



October 21, 2021

Ms. Diona Kristian
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
Mail Stop: S2-25-26
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Ms. Kristian:

Pursuant to the January 15, 2021 1115 Waiver Special Terms and Conditions (STC) 41(a), the Uncompensated Care Pool must be revised for Demonstration Years (DYs) 12-16 through a collaborative process between the Centers for Medicare and Medicaid Services (CMS) and Texas. STC 41(a) states:

Reassessment of Hospitals' Uncompensated Charity Care (UCC) in 2022. CMS and Texas agree that UC Pool limits for DY 12-16 will be revised based on a reassessment of the amount of uncompensated charity care cost provided by Texas hospitals, to take place by September 1, 2022. The state and CMS will collaborate on the reassessment, which will be based on information reported by hospitals for periods beginning in federal fiscal year 2019 on schedule S-10 of the CMS 2552-10 hospital cost report, with adjustment to ensure that demonstration pool payments do not enter the calculation, following a methodology approved by CMS. For non-S-10 hospitals, costs will be based on the CMS-approved cost reports described in Attachment H for the most recent available year. The results of the reassessment will be used to revise the UC Pool limits for DY 12-16. CMS and Texas are using 2019 to avoid any impact to data caused by the public health emergency that was in effect in 2020 and after.

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Texas looks forward to working collaboratively with CMS on this effort and is submitting the template that was approved by CMS for the pool size revision in advance of DY 9. The template has been completed using the data described in the STC. We are also providing our notes regarding any adjustments or irregularities we identified in the course of completing the template. We are hopeful that CMS and Texas will be able to conduct a call in approximately 30 days to address any questions that you have as you review our submission and that the total process to approve the pool size will be able to completed within the next 90 days.

Sincerely,

A handwritten signature in blue ink that reads "Victoria Grady". The signature is written in a cursive, flowing style.

Victoria Grady
Director of Provider Finance