

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



Center for Medicaid, CHIP, and Survey & Certification

MAR 17 2011

Toby Douglas
Chief Deputy Director, Health Care Programs
Department of Health Care Services
1501 Capitol Avenue, MS 0000
P.O. Box 997413
Sacramento, CA 99859

Dear Mr. Douglas:

We are pleased to inform you that the Centers for Medicare and Medicaid Services (CMS) has completed its review of the portions of attachments P and Q to the State of California's Medicaid section 1115 demonstration special terms and conditions (Waiver 11-W-00193/9) submitted thus far.

The demonstration's special term and condition 35(c) required the State to develop and obtain CMS approval for these attachments in the creation of a Delivery System Reform Incentive Pool (DSRIP). The DSRIP is available to the State for the development of a program of health reform activity and hospital system improvements that supports California's public/safety net hospitals' efforts in meaningfully enhancing the quality of care and the health of the patients and families they serve. The attachments as submitted address categories one, two and four and the payment mechanics generally and for these three categories specifically. CMS and the State continue to finalize category three and will append attachments P and Q when they are complete.

Our review indicates that the enclosed Attachment P "DSRIP Payment Mechanics" and Attachment Q "DSRIP Protocol" complies with the requirements outlined within special term and condition 35(c) for all but category three.

We would like to thank you and your staff for working with us on this requirement, and we look forward to continuing our collaborative efforts.

Sincerely,

A handwritten signature in blue ink that reads 'Cindy Mann'.

Cindy Mann
Director

Enclosures

Victoria Wachino, CMCS
Gloria Nagle, San Francisco Regional Office
Steven C. Rubio, CMCS