burwell on May 12, 2015 inquiring about federal healthcare coverage and access options (also attached).

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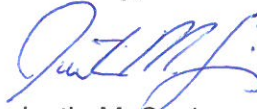
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Getting the Governor's questions answered and reaching an agreement in principle with CMS will allow us to start working on the detailed Special Terms and Conditions and help the Legislature build a state budget for FY 2015-2016.

In the meantime, if you have any questions or comments, please do not hesitate to contact me.

Sincerely,



Justin M. Senior
Deputy Secretary for Medicaid

Attachment- Proposal
Attachment- Burwell letter