

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop: S2-01-16  
Baltimore, Maryland 21244-1850



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**Children and Adults Health Programs Group**

**DEC 04 2013**

Kay Ghahremani  
State Medicaid Director  
Texas Health and Human Services Commission  
P.O. Box 13247  
Austin, TX 78711

Dear Ms. Ghahremani:

We are writing to share the results of the Centers for Medicare & Medicaid Services (CMS) review of the remaining revisions to the Regional Healthcare Partnership (RHP) 10 plan, which were submitted by the state to CMS for reconsideration on August 23, 2013 as part of the state's Delivery System Reform Incentive Payment (DSRIP) Pool, authorized under the state's 1115 demonstration, entitled Texas Healthcare Transformation and Quality Improvement Program (Project Number 11-W-00278/6). CMS's initial approval of revisions to 35 projects from RHP 10 was previously sent to the state on September 9, 2013.

The findings of CMS's secondary review of these project revisions, in accordance with the expectations set forth in the demonstration's Program Funding and Mechanics (PFM) Protocol, are enclosed. In summary, of the three remaining project revisions from RHP 10, three projects are initially approved at the value approved by the state.

These providers may now begin receiving DSRIP payments for demonstration years (DY) 2 and DY 3 for the DSRIP projects approved in this letter, provided they show documented achievement of the milestones described in their plan, in accordance with the requirements set forth in the DSRIP PFM Protocol.

These review findings do not alter the responsibility of the state or the RHP to comply with all federal program integrity and funding requirements of the Medicaid program, the demonstration's special terms and conditions (STCs), the PFM Protocol (attachment J of the STCs), or the RHP Planning Protocol (attachment I of the STCs).

In addition, the RHP must continue to address all other requirements of the PFM Protocol described in CMS's initial review letter, sent April 25, 2013, including priority technical corrections and revisions to Category 3 targets.

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Your project officer is Mr. Robert Nelb. He is available to answer any questions concerning your section 1115 demonstration. Mr. Nelb's contact information is as follows:

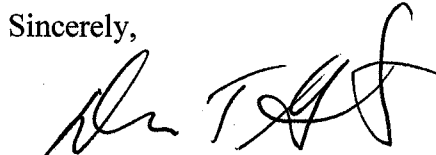
Centers for Medicare & Medicaid Services  
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E-mail: robert.nelb@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Mr. Nelb and to Mr. Bill Brooks, Associate Regional Administrator in our Dallas Regional Office. Mr. Brooks' address is:

Bill Brooks  
Centers for Medicare & Medicaid Services  
1301 Young St. Suite 714  
Dallas, TX 75202  
Telephone: (214) 767-4461  
E-mail: Bill.Brooks@cms.hhs.gov

If you have questions regarding this approval, please feel free to contact me or either of the contacts listed above.

Sincerely,



Diane T. Gerrits  
Director  
Division of State Demonstrations and Waivers

Enclosures

cc: Bill Brooks, Associate Regional Administrator, Region VI  
David Salsberry, RHP 10 Lead Contact

**Attachment –**  
**CMS Review of Revisions for Regional Healthcare Partnership (RHP) 10**

**Overview**

As described in the accompanying letter, CMS conducted its re-review of the remaining three revised projects from RHP 10 in accordance with paragraph 15.a of the Texas 1115 demonstration Program Funding and Mechanics (PFM) protocol. CMS’s initial approval of revisions to 35 projects from RHP 10 was previously sent to the state on September 9, 2013.

In summary, of the three remaining project revisions from RHP 10, three projects are initially approved at the value approved by the state (Table 1). For both demonstration year (DY) 2 and DY 3 combined, CMS is initially approving a total of **\$34,765,698** as part of this letter.

**Table 1 - Initially approved projects without project value adjustments**

The following revised category 1 and 2 projects, submitted by the state August 23, 2013, are initially approved and may begin claiming DSRIP funding for documenting achievement of the specified milestones in accordance with the requirements set forth in the PFM protocol.

As described in CMS’s initial review findings for RHP 10, sent April 25, 2013, additional revisions to projects will be needed to resolve priority technical corrections, to set targets for Category 3 outcomes, and to approve the project values for DY 4 and 5, consistent with paragraphs 15.b and 15.c of the Program Funding and Mechanics (PFM) protocol.

Unique Project ID	Project Option	Provider Name	Initially approved DY 2 - 3 project value (total computable)	Summary of change made for approval (as provided by the state)
126675104.2.1	2.2.2	John Peter Smith Hospital	\$14,327,814	Provider supported the proposed project value by adding a component based on 4 additional Community Needs Assessments. HHSC also re-reviewed the project and found the 4-year valuation of this initiative is in line with other projects in project area 2.2.2.
126675104.2.2	2.1.1	John Peter Smith Hospital	\$16,085,905	Provider added quantifiable patient impact information to the milestones for DY3-5. Provider’s proposed value goes above CMS outlier alternate value but based on the patient impact provided, HHSC believes this provides a strong case for the provider retaining its original valuation.
130606006.2.1	2.13.1	Wise Regional Health System	\$4,351,979	Provider submitted additional information to address the provider donation issue identified by CMS.
<b>Total</b>			<b>\$34,765,698</b>	