

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-16
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations

JAN 29 2010

Ms. Roberta K. Bradford
Deputy Secretary for Medicaid
Florida Agency for Health Care Administration
2727 Mahan Drive, MS #8
Tallahassee, FL 32308

Dear Ms. Bradford:

We are pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved your request to amend Special Term and Condition (STC) 105 of the Florida Medicaid Reform section 1115 Demonstration (Project No. 11-W-0000-5/4) beginning February 1, 2010.

The revisions to STC 105 are attached and uncouple the previous statewide expansion requirement from the \$300 million in LIP funds available to the State in Demonstration year 5. STC 105 has been modified to include new milestones that the State must meet. The money will be available in \$150 million increments provided the State meets milestones by June 30, 2010, and October 31, 2010.

Questions regarding the Florida Medicaid Reform Demonstration may be directed to your project officer, Mr. Mark Pahl, and his contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, MD 21244-1850
E-mail: Mark.pahl@cms.hhs.gov
Telephone: (410) 786-1584
Facsimile: (410) 786-8534

Official communications regarding program matters should be sent simultaneously to Mr. Pahl and Ms. Mary Kaye Justis, Associate Regional Administrator in our Atlanta Regional Office. Ms. Justis' contact information is as follows:

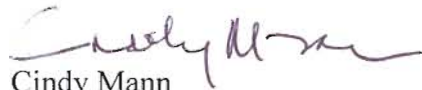
Centers for Medicare & Medicaid services
Atlanta Federal Center
61 Forsyth Street, SW, Suite 4T20
Atlanta, Georgia 30303-9009

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If you have questions regarding this correspondence, please contact Ms. Victoria Wachino, Director, Family and Children's Health Programs Group, Center for Medicaid and State Operations, at (410) 786-5647.

Congratulations on the approval of your Medicaid section 1115 demonstration amendment. We look forward to continuing to work with you and your staff.

Sincerely,

A handwritten signature in dark ink, appearing to read "Cindy Mann", with a stylized flourish at the end.

Cindy Mann
Director

Enclosure

cc: Ms. Mary Kaye justice, Associate Regional Administrator, Atlanta Regional Office

Florida Medicaid Reform
Revised Special Term and Condition 105
Effective February 1, 2010

105. Demonstration Year 5. At the beginning of demonstration year 5, \$700 million (total computable) will be available. Also at the beginning of demonstration year 5, an additional \$150 million (total computable) will be available if the State has met the milestones described in paragraph 1(a), 1(b), 2(a), and 2(b) below by the specified date prior to the beginning of the year (July 1, 2010). An additional \$150 million (total computable) will be available at the completion of the milestone due on or before October 31, 2010 as described in paragraph 1(c).

1) The Florida Agency for Health Care Administration will:

(a) Develop a draft reconciliation review tool and instructions, in consultation with CMS, to be used for the reconciliation of LIP expenditures to allowable provider costs by April 30, 2010. CMS will have 30 days to review the draft reconciliation tool, request additional information or approve the tool. The 'tool' will implement the following recommendations provided to the State in the Financial Management Review (FMR).

- i. Written procedures to calculate the Medicaid Shortfall Amount will be provided to participating providers to ensure correct calculations.
- ii. Written instructions and definitions and review procedures regarding allowable costs will be provided to participating providers to ensure that only allowable costs are being included.
- iii. Written procedures will be provided to participating providers to ensure that the LIP cost limit forms are consistently completed.

(b) Provide CMS a schedule for the completion of provider reconciliations statewide for demonstration years 1, 2, 3, and 4 by June 30, 2010.

(c) Provide completed LIP reconciliations, by demonstration year and by provider, for all providers for demonstration years 1 and 2, by October 31, 2010. Demonstration year 1 LIP expenditure reconciliations must use the DSH audit reports for verification of reconciliation results and method.

(d) Provide completed LIP reconciliations for all providers for demonstration year 3 by March 31, 2011.

(e) Provide LIP reconciliations for providers for demonstration year 4 by March 31, 2011.

For LIP hospitals that receive DSH funding, DSH audit results and a supplemental LIP report for primary care and ancillary provider distributions and STC #96, may be used as part of the LIP reconciliation. The results of the reconciliations must be

reported to CMS with summary by provider and in aggregate for the LIP with sufficient details included or made available upon request for validation.

2) The Florida Agency for Health Care Administration will provide:

(a) A report of the LIP dollars currently allocated (by the State and/or health system) to participating providers that are within the operating budgets for State fiscal year 2009 – 2010 (SFY) to fund alternative delivery systems that provide ambulatory and preventive care services in non-inpatient settings by May 31, 2010. The report will provide a baseline assessment of current administrative capabilities and develop a reporting process to prospectively track the use of LIP funds allocated to hospital entities and subsequently used to fund uncompensated care in ambulatory and preventative care settings.

(b) An update with SFY 2010-11 projections for LIP dollars allocated (as described in 2 a) to participating providers by June 30, 2010. This update will include descriptions of increases to allocations and changes to current allocations.