



Administrator

Washington, DC 20201

SEP 29 2006

Ms. Kathleen Shure, Director
Office of Managed Care
New York Department of Health
Empire State Plaza
Corning Tower Building
Albany, NY 12237

Dear Ms. Shure:

We are pleased to inform you that the extension of the New York Medicaid section 1115 demonstration, the Partnership Plan (11-W-00114/2), has been approved in accordance with section 1115(f) of the Social Security Act (the Act).

Beginning October 1, 2006, your section 1115(f) demonstration is authorized through September 30, 2009, upon which date, unless reauthorized, all waivers and authorities granted to operate this demonstration will expire.

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

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

A number of significant changes to the demonstration have been incorporated into the STCs and waiver and expenditure authorities for the extension approval. They include:

- Transfer of authority to mandate managed care enrollment for all aged and disabled adults and children to the Federal-State Health Reform Partnership (F-SHRP) demonstration (11-W-00234/2).
- A phase out of Federal financial participation for individuals age 21 through 64 who reside in Institutions for Mental Diseases (IMDs) consistent with CMS policy.

- Compliance with Federal regulations at 42 CFR Part 438 governing managed care contracting and quality oversight, except to the extent they are inconsistent with the continuation of the State's facilitated enrollment program.
- Requirements for oversight and management of the facilitated enrollment program.
- Increased monitoring and reporting for New York's family planning expansion program, including a specific list of diagnosis and procedure codes eligible for the family planning enhanced match.
- A requirement for New York to conduct two evaluations during this extension period: one for the family planning expansion program, and one for the demonstration as a whole.
- A requirement for New York to provide quarterly budget neutrality monitoring spreadsheets by demonstration population in addition to reporting on Form CMS-64. This will assist CMS in monitoring budget neutrality for the demonstration.
- Trend rates reflecting the President's Federal fiscal year 2007 budget of 6.7 percent for children and 6.6 percent for adults for the 3-year extension. Current projections indicate that the State will continue to have significant savings from the demonstration at the end of the extension. Although the aged and disabled will no longer be reported under this Demonstration for the period of this extension, eligibility groups remain in the STCs as placeholders when the F-SHRP Demonstration expires.

Additionally, the STCs reference compliance with all Federal laws, regulations, and policies. Language has been added to highlight compliance with the Deficit Reduction Act of 2005, which was signed into law on February 8, 2006.

The transfer of authority for mandatory managed care enrollment of disabled adults and children includes those recipients with severe and persistent mental illness and children with severe emotional disturbances. Because these recipients access behavioral health benefits on a fee-for-service basis, enrollment in managed care will allow these recipients to have a medical home, while maintaining their current access to critical behavioral health services.

The waiver and expenditure authorities have been revised to more accurately reflect the renewed demonstration program. A full listing of the approved waiver and expenditure authorities is enclosed.

You will note that this approval does not incorporate authority for the F-SHRP program. However, approval for the program is included in demonstration project 11-W-00234/2, which you will receive under a separate cover.

As a condition of authorizing the continued operation of the State's facilitated enrollment program, you must send, along with your letter accepting the STCs governing the demonstration, a copy of the administrative notice sent to each local department of social services advising them of the new facilitated enrollment processes outlined in the STCs.

Your project officer for this demonstration is Ms. Camille Dobson. She is available to answer any questions concerning your section 1115 demonstration renewal. Ms. Dobson's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 786-7062
Facsimile: (410) 786-5882
E-mail: Camille.Dobson@cms.hhs.gov

Official communication regarding program matters should be sent simultaneously to Ms. Dobson and to Ms. Sue Kelly, Associate Regional Administrator in our New York Regional Office. Ms. Kelly's contact information is as follows:

Centers for Medicare & Medicaid Services
New York Regional Office
Division of Medicaid and Children's Health
26 Federal Plaza
New York, NY 10278

If you have questions regarding the terms of this approval, please contact Ms. Jean Sheil, Director, Family and Children's Health Programs Group, Center for Medicaid and State Operations, at (410) 786-5647.

Congratulations on the approval of your Medicaid section 1115 demonstration extension. We look forward to continuing to work with you and your staff.

Sincerely,



Mark B. McClellan, M.D., Ph.D.

Enclosures

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cc: Ms. Sue Kelly
Associate Regional Administrator
New York Regional Office