



**Center for Medicaid and CHIP Services**

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December 15, 2011

Ms. Elizabeth Dudek  
Secretary  
Florida Agency for Health Care Administration  
2727 Mahan Drive, Mail Stop #1  
Tallahassee, FL 32308

Dear Ms. Dudek:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved your request to renew the Florida Medicaid Reform section 1115 Demonstration (Project No. 11-W-00206/4). This renewal is effective December 16, 2011, through June 30, 2014. The extension is granted under the authority of section 1115(a) of the Social Security Act.

This approval allows the Demonstration to continue to operate in the five counties where it is currently implemented, while adding protections for Demonstration beneficiaries receiving services in the five counties, including a Medical Loss Ratio (MLR) requirement for pre-paid plans. Managed care plans and provider service networks must also have policies in place to ensure stability among plans, minimize plan turnover, and provide for an improved transition and continuity of care when enrollees change plans. Managed care performance, initiatives, and activities will continue to be monitored as measured by HEDIS, CAHPs and other quality metrics. Encounter data requirements must also be met by the State that address the collection, reporting, and utilization of data on services furnished to Demonstration beneficiaries.

The Low Income Pool (LIP) will be maintained at \$1 billion (total computable) annually for the 3-year extension of the Demonstration. Two tiers of milestones must be met during each Demonstration year for the State and providers to have access to 100 percent of LIP funds. The milestones established are intended to enhance the delivery of health care to low income populations in Florida. In addition, the State is required to submit by February 1, 2012, a protocol to ensure that the payment methodologies for distributing LIP funds to providers supports the goals of the LIP and that providers receiving LIP payments do not receive payments in excess of their cost of providing services. Financial penalties apply if the State does not submit an approvable protocol.

Under the extension of the Demonstration, the State will no longer impose a maximum annual benefit level for Medicaid beneficiaries in the Reform counties. In addition to meeting an actuarial equivalence test, each health plan's proposed customized benefit package must meet or exceed a minimum threshold of 98.5 percent for benefits identified as sufficiency tested benefits. Additionally, waivers that applied to retroactive eligibility and that limited benefits available

during the time a beneficiary selected a plan, which were never implemented by the State, have not been renewed.

The State requested not to continue the Opt Out program that has allowed Demonstration enrollees to voluntarily elect to apply their Medicaid premium to employer sponsored insurance (ESI). Accordingly, the Opt Out program has been removed from the Demonstration. Beneficiaries currently participating in the Opt Out program will have the option to continue to access ESI under the State plan premium assistance program, that includes full wrap-around benefits, or return to Medicaid managed care under the Demonstration. CMS will work with the State to ensure the required cost-effectiveness determinations are implemented.

Our approval of this Demonstration project is subject to the limitations specified in the attached waiver and expenditure authorities. The State may deviate from Medicaid State plan requirements only to the extent those requirements have been specifically waived, or with respect to expenditure authorities, listed as not applicable to expenditures for Demonstration populations and other services not covered under the State plan in the expenditure authority.

The approval is conditional upon acceptance and compliance with the enclosed Special Terms and Conditions (STCs) defining the nature, character, and extent of Federal involvement in the Demonstration. The award is subject to our receiving your written acknowledgement of the award and acceptance of the STCs and waiver and expenditure authorities within 30 days of the date of this letter.

Your acceptance and any questions regarding the Florida Reform Demonstration may be directed to your project officer, Mr. Mark Pahl. Mr. Pahl's contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid, CHIP and Survey & Certification  
Division of State Demonstrations and Waivers  
7500 Security Boulevard, Mail Stop S2-01-16  
Baltimore, MD 21244-1850  
Telephone: (410) 786-1584  
Facsimile: (410) 786-8534  
E-mail: [Mark.Pahl@cms.hhs.gov](mailto:Mark.Pahl@cms.hhs.gov)

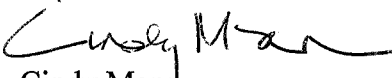
Official communications regarding program matters should be sent simultaneously to Mr. Pahl and Ms. Jackie Glaze, Associate Regional Administrator in our Atlanta Regional Office. Ms. Glaze's contact information is as follows:

Centers for Medicare & Medicaid Services  
Atlanta Federal Center, 4<sup>th</sup> Floor  
61 Forsyth Street, SW, Suite 4T20  
Atlanta, GA 30303-8909

If you have questions regarding this correspondence, please contact Ms. Victoria Wachino, Director, Children and Adults Health Programs Group, Center for Medicaid and CHIP Services, at (410) 786-5647.

Thank you for your efforts to improve care for low-income Floridians. We look forward to continuing to work with you and your staff.

Sincerely,

  
Cindy Mann  
Director

Enclosure

cc: Jackie Glaze, ARA, Region IV