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**Children and Adults Health Programs Group**

**AUG 06 2013**

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

Dear Ms. Ghahremani:

This letter provides the Centers for Medicare & Medicaid Services (CMS) approval of revisions to the Regional Healthcare Partnership (RHP) 18 plan that was submitted to CMS for reconsideration on July 22, 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).

In accordance with the expectations set forth in the demonstration's Program Funding and Mechanics (PFM) Protocol, the state reviewed all plan revisions prior to submitting the projects to CMS to ensure that Regional Healthcare Partnerships (RHPs) addressed the concerns identified by CMS during its initial review. CMS' 15-day re-review focused on ensuring that the state followed its process correctly and that the RHP adequately addressed CMS' initial concerns.

Two of RHP 18's DSRIP project revisions submitted by the state have been initially approved. The list of approved projects is enclosed. These providers may now begin receiving DSRIP payments for demonstration years (DY) 2 and DY 3 for the DSRIP project 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.

The remaining two DSRIP project revisions submitted informally by the state continue to be under review by CMS. We will provide formal feedback on these projects at a later date.

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), or the accompanying protocols, the PFM protocol (attachment J of the STCs) and 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 18, 2013, including priority technical corrections and revisions to Category 3 targets.

Page 2 – Ms. Kay Ghahremani

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  
Center for Medicaid & CHIP Services  
Division of State Demonstrations and Waivers  
7500 Security Boulevard  
Mail Stop: S2-01-16  
Baltimore, MD 21244-1850  
Telephone: (410) 786-1055  
Facsimile: (410) 786-8534  
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  
Judge Keith Self, RHP 18 Lead Contact

**Attachment –**  
**CMS Review of Revisions for Regional Healthcare Partnership (RHP) 18**

**Overview**

As described in the accompanying letter, CMS conducted its 15-day re-review of revised projects accordance with paragraph 15.a of the Texas 1115 demonstration Program Funding and Mechanics (PFM) protocol. The results of CMS's re-review are described below for revisions to the RHP 18 plan submitted July 22, 2013.

**Table 1 - Initially approved projects**

The following revised category 1 and 2 projects, submitted by the state July 22, 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. For both demonstration year (DY) 2 and DY 3 combined CMS is initially approving a total of \$9,637,422.

As described in CMS's initial review findings for RHP 18, sent April 18, 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
194997601.1.1	1.1.1	Texoma Medical Center	\$7,766,519	Provider accepted lesser value with no revisions to project
126686802.1.1	1.1.1	UT Southwestern Medical Center --- Faculty Practice Plan	\$1,870,903	Provider accepted lesser value with no revisions to project
		<b>Total</b>	<b>\$9,637,422</b>	