DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

*Administrator*
Washington, DC 20201

SEP 22 2017

Charles Smith
Executive Commissioner
Texas Health and Human Services Commission
Brown-Healy Building
4900 North Lamar Blvd.
Austin, Texas 78751

Dear Commissioner Smith:

As you know, the Centers for Medicare & Medicaid Services (CMS) has been working with the State of Texas for some time to resolve our disagreements with respect to various financing arrangements in the state that we believe to be out of compliance with federal statute and regulations. On September 1, 2016, CMS issued a notice of disallowance in the amount of $26,844,551, which was based on the projected value of in-kind donations to the Dallas and Tarrant County hospital districts by the Dallas County Indigent Care Corporation and the Tarrant County Indigent Care Corporation. Texas has appealed this decision to the Departmental Appeals Board (DAB), where it awaits a determination.

Based on our recent conversations, I am willing to commit to joining the state in seeking a stay of the current DAB considerations in order to explore how we might, in good faith, bring this matter—including the pending disallowance—to a mutually agreeable resolution. Our intention is to use the time allowed by a stay, if granted, to work with state officials to reach an agreement that brings the particular financing arrangements at issue in this disallowance into compliance on a prospective basis.

If you have any questions, please contact Brian Neale, Deputy Administrator and Director of the Center for Medicaid and CHIP Services, at (202) 690-7428 and Brian.Neale@cms.hhs.gov.

Sincerely,

Seema Verma

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