

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



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JAN 07 2015

Kay Ghahremani  
Director  
Texas Health and Human Services commission  
P.O. Box 13247  
Austin, Texas 78711

Dear Ms. Ghahremani:

Thank you for the information you and your staff have provided related to a recent deferral the Centers for Medicare & Medicaid Services (CMS) issued regarding the non-federal share financing of Texas' Uncompensated Care under its section 1115 waiver. As we discussed, CMS is releasing the deferral that was issued in September 2014 for expenditures claimed on the Quarterly Medicaid Statement of Expenditures (Form CMS-64) for the quarter ended June 30, 2014 while we complete our work together on this issue.

Please note that release of the deferral does not constitute CMS' acceptance of the financing arrangements. CMS is committed to performing a thorough analysis of all of the materials provided by the state before making any final determinations and to provide Texas with necessary technical assistance to correct any deficiencies. As you know, CMS issued clarifying guidance related to provider-related donations on May 9, 2014; as such, we believe it is best to work with Texas to ensure understanding of all of the financing arrangements within Texas and make appropriate determinations and any necessary adjustments going forward. In order to review and analyze all relevant information and to the extent that CMS determines that any financing structure within Texas' Medicaid program violates federal statute and regulation, we would expect Texas to make necessary adjustments by December 2015.

Thank you again and let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy Hill". The signature is written in a cursive, flowing style.

Timothy Hill  
Deputy Director

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cc: Bill Brooks, Associate Regional Administrator,  
Division of Medicaid and Children's Health Operations,  
Region VI

Dorothy Ferguson, Financial Management Branch Chief,  
Division of Medicaid and Children's Health Operations,  
Region VI