

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop: S2-26-12
Baltimore, Maryland 21244-1850



Justin Senior
Deputy Secretary for Medicaid
Florida Agency for Health Care Administration
2727 Mahan Drive, Mail Stop 8
Tallahassee, FL 32308

JUL 31 2014

Dear Mr. Senior:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving your request to extend Florida's section 1115 demonstration project, titled Managed Medical Assistance Program (MMA) (Project Number 11-W-00206/4). The demonstration extension succeeds the temporary one month extension of the demonstration that was granted on June 30, 2014, extending the previously approved demonstration through July 31, 2014. This extension is approved for three years from July 31, 2014 through June 30, 2017, except for the Low Income Pool (LIP) supplemental payment authority which will be extended through June 30, 2015. This extension retains improvements to the overall demonstration that were added in the June 2013 amendment, including improved stakeholder engagement processes and consumer protections and improved evaluation and quality initiatives.

As noted in our April 11, 2014 Agreement in Principle letter, CMS and Florida agree that this one-year extension of the LIP will provide stability for providers as Florida transitions to statewide Medicaid managed care, while allowing the state to move toward a significantly reformed Medicaid payment system. The terms and conditions for this extension specify that LIP payments will be funded through existing state and local funding arrangements. They also reflect our agreement that CMS will authorize up to \$2,167,718,341 (total computable) for LIP in demonstration year (DY) 9. To promote sound decision making going forward, the state will commission a report from an independent entity on Medicaid provider payments in the state. The report will review the adequacy of payment levels, and the adequacy, equity, accountability and sustainability of the state's funding mechanisms for these payments. The report shall recommend reforms to the Florida Medicaid financing system that can allow the state, beginning in state fiscal year 2015-2016, to move toward Medicaid managed care and fee-for-service payments that ensure access for Medicaid beneficiaries to providers throughout the state through such payments rather than through over reliance on supplemental payments. The revised terms and conditions also require measures to strengthen oversight of LIP expenditures, to ensure that payments to providers through the LIP represent only allowable costs. As discussed with you previously, our review indicates that certain payments made to providers through LIP in DYs 1-3

were unallowable; therefore we plan to issue a disallowance in accordance with 42 CFR 430.42 for the amounts we identified (\$104,351,578 in total computable, for which the federal share must be returned). You will receive official notification of this disallowance (including your rights to reconsideration and appeal of our decision) in a separate transmittal.

We will continue to work with you to review payments made under subsequent DYs, and if additional overpayments are identified, follow the same procedure. We appreciate the work of you and your staff to develop a new data tool that will help speed and strengthen the reconciliation process. Our financial management staff in our central office and Atlanta Regional office will continue to communicate closely with you and your staff regarding LIP reconciliations.

CMS approval of this section 1115 demonstration extension is subject to the limitations specified in the approved waiver and expenditure authorities and the list of requirements that are not applicable to the expenditure authorities. The state may deviate from the Medicaid State plan requirements only to the extent those requirements have been specifically listed as waived or not applicable to the expenditure authorities. All requirements of the Medicaid program as expressed in law, regulation, and policy statement not expressly waived or identified as not applicable shall apply to Florida's Managed Medical Assistance program. This approval is also conditioned upon continued compliance with the enclosed special terms and conditions (STCs) defining the nature, character, and extent of federal involvement in this project.

These approvals are conditioned upon written acceptance from the state that it agrees with the waiver and expenditure authorities and STCs. This written acceptance is needed for our records within 30 days of the date of this letter.

Your project officer is Ms. Heather Hostetler. Ms. Hostetler's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
Division of State Demonstrations and Waivers
7500 Security Boulevard
Mail Stop S2-02-26
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Telephone: (410) 786-4515
Facsimile: (410) 786-8534
E-mail: Heather.Hostetler@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Hostetler and to Ms. Jackie Glaze, Associate Regional Administrator in our Atlanta Regional Office. Ms. Glaze's address is:


Jackie Glaze
Centers for Medicare & Medicaid Services
Atlanta Federal Center, 4th Floor
61 Forsyth Street, SW Suite 4T20

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Atlanta, GA 30303-8909
Telephone: (404) 562-7417
E-mail: Jackie.Glaze@cms.hhs.gov

If you have questions regarding this approval, please contact Mr. Eliot Fishman, Director, Children and Adults Health Programs Group, Center for Medicaid & CHIP Services, at (410) 786-5647. Thank you for you and your staffs' thoughtful work on this demonstration extension.

Sincerely,


Cindy Mann
Director

Enclosures

cc: Jackie Glaze, Associate Regional Administrator, Region IV