



DAVID MAXWELL-JOLLY
Director

State of California—Health and Human Services Agency
Department of Health Care Services



ARNOLD SCHWARZENEGGER
Governor

AUG 19 2010

Ms. Gloria Nagle
Associate Regional Administrator
Division of Medicaid & Children's Health Operations
Centers for Medicare & Medicaid Services
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San Francisco, CA 94103-6706

Mr. Steven Rubio, Project Officer
Division of State Demonstrations and Waivers
Center for Medicaid and State Operations
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mailstop S2-01-06
Baltimore, MD 21244-1850

Dear Ms. Nagle and Mr. Rubio:

This letter is to request a 60 day extension of the Section 1115(a) *Medi-Cal Hospital/Uninsured Care Demonstration* (Waiver 11-W-00193/9) (Demonstration), continuing all provisions of the current Demonstration, with an additional spending authority for the two month extension representing a pro rata of the \$1.532 billion total computable (\$255 million). The additional federal funding during the extension period will be drawn down based on the American Reinvestment and Recovery Act Federal Medical Assistance Percentage rate and will not be subject to the budget neutrality expenditure caps for the Demonstration year 5 and the new Section 1115(a) Comprehensive Demonstration Project Waiver: A Bridge to Reform (Bridge to Reform Waiver). The Department also requests the ability to draw down the additional \$720 million total computable, which is available in year 5, using state only program and designated public hospital certified public expenditures that are incurred during the extension period.

We appreciate the significant time and resources the Centers for Medicare & Medicaid Services (CMS) has dedicated to the Bridge to Reform Waiver discussions. It is California's goal to lead the nation in moving deliberately and thoughtfully towards full implementation of the Medicaid expansion populations and to create more accountable, coordinated and modern service delivery systems, affirm and further strengthen the health care safety net, including private and public hospitals and community health centers, reward health care quality and improved outcomes and slow the long-term expenditure growth rate of the Medi-Cal program.

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We are committed to completing the Bridge to Reform Waiver negotiations as quickly as possible and anticipate CMS's continued support. We, therefore, expect to receive CMS's approval of the Bridge to Reform Waiver Special Terms and Conditions (STCs) within the 60 day extension period.

If you have any questions regarding this request to extend the Demonstration and the year 5 claiming ability for 60 days, please contact Ms. Jalyne Callori, Acting Chief, Safety Net Financing Division, Department of Health Care Services, at (916) 552-9215.

Sincerely,



Toby Douglas
Chief Deputy Director
Health Care Programs

cc: Mr. Brian Burdullis, Financial Analyst
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