

Message

**From:** Boston, Beverly (CMS/CMCS); (b)(6)  
(b)(6)

**Sent:** 2/3/2023 7:11:03 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6)  
(CMS/CMCS); (b)(6)  
(b)(6) Fan, Kristin (CMS/CMCS)  
(b)(6) Arnold, Charlie  
(CMS/CMCS); (b)(6)  
(b)(6) Clark, Jennifer  
(CMS/CMCS); (b)(6)  
(b)(6) Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6) Cuno, Richard  
(CMS/CMCS); (b)(6)  
(b)(6) Snyder, Laura  
(CMS/CMCS); (b)(6)  
(b)(6) CMS State Directed  
Payment; (b)(6)  
(b)(6) Schoonover, Matthew  
(CMS/CMCS); (b)(6)  
(b)(6) Heitt, Melissa  
(CMS/FCHCO); (b)(6)  
(b)(6) Moore (she/her), Z.  
Yvette (CMS/CMCS); (b)(6)  
(b)(6)

**CC:** Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6) Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6) Silanskis, Jeremy  
(CMS/CMCS); (b)(6)  
(b)(6) adams, lia (CMS/CMCS)

**Subject:** RE: RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

**Attachments:** Healthcare Related Taxes CIB OGC OL CLEAN Jan 19\_OMBcmmts\_final February 3 2023\_dmcp.docx

John Giles, you're the BEST! 😊.

FMG leadership and the rest of the team here will review your line edits to confirm that we are good to go.

Have a great weekend!

*Beverly*

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>  
**Sent:** Friday, February 3, 2023 2:08 PM  
**To:** Giles, John (CMS/CMCS) <John.Giles1@cms.hhs.gov>; Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS)

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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks John. Those all look like good changes to me. Beverly, I think everything has been addressed.

Best,

Jonathan

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**From:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>

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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi Jonathan – you didn't ask me to read/review the whole letter, but I did. I had just a few edits:

1. I wouldn't lock yourself into only using the term MCO. I made recommended line edits on terminology, as SDPs apply to MCOs, PIHPs, and PAHPs. It would be best to ensure we are referring to all of those managed care plan types. I also included a footnote to help.
2. I added a reference to 438.6(c) since you specifically mention SDPs. I don't want there to be any confusion there.
3. I added a reference to part 438 in the area of the comment. I don't want to mention one specific regulation, as that seems too limiting to me in our ability to request information/documentation. So, I recommend a broad reference to part 438 regulations.

All of my edits are in track for your ease of review. I hope this helps.

Thank you!

John Giles, MPA  
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**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 1:35 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Schoonover, Matthew (CMS/CMCS) <[matthew.schoonover@cms.hhs.gov](mailto:matthew.schoonover@cms.hhs.gov)>; Heitt, Melissa (CMS/FCHCO) <[Melissa.Heitt@cms.hhs.gov](mailto:Melissa.Heitt@cms.hhs.gov)>; Moore (she/her), Z. Yvette (CMS/CMCS) <[yvette.moore@cms.hhs.gov](mailto:yvette.moore@cms.hhs.gov)>  
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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello John and Laura,

There was one comment that we received from OMB in response to our CIB on health care-related taxes that we felt that you would be in a better position to answer than we would. We write, "Where appropriate, states should examine their provider participation agreements and MCO contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state." The comment asked, "Are there provisions in managed care regulations in 438 that could be included here?" Since you know the managed care regulations better than we do, we thought you would be the appropriate SMEs to ask on this subject. If we could hear back from you by COB Monday on this point, we would be extremely grateful because the CIB is scheduled for release on February 10, 2023. Thank you for your partnership and assistance.

Best,

Jonathan

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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I agree Kristin. Thanks Jonathan!

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 1:00 PM  
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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I was wondering about that one as well. I don't think it would be appropriate to add a managed care pre-print reference here. But there might be something in section 438 of the regs.

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
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Thanks Johnathan. The citations are around documentation collection correct? It appears OL is flagging whether there is a citation around 438.6 (c) managed care pre-print collection. Can someone share the draft CIB with John Giles and Laura Snyder in DEHPG to confirm? If we can hear back by COB Mon that would help to keep us on track with the 2/10 release date.

Thank you!

*Beverly*

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 12:09 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Beverly,

Most of the edits should be easy and we can do today. The only one I don't know about is the request for a reference to the "managed care" regulations as it relates to the authority of CMS to request documentation as I am not as familiar with the managed care regs. We can do everything else quickly.

Best,

Jonathan

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**Subject:** OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Good afternoon team,

Please see attached, OMB just provided the passback on the Tax CIB. VERY, minor edits. I believe we can turn this around by COB Mon? Please confirm. We are still aiming for Friday 2/10 release.

Thanks you

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Wednesday, January 25, 2023 1:07 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
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**Subject:** Taxes CIB w/ EOP Due Fri 2/3 For FRI 2/10 Release : OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

See below status. Good news... Rachel/OS cleared the CIB without comment. It has been **advanced to EOP with comments/edits due on Friday 2/3 (not sure if we will be requested to do a call, but will keep you posted)**.

#### **Health Care-Related Taxes CIB**

- ~~1/19~~ — Send to IOS (Rachel) for review
- ~~1/24 COB~~ — Rachel clears
- 1/24 5pm — Send to EOP (DPC, OMB) for review
- 2/3 COB — EOP sends comments
- 2/6-2/9 — FMG revises
- **2/10 — Launch**

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Friday, January 20, 2023 12:37 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
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**Subject:** CIB with OS: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello everyone,

The release date for the CIB has moved a couple times as OC is planning for other rollouts. Please see attached, the CIB is now targeted to be **released on Friday 2/10**. It is currently under OS review with comments due on Monday; however,

I am checking with Perrie on whether the below schedule will be revised given the new 2/10 release date. I will keep you posted.

- 1/19 – Send to IOS (Rachel) for Review
- 1/23 COB – Rachel sends comments
- 1/25 – FMG revises
- 1/26 9am – Send to EOP (DPC, OMB) for review
- 1/30 12pm – EOP sends comments
- 1/30 – FMG revises
- 1/31 or 2/1 – Launch (depending on comments?)

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Thursday, January 12, 2023 3:34 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Jonathan, I agree with your analysis below. Thanks.

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>

**Sent:** Tuesday, January 10, 2023 2:47 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

OL appears to be arguing that we can't or shouldn't focus on anything other than the fact that hold harmless arrangements are against federal Medicaid law. They are, of course, but that is not the only motivating factor in issuing the CIB. They say we should cut any reference to the fact that halting these redistribution agreements could help providers with high Medicaid volume and that these financing mechanisms serve to take the focus away from quality health outcomes and towards who can finance the most money to minimize state expenditures while maximizing federal outlays. I think we should push back and say that issuing this CIB will be a positive for the transparency and improve the operation of the Medicaid program. However, I wanted to gauge the temperature of others to see how we wanted to approach this.

Best,

Jonathan

Jonathan Endelman  
Social Science Research Analyst

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Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
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**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Tuesday, January 10, 2023 2:12 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello, I am adding a SP link (below) for the reactive statement with OL comments/edits (attached) to be to aligned with the updated CIB and Q/As. Will these changes impact the OA briefing paper? We normally wait until we have clearance comments before going to OA, but I understand we are on a somewhat tight timeline.

OC reconciled the comments. I did move the reconciled version of the CIB and Q/As to SharePoint (below). Please see attached with separate line edits/comments for full disclosure from OL and OGC. Please make edits in the reconciled version.

[HC Related Taxes CIB](#)

[Q/As Taxes CIB](#)

[Reactive Statement - Tax CIB](#)

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Monday, January 9, 2023 4:31 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks, Beverly. I think some of the line edits are visible in the CIB, but many by OL are not visible. Is there a version with the line edits visible?



**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Monday, January 9, 2023 3:34 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

Please see attached with OL and OGC comments. Can you take a look and let me know **when you'll be able to turn around clean versions**? As a reminder, next step is R2 CMS and the OCD will concurrently send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

Thanks

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 4:29 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Looks good. I will circle back if there are any questions. Thank you all.

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 4:08 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

My edits are in and this is good to go. Thanks, all!

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 2:47 PM

**To:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS)

<[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

Based on your comments would the below edits work? Please others review Kristin's comments in the attached and make edits here → reactive that was drafted by OC by COB today.

(b)(5)

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 2:19 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS)

<[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I made some suggestions.

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 1:33 PM

**To:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS)

<[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

**Status update:** OCD confirmed we are still aiming for 1/23. OCD is awaiting OGC comments (if any) on the CIB. Once the CIB clears Comms, the OCD will send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

**In addition due COB today** - Here is the reactive that was drafted by OC for the CIB. **Please let me know if you have edits to the reactive statement developed by OC.**

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>

**Sent:** Wednesday, January 4, 2023 9:45 AM

**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Beverly. I defer to others but don't think the edits are helpful for the CIB. It was carefully crafted language. I would not recommend accepting these changes.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Wednesday, January 4, 2023 8:46 AM

**To:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** CIB Health Care Related Taxes and Hold Harmless Arrangements

Good morning and HNY! 🍷

Looping others. All Comms clearance comments on the CIB are due from commenters on 1/5. Please hold the attached FCHCO comments until all other comments on the CIB are received. **I will need clean and redlined comments once all comments are received.**

**In addition due 12pm tomorrow 1/5** - Here is the reactive that was drafted by OC for the CIB. Please let me know if you have edits to the reactive statement developed by OC.

Thank you

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:57 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Cc:** Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi, Beverly and Lia. Would you mind making should make sure the attached track changes based on a few suggestions from Tim make it into the final version? Please let me know if you have any questions.

Thanks,  
Rory

**From:** Howe, Rory (CMS/CMCS)  
**Sent:** Tuesday, January 3, 2023 3:49 PM  
**To:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Subject:** RE: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi Tim,

Happy New Year. I appreciate you taking the time to review and to comment. Thanks for catching the typo and for highlighting where we could be more precise to avoid misinterpretations. We'll update the draft CIB to address the comments/edit. Thanks again.

Rory

**From:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:16 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Rory –

I understand the CIB was FYI-only, but I feel compelled to share with you a few things in the attached. I was only reading it to try to learn the policy, but there is a place in the CIB where a reader could easily take away the wrong message. And a typo.

Tim Engelhardt (he/him)  
Medicare-Medicaid Coordination Office  
Centers for Medicare & Medicaid Services  
202.690.6277

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**From:** CMS CLEARANCES <[CLEARANCES@cms.hhs.gov](mailto:CLEARANCES@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 1:35 PM  
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**Subject:** FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

\*\*\* Please copy **Enrico Dinges** and on **ALL** responses pertaining to this item when replying to CMS Clearances.\*\*\*

Please see attached internal qas for review. The informational bulletin is FYI ONLY. Thank you.

**Comments Due: 1:00 PM ET Thursday, January 5, 2023**

**All: For your review and input. Concurrent HHS/CMS review.**

**Title:** Internal Q&As for CMCS informational bulletin on health care related taxes and hold harmless arrangements.

**Agency/Office:** CMCS

**Subject/Description:** CMS will release an informational bulletin on health care related taxes and hold harmless arrangements involving the redistribution of Medicaid payments. This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). There will be a reactive statement, listserv message, and internal questions-and-answers for this item.

**COMMs Materials for Rollout:** Internal Q&As

**Deadline for COMMS Clearance comments: Thursday, January 5 by 1:00 PM**

**Requested Release date:** 2/7/2023

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***CMCS Informational Bulletin***

**DATE:** xx xx, xxxx  
**FROM:** Daniel Tsai, Deputy Administrator and Director  
**SUBJECT:** Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments

**Background**

Recently, the Centers for Medicare & Medicaid Services (CMS) has been approached by several states with questions regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs) under 42 C.F.R. § 438.6(c). Many of these questions have focused on whether health care-related tax arrangements involving the redistribution of Medicaid payments among providers subject to the tax would comply with the statutory and regulatory prohibition on “hold harmless” arrangements—that is, arrangements in which the “State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax”—as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations. In response to these questions, this informational bulletin reiterates our longstanding position on the existing federal requirements that pertain to health-care related taxes and re-emphasizes our goal of assisting states in ensuring appropriate sources of non-federal share financing.

CMS recognizes that health care-related taxes are a critical source of funding for many states’ Medicaid programs, including for payments to safety net providers. CMS supports states’ adoption of health care-related taxes when they are consistent with federal requirements. CMS approves many state payment proposals annually that are supported by health care-related taxes that appear to meet federal requirements. CMS recognizes the challenges faced by states and health care providers in identifying sources of non-federal share financing and implementing Medicaid payment methodologies that assure payments are consistent with federal requirements.

Medicaid statute and regulations afford states flexibility to tailor health care-related taxes within certain parameters to meet their provider community needs and align with broader state tax policies and priorities for their Medicaid programs. CMS remains committed to providing states with technical assistance aiming to ensure that health care-related taxes used to finance the non-federal share of Medicaid expenditures meet the states’ policy goals and comply with federal requirements. For example, CMS is authorized to waive the requirements that health care-related

taxes be broad-based and/or uniform, when applicable conditions are met.<sup>1</sup> CMS regularly works with states to approve such waivers in furtherance of state goals while complying with federal requirements.

Although the applicable statutory and regulatory provisions afford states considerable flexibility in establishing health care-related taxes, such taxes must be imposed in a manner consistent with applicable federal statutes and regulations, including that they may not involve hold harmless arrangements, to avoid a reduction in the state’s Medicaid expenditures eligible for federal financial participation. Occasionally, CMS encounters health care-related tax programs that appear to contain hold harmless arrangements, which contravene section 1903(w)(1)(A)(iii) and (w)(4) of the Act and 42 C.F.R. § 433.68(b)(3) and (f). Such arrangements are inconsistent with statutory and regulatory requirements and undermine the fiscal integrity of the Medicaid program. Recently, CMS has become aware of some health care-related tax arrangements that appear to contain a hold harmless arrangement that involves the taxpaying providers redistributing Medicaid payments after receipt to ensure that all taxpaying providers receive all or a portion of their tax costs back (typically ensuring that each taxpaying provider receives at least its total tax amount back).

In this informational bulletin, CMS is clarifying the federal requirements concerning hold harmless arrangements with respect to health care-related taxes. Further, states and providers should be as transparent as possible regarding any explicit or implicit agreements in place or under development to ensure that all health care-related taxes meet federal requirements to avoid a statutorily required reduction in the state’s Medicaid expenditures otherwise eligible for federal financial participation. CMS recommends that states that have questions or concerns about the permissibility of a health care-related tax raise these concerns to CMS early in the process of developing the state’s tax program to avoid issues surrounding the permissibility of the non-federal share of Medicaid expenditures. CMS also intends to work with states that may have existing questionable arrangements to ensure compliance with federal statutory and regulatory requirements.

### **Health Care-Related Taxes and Hold Harmless Arrangements**

During standard oversight activities and the review of state payment proposals, particularly managed care SDPs and fee-for-service payment state plan amendments (SPAs), CMS is increasingly encountering health care-related taxes that appear to contain hold harmless arrangements involving the redistribution of Medicaid payments. In these arrangements, a state or other unit of government imposes a health-care related tax, then uses the tax revenue to support the non-federal share of Medicaid payments back to the class of providers subject to the

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<sup>1</sup> For non-broad based and/or non-uniform health care related taxes, these conditions are: that the tax be imposed on a permissible class or class, that the tax be generally redistributive, that the tax be not directly correlated with Medicaid payments, and that the tax lack a hold harmless arrangement. See section 1903 (w)(3)(E)(ii) for the requirement that the tax demonstrate that it is “generally redistributive” and “not directly correlated with Medicaid payments.” For the statistical test demonstrating that the tax is “generally redistributive” see 42 CFR § 433.68 (e)(1) for waivers of the broad based requirement only and 42 C.F.R. § 433.68 (e)(2) for waivers of the uniformity requirement whether or not the tax is broad-based. See section 1903 (w)(4) and implementing regulations at 42 C.F.R. § 433.68 (f) for the hold harmless requirements. See section 1903 (w)(7) and 42 C.F.R. § 433.56 for a list of permissible classes upon which states may impose health care-related taxes.

tax. The taxpayers appear to have entered into oral or written agreements (meaning explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments to ensure that all taxpayers receive all or a portion of their tax back, when considering each provider's retained portion of any original Medicaid payment (either directly from the state or from the state through a managed care plan<sup>2</sup>) and any redistribution payment received by the provider from another taxpayer or taxpayers. These redistribution payments may be made directly from one taxpaying provider to another, or the funds may be contributed first to an intermediary redistribution pool.

In these hold harmless arrangements, there appear to be agreements among providers (explicit or implicit in nature) such that providers that furnish a relatively high percentage of Medicaid-covered services redistribute a portion of their Medicaid payments to providers with relatively low (or no) Medicaid service percentage. The redistributions occur so that taxpaying providers are held harmless for all or a portion of the health care-related tax. This may include the redistribution of Medicaid payments to providers that serve no Medicaid beneficiaries.

These taxes appear to contain impermissible hold harmless arrangements as defined in section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3) that require a reduction in medical assistance expenditures prior to the calculation of federal financial participation as required under section 1903(w)(1)(A) and (w)(1)(A)(iii) of the Act. Here is a detailed example of a hold harmless arrangement involving Medicaid payment redistribution:

- A state imposes a hospital tax based on the volume of inpatient hospital services provided. The tax is broad-based, uniform, and is imposed on 10 hospitals.
- Six of the hospitals serve a high percentage of Medicaid beneficiaries, three serve a low percentage of Medicaid beneficiaries, and one hospital does not participate in Medicaid.
- The state uses the tax revenue as the source of non-federal share of Medicaid payments, which are made back to nine of the hospitals through SDPs. The tenth hospital, which does not participate in Medicaid, does not receive any SDPs directly from state-contracted managed care plans.
- All ten hospitals enter into oral or written agreements (meaning an explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments that the nine Medicaid-participating hospitals receive. Under this arrangement, the six hospitals that furnish a high percentage of Medicaid-covered services receive Medicaid payments from the managed care plans, then redistribute a portion of their Medicaid payments to the remaining four hospitals with lower Medicaid service percentages (including to the one hospital that does not participate in Medicaid). The redistribution amounts are calculated to guarantee that all hospitals, including those redistributing their own payments and those receiving the redistribution amounts, receive most, all, or more than all of their total tax cost back.
- The agreement among the taxpaying hospitals results in a reasonable expectation that the taxpaying hospitals, whether directly through their Medicaid payments or due to the availability of the redistributed payments received from the six high Medicaid service

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<sup>2</sup> The term managed care plan is used here and throughout this guidance to include managed care organizations (MCOs), prepaid inpatient health plans (PIHPs), and prepaid ambulatory health plans (PAHPs) as defined in 42 C.F.R. § 438.2.

volume hospitals (regardless of whether the funds were first pooled and then redistributed), are held harmless for at least part of their health care-related tax costs.

- The high-percentage Medicaid hospitals are willing to participate because they still financially benefit from the tax program (even net of the redistribution payments they make to the lower Medicaid service volume hospitals), and the redistribution enables broad support for the tax program from all hospitals, ensuring constituent support for the state law authorizing tax program.

Section 1903(w)(4) of the Act describes what constitutes a hold harmless arrangement. Specifically, section 1903(w)(4)(C)(i) provides that a hold harmless provision exists where “[t]he State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” Implementing regulations at 42 C.F.R. § 433.68(f)(3) specify that a hold harmless arrangement exists where “[t]he State (or other unit of government) imposing the tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount” (emphasis added). In the preamble to the 2008 final rule amending the above-referenced regulation, CMS wrote that “[a] direct guarantee will be found when a State payment is made available to a taxpayer or a party related to the taxpayer with the reasonable expectation that the payment would result in the taxpayer being held harmless for any part of the tax (through direct or indirect payments).”<sup>3</sup>

The word “indirect” in the regulation, highlighted in the excerpt above, makes clear that the state or other unit of government imposing the tax itself need not be involved in the actual redistribution of Medicaid payments for the purpose of making taxpayers whole for the arrangement to qualify as a hold harmless. It is possible for a state to indirectly provide a payment within the meaning of section 1903(w)(4)(C)(i) of the Act that guarantees to hold taxpayers harmless for any portion of the costs of the tax, if some or all of the taxpayers receive those payments at issue through an intermediary (for example, a hospital association or similar provider affiliated organization) rather than directly from the state or its contracted managed care plan. As CMS further explained in preamble to the 2008 final rule, we used the term “reasonable expectation” because “state laws were rarely overt in requiring that state payments be used to hold taxpayers harmless.”<sup>4</sup> In the preamble, we also gave an example of state laws providing grants to nursing home residents who experienced increased charges as a result of nursing facility bed taxes; even though no state law typically required residents to use the grant funds to pay the increased nursing home fees, these direct state payments to nursing home residents indirectly held the nursing facilities harmless for their health care-related tax costs because of the reasonable expectation that their residents would use the state payments to repay the nursing facilities for all or a portion of their tax costs.<sup>5</sup> It remains true that hold harmless arrangements typically are not overtly established through state law but can be based instead on reasonable expectations that certain actions will take place among participating entities that will result in taxpayers being held harmless for all or a portion of their health care-related tax costs.

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<sup>3</sup> 73 Federal Register 9685, 9694-95 (Feb. 22, 2008).

<sup>4</sup> 73 Federal Register 9694

<sup>5</sup> *Id.*

Accordingly, an arrangement in which providers receive Medicaid payments from the state (or from a state-contracted managed care plan), then redistribute those payments such that taxed providers are held harmless for all or any portion of their cost of the tax, would constitute a prohibited hold harmless provision under section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3). Section 1903(w)(1)(A)(iii) of the Act and 42 C.F.R. § 433.70(b) require that CMS reduce a state’s medical assistance expenditures by the amount of health care-related tax collections that include hold harmless arrangements, prior to calculating federal financial participation.

Some states have cited challenges with identifying and providing details on redistribution arrangements because they may not be parties to the redistribution agreements. A lack of transparency involving health care-related taxes and Medicaid payments may prevent both CMS and states from having information necessary to ensure sources of non-federal share meet statutory requirements. States have an obligation to ensure that the sources of non-federal share of Medicaid expenditures comport with federal statute and regulations. As a result, states should make clear to their providers that these arrangements are not permissible under federal requirements, learn the details of how health care-related taxes are collected, and take steps to curtail these practices if they discover them.

As part of the agency’s normal oversight activities and review of state payment proposals, CMS intends to inquire about potential redistribution arrangements and may conduct detailed financial management reviews of health care-related tax programs that appear to include redistribution arrangements or that CMS has information may include redistribution arrangements. Consistent with federal requirements, CMS expects states to make available all requested documentation regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments, and states should work with their providers to ensure necessary information is available. Where appropriate, states should examine their provider participation agreements and managed care plan contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state. States may consult section 1902(a)(6) of the Act, 45 C.F.R. § 75.364, 42 C.F.R. § 433.74, and 42 C.F.R. part 438 for any requirements related to CMS’ authority to request records and documentation related to the Medicaid program. In particular, 42 C.F.R. § 433.74(a) requires that states, “must also provide any additional information requested by the Secretary related to any . . . taxes imposed on . . . health care providers,” and the “States’ reports must present a complete, accurate, and full disclosure of all of their donation and tax programs and expenditures.” 42 C.F.R. § 433.74(d) specifies that a failure to comply with reporting requirements may result in a deferral or disallowance of federal financial participation. If CMS or an outside oversight agency, such as the state auditing agency or the HHS Office of Inspector General discovers the existence of impermissible financing practices related to health care-related taxes CMS will take enforcement action as necessary. CMS is available to provide technical assistance and work with states to ensure the permissibility of all of the sources of the non-federal share of Medicaid expenditures, including any health care-related taxes the state may impose.

## **Conclusion**

CMS recognizes that health care-related taxes can be a permissible source of funding for the non-federal share of Medicaid expenditures. CMS is available to provide technical assistance to states, including by reviewing proposals or existing arrangements and providing feedback to develop or modify health care-related taxes to align with state policy goals and federal requirements. One key federal requirement is that a health care-related tax cannot have a hold harmless provision that guarantees to return all or a portion of the tax back to the taxpayer. Health care-related tax programs in which taxpayers enter into agreements (explicit or implicit in nature) to redistribute Medicaid payments so that taxpayers have a reasonable expectation that they will receive all or a portion of their tax cost back generally involve a hold harmless arrangement that does not comply with federal statute and regulations.

CMS will continue to approve permissible health care-related taxes that do not contain hold harmless arrangements and meet all other applicable federal requirements. These taxes often finance critical health care programs that pay for care furnished to Medicaid beneficiaries and shore up the health care safety net in our country. As always, CMS intends to work collaboratively with states by providing technical assistance as necessary to ensure the programmatic and fiscal integrity of the Medicaid program. For questions or to request technical assistance, please contact Rory Howe at [ HYPERLINK "mailto:rory.howe@cms.hhs.gov" ].

Message

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**From:** Shannon Attanasio [sattanasio@mhpa.org]  
**Sent:** 3/20/2023 5:32:32 PM  
**To:** Giles, John (CMS/CMCS) [redacted] (b)(6)  
[redacted] (b)(6)  
**CC:** Shannon Attanasio [sattanasio@mhpa.org]  
**Subject:** RE: RE: MHPA/CMCS meeting  
**Attachments:** Q1 CMCS Meeting-Run of Show-Agenda-3.20.23.docx

Thanks, John. This sound good. Attached is a run of show/agenda for the meeting. Let me know if you have any changes.

Thanks again,

Shannon

**Shannon Attanasio**  
***Vice President, Government Relations and Advocacy***  
**Medicaid Health Plans of America**  
1575 Eye Street, NW  
Ste 300  
Washington, DC 20005  
[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)

**From:** Giles, John (CMS/CMCS) <John.Giles1@cms.hhs.gov>  
**Sent:** Monday, March 20, 2023 1:04 PM  
**To:** Shannon Attanasio <sattanasio@mhpa.org>  
**Subject:** RE: MHPA/CMCS meeting

Perfect – I am working on a SME for the PHE discussion.

On the Hold Harmless Bulletin – I am definitely happy to talk about it, particularly as it relates to state directed payments. FMG will be the enforcement arm, but they likely won't be on the call (which I think is fine). So, we can be ready to offer some advice and talk about the issues. But, we will also be clear that FMG owns enforcement of the guidance. Does that work?

John Giles, MPA  
Director, Division of Managed Care Policy  
Disabled and Elderly Health Programs Group  
Center for Medicaid and CHIP Services  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Phone: 410-786-5545  
E-mail: [John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)

**From:** Shannon Attanasio <sattanasio@mhpa.org>  
**Sent:** Monday, March 20, 2023 10:46 AM  
**To:** Giles, John (CMS/CMCS) <John.Giles1@cms.hhs.gov>  
**Cc:** Shannon Attanasio <sattanasio@mhpa.org>  
**Subject:** RE: MHPA/CMCS meeting

Thank you, John. I will send over a more formal agenda later today.

For the post PHE/waiver conversations, the plans are asking if you (or someone else from CMCS/CMS) can shed light on any guidance that is being worked on for the unwinding of 1115s, temporary SPAs, Appendix K waivers, etc. They're also asking if any states have already submitted requests for changes to these waivers. Not sure how much you can share at this point, so let me know. Would be great if someone from the waiver team could join Thursday's call.

Also, for the February CMCS Hold Harmless Bulletin, Nick Wilhelm from the MHPA team (he is our new Regulatory Affairs Director) will lead this agenda item. We'd like to learn more about the intention of this guidance, as well as possible enforcement mechanisms.

Thank you,

Shannon

**Shannon Attanasio**  
***Vice President, Government Relations and Advocacy***  
**Medicaid Health Plans of America**  
1575 Eye Street, NW  
Ste 300  
Washington, DC 20005  
[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)

**From:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Sent:** Thursday, March 16, 2023 2:57 PM  
**To:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Cc:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: MHPA/CMCS meeting

Thank you! I think this agenda is good. We will make ILOS the last item, just in case we don't have time. Thank you so much!!

John Giles, MPA  
Director, Division of Managed Care Policy  
Disabled and Elderly Health Programs Group  
Center for Medicaid and CHIP Services  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Phone: 410-786-5545  
E-mail: [John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)

**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Sent:** Thursday, March 16, 2023 2:56 PM  
**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: MHPA/CMCS meeting

Yes, the Bulletin. That sounds good to me. If you think the agenda is too long, we can probably drop ILOS. I still haven't received any questions or concerns about that one.



**From:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Sent:** Thursday, March 16, 2023 2:52 PM  
**To:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Subject:** RE: MHPA/CMCS meeting

I assume this is the guidance (attached)? I can add this to the agenda... depending on the question, we might have to go back and get answers from our tax experts. Does that sound ok?

John Giles, MPA  
Director, Division of Managed Care Policy  
Disabled and Elderly Health Programs Group  
Center for Medicaid and CHIP Services  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Phone: 410-786-5545  
E-mail: [John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)

**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Sent:** Thursday, March 16, 2023 2:46 PM  
**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** Re: MHPA/CMCS meeting

Yes, thank you. We're also getting a few questions on the hold harmless guidance. Can we also add that to the agenda?

Sent from my iPhone

On Mar 16, 2023, at 2:43 PM, Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)> wrote:

Hi Shannon –

Does this agenda still work for you? Thank you!

**Agenda Items**

MHPA Letter on Access  
Risk Mitigation Comment Opportunity  
PHE unwinding/waivers/COVID treatment and testing  
SDOH/ILOS Guidance

John Giles, MPA  
Director, Division of Managed Care Policy  
Disabled and Elderly Health Programs Group  
Center for Medicaid and CHIP Services  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Phone: 410-786-5545  
E-mail: [John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)

**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Sent:** Monday, March 13, 2023 1:48 PM

**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>

**Subject:** RE: MHPA/CMCS meeting

Yes, that works. Thank you! Please update the calendar invite.

Appreciate you!

**Shannon Attanasio**  
***Vice President, Government Relations and Advocacy***  
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[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)

**From:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>

**Sent:** Friday, March 10, 2023 4:16 PM

**To:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>

**Cc:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>

**Subject:** RE: MHPA/CMCS meeting

Hi Shannon – apologies for my delay. I was able to move some scheduling around, and I could accommodate March 23<sup>rd</sup> at 3pm, if that still works for you and the plans. Let me know, and I will update the appointment.

Thank you!

John Giles, MPA  
Director, Division of Managed Care Policy  
Disabled and Elderly Health Programs Group  
Center for Medicaid and CHIP Services  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Phone: 410-786-5545  
E-mail: [John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)

**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>

**Sent:** Monday, March 6, 2023 5:02 PM

**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>

**Subject:** MHPA/CMCS meeting

Hi John,

I hope you had a nice weekend. Writing to see if we can schedule an MHPA/CMCS Q1 touch base in March. Do you have any availability on a Thursday afternoon in March? Any chance Thursday, March 23<sup>rd</sup> at 3pm would work?

Thank you!

Shannon

**Shannon Attanasio**  
***Vice President, Government Relations and Advocacy***  
**Medicaid Health Plans of America**  
1575 Eye Street, NW  
Ste 300  
Washington, DC 20005  
[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)



**MHPA/CMCS Meeting Agenda Q1 2023**

**Thursday, March 23, 2023**

**Run of Show/Agenda**

- 1) *Introductions/Welcome- 2 minutes***
  - a. MHPA Member Plan Participants and MHPA Staff-Shannon Attanasio, MHPA
  - b. CMCS/CMS/OACT Staff-John Giles, CMCS
  
- 2) *Review of Agenda for Today's Meeting -2 minutes***
  - a. Kate Paris, UHC, MHPA's Policy Committee Chair
  
- 3) *Review of MHPA Letter to CMCS on Access Issues – 3 minutes***
  - a. Kate Paris, UHC
  
- 4) *Risk Mitigation PRA – 8 minutes***
  - a. Peter Wegielnik, Centene
  
- 5) *PHE Unwinding/Waivers – 20 minutes***
  - a. John Giles, CMCS
  - b. Amy Ingham, Elevance Health
  
- 6) *CMCS Informational Bulletin: Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments – 10 minutes***
  - a. Nick Wilhelm, MHPA
  - b. John Giles, CMCS
  
- 7) *SDOH/ILOS Guidance – 10 minutes***
  - a. John Giles, CMCS
  
- 8) *Wrap-up/Next Steps/Planning for Next Meeting – 5 minutes***
  - a. Kate Paris, UHC

Message

**From:** Bellios, Toula (CMS/OSPR); (b)(6)  
(b)(6)  
**Sent:** 5/2/2023 11:37:09 AM  
**To:** Richardson (she/her), Erin (CMS/OA); (b)(6)  
(b)(6); Harris, Will (CMS/OA)  
(b)(6); Hitchcock, Angela  
(CMS/OA); (b)(6)  
(b)(6); Ellis (she/her), Kyla  
(CMS/OA); (b)(6)  
(b)(6); Kaiser, Alyssa (CMS/OL)  
**Subject:** FW: FW: Review Required --> Cabinet Report due TODAY  
**Attachments:** 2023 05 01 - CMS Weekly Report - vd.docx

Resending this so that it's at the top of your inboxes.

Also, CMCS has requested this deletion. Will incorporate once I've received OA's comments.

Please remove this – release data is very TBD. Otherwise, looks good:

- **Missouri Notice Letter:** On/about May 5th, CMS will release a Medicaid deferral letter to Missouri regarding longstanding concerns about federal Medicaid financing requirements, specifically FRA hospital taxes. This may represent a hold harmless arrangement, which is prohibited by statute and regulations.

Thanks, Toula

Toula Bellios  
410 786 5501  
7500 Security Blvd  
Baltimore, MD 21244  
e-mail: [toula.bellios@cms.hhs.gov](mailto:toula.bellios@cms.hhs.gov)

**From:** Bellios, Toula (CMS/OSPR)  
**Sent:** Monday, May 1, 2023 7:02 PM  
**To:** Richardson (she/her), Erin (CMS/OA) <Erin.Richardson@cms.hhs.gov>; Harris, Will (CMS/OA) <William.Harris@cms.hhs.gov>; Hitchcock, Angela (CMS/OA) <Angela.Hitchcock@cms.hhs.gov>; Ellis (she/her), Kyla (CMS/OA) <Kyla.Ellis@cms.hhs.gov>; Kaiser, Alyssa (CMS/OL) <Alyssa.Kaiser@cms.hhs.gov>  
**Subject:** Review Required --> Cabinet Report due TOMORROW

Hi everyone,

Attached is this week's Cabinet Report for your review. OC, OL & OSORA provided updates this week. CMCS comments are outstanding.

Thanks, Toula

Toula Bellios  
410 786 5501  
7500 Security Blvd  
Baltimore, MD 21244  
e-mail: [toula.bellios@cms.hhs.gov](mailto:toula.bellios@cms.hhs.gov)

**Weekly Report - Agency**

Submitted on MM/DD/YYYY

*Weekly reports should be Arial, size 14 font; additional information, if necessary, may be included in the appendix*

**WEEKLY REPORT**

May 2, 2023

MEMORANDUM FOR THE CABINET SECRETARY

FROM: Chiquita Brooks-LaSure, Administrator, Centers for Medicare & Medicaid Services, 202-619-0630

SUBJECT: HHS Weekly Report | Week ending May 5, 2023

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**ECONOMY / LOWERING COSTS**

- **Significant activity for consideration to raise to the attention of POTUS: N/A**
- **Past Week Accomplishments and Setbacks/Obstacles: N/A**
- **Requests for White House Collaboration: N/A**
- **Next Week – Upcoming Events / Tasks / Developments: N/A**

**UNITY AGENDA**

- **Significant activity for consideration to raise to the attention of POTUS: N/A**
- **Past Week Accomplishments and Setbacks/Obstacles: N/A**
- **Requests for White House Collaboration: N/A**
- **Next Week – Upcoming Events / Tasks / Developments: N/A**

**INFRASTRUCTURE**

[PAGE] of [NUMPAGES]

**Briefing Memo - Subject**

Printed on MM/DD/YYYY

- **Significant activity for consideration to raise to the attention of POTUS: N/A**
- **Past Week Accomplishments and Setbacks/Obstacles: N/A**
- **Requests for White House Collaboration: N/A**
- **Next Week – Upcoming Events / Tasks / Developments: N/A**

**CLIMATE**

- **Significant activity for consideration to raise to the attention of POTUS: N/A**
- **Past Week Accomplishments and Setbacks/Obstacles: N/A**
- **Requests for White House Collaboration: N/A**
- **Next Week – Upcoming Events / Tasks / Developments: N/A**

**FOREIGN POLICY**

- **Significant activity for consideration to raise to the attention of POTUS: N/A**
- **Past Week Accomplishments and Setbacks/Obstacles: N/A**
- **Requests for White House Collaboration: N/A**
- **Next Week – Upcoming Events / Tasks / Developments: N/A**

**SIGNIFICANT EXECUTIVE ORDER (EO) IMPLEMENTATION & ADDITIONAL AGENCY ACTIVITY**

- **Significant activity for consideration to raise to the attention of POTUS: N/A**
- **Past Week Accomplishments and Setbacks/Obstacles:**

[PAGE] of [NUMPAGES]

Printed on MM/DD/YYYY



- **Quality Safety Oversight (QSO) Memo: Guidance for the End of the COVID-19 Public Health Emergency (PHE) and Termination of 1135 Emergency Waivers:** On May 1st, CMS posted and released guidance for the end of the COVID-19 public health emergency (PHE) and termination of 1135 emergency waivers. This Quality, Safety & Oversight memorandum will guide key stakeholders on returning to a more normal delivery of quality health care for beneficiaries, provide additional guidance for regulations released during the PHE as Interim Final Rules with Comment, and give details such as dates and CMS expectations of compliance following the end of the PHE.
- **2023 CMS Quality Conference:** May 1st through May 3rd, CMS will host the 2023 CMS Quality Conference. This conference convenes leaders across the health care spectrum to explore how patients, advocates, providers, researchers, and champions in health care quality improvement can develop and spread solutions to address America’s most pervasive health system challenges.
- **Missouri Notice Letter:** On/about May 5th, CMS will release a Medicaid deferral letter to Missouri regarding longstanding concerns about federal Medicaid financing requirements, specifically FRA hospital taxes. This may represent a hold harmless arrangement, which is prohibited by statute and regulations.
- **CMS Roundup:** On May 5th, CMS will release a Roundup highlighting agency initiatives and activities in a condensed, plain-language, reader-friendly narrative format with embedded links to information on the CMS website for reference. The Roundup is distributed twice a month to media and stakeholders.
  
- **Requests for White House Collaboration:** N/A
  
- **Next Week – Upcoming Events / Tasks / Developments:**
  - **Organ Transplantation Affinity Group (OTAG) Public Launch:** On/about May 10th, CMS and the Health Resources and Services Administration will announce the formation of their first collaborative Organ Transplantation Affinity Group. The launch will introduce five goals for organ transplantation system improvement.
  - **Health Equity Data Briefs:** On/about May 11th, CMS will release data briefs about characteristics of enrollees in Medicaid and  
[PAGE] of [NUMPAGES]

CHIP. There are four total briefs on race and ethnicity, rural data, language data, and enrollees who qualify for Medicaid based on disability.

## **APPENDIX**

- **Major announcements for potential POTUS involvement in the next 60 days (Cabinet agencies only): N/A**
  
- **Week ahead messaging:**
  - **CMS: Work Requirements**
    - If the House-passed bill becomes law, the 21 million Americans who are enrolled in Medicaid will have their access to health care put in serious jeopardy due to draconian work reporting requirements.
    - Only one state has ever fully implemented this type of policy, and nearly 1 in 4 adults subject to the policy lost their health care, while there was no evidence of increased employment.
    - Most people who get their care through Medicaid are already working, caregivers or have a disability. Work reporting requirements have nothing to do with health care except preventing people from accessing the coverage they're entitled to.
    - Instead of making it harder for people to get health insurance, the Biden-Harris Administration is committed to working with states to test new innovative ways to deliver health care, lower costs for Americans, and expand coverage rather than pursue policies that take coverage away from millions of Americans.
  - **CMS: Medicaid Rules**
    - Everyone, including those with Medicaid and CHIP coverage, deserve access to quality, affordable health care services.
    - With the Access and Managed Care proposed rules announced today, CMS continues our work to strengthen Medicaid and CHIP programs.
    - We strive to ensure better access to care, accountability, and transparency for Medicaid and CHIP services, including home and community-based services.

## Briefing Memo - Subject

Printed on MM/DD/YYYY

- These two new rules would also raise the bar on how state Medicaid programs engage with Medicaid enrollees, and consider their lived experience and feedback.
- We are strengthening the direct care workforce which will result in higher quality care for Home and Community-Based Service recipients. We need to ensure the people who provide care for our loved ones are valued just as much as their patients are.
- Ensuring families and individuals can find an in-network provider and access the high-quality health care coverage to which they are entitled in a timely way is a foundational principle of health equity, and a priority for the Biden-Harris Administration.
- **CMS: Deferred Action for Childhood Arrivals (DACA)**
  - CMS proposed to expand health care for DACA recipients through the Affordable Care Act marketplaces, Medicaid, and the Children’s Health Insurance Program.
  - Young people who come to this country—in many cases, the only country they have ever known as home—work hard to build their lives here, and they should be able to keep themselves and their families healthy.
  - The Biden-Harris Administration is committed to ensuring affordable, quality health care for all, and to providing DACA recipients the opportunities and support they need to succeed.
  - These changes support the goals of the Affordable Care Act (ACA) by increasing access to health coverage and improving the health and well-being of many DACA recipients who currently are without coverage.
  - If the rule is finalized as proposed, it could lead to 129,000 previously uninsured DACA recipients receiving health care coverage. Over the last decade, DACA has provided peace of mind and work authorization to more than 800,000 Dreamers.
  - The proposed rule, if finalized, would remove the current exclusion that treats DACA recipients differently from other individuals with deferred action who would otherwise be eligible for coverage under select CMS programs.
  - The proposed rule would amend the definition of “lawfully present” to include DACA recipients for the purposes of Medicaid and CHIP.

[PAGE] of [NUMPAGES]

Printed on MM/DD/YYYY

- In effect, this would extend Medicaid and CHIP coverage to children and pregnant women in states that have elected the “CHIPRA 214” option for children and/or pregnant individuals, the Basic Health Program, and Affordable Care Act Marketplace coverage. DACA recipients would need to meet all other eligibility requirements to qualify for coverage.
- Additionally, DACA recipients would be eligible for financial assistance through the Marketplace such as advance payments of the premium tax credit and cost-sharing reductions if they meet all other eligibility requirements.
- **CMS: Public Health Emergency (PHE) Unwinding and Medicaid Redeterminations**
  - Based on current COVID-19 trends, the Department of Health and Human Services is planning for the federal Public Health Emergency (PHE) for COVID-19 to expire on May 11, 2023.
  - Thanks to the Administration’s whole-of-government approach to combatting the virus, we are in a better place in our response than we were three years ago, and we can transition away from an emergency phase.
  - There are changes unrelated to the end of the PHE as to Medicaid redeterminations, as required by the Consolidated Appropriations Act, 2023 (CAA, 2023) (P.L. 117-328), enacted on December 29, 2022. As required by law, the Medicaid continuous enrollment condition will end on March 31, 2023, and the temporary FMAP increase will be gradually reduced and phased down beginning April 1, 2023 (and will end on December 31, 2023). States may begin the process of initiating Medicaid eligibility redeterminations as early as February 1, 2023. Beginning April 1, 2023, states will be able to terminate Medicaid enrollment for individuals no longer eligible.
  - CMS is collaborating closely with state agencies, other federal agencies, and stakeholders to plan and prepare for the end of the continuous enrollment condition through regular workgroups, all-state calls, and individualized technical assistance. CMS has also provided states extensive guidance and resources over the past several months to help them make the transition back to normal operations. These resources are available and frequently updated on CMS’ Medicaid unwinding/redeterminations webpage.

[PAGE] of [NUMPAGES]

**Briefing Memo - Subject**

Printed on MM/DD/YYYY

- In light of the changes enacted in the CAA, 2023, on January 5, 2023, CMS released an informational bulletin that is the first in a series of guidance updates for states on the changes to FFCRA section 6008 and other amendments related to the unwinding period. On January 29, 2023, CMS released a state health official (SHO) letter outlining new requirements in the CAA, 2023, that impact state activities for Medicaid and CHIP regarding the continuous enrollment condition. CMS also released information on a temporary Exceptional Circumstances Marketplace Special Enrollment Period (SEP) for consumers losing Medicaid/CHIP coverage due to unwinding of the continuous enrollment condition.
- From March 31, 2023, through July 31, 2024, Health Insurance Marketplaces® using the federal platform will be providing additional flexibility for eligible consumers to enroll in Marketplace coverage during and immediately following the end of the Medicaid continuous enrollment condition unwinding period. CMS is available to provide states with technical assistance as they begin to implement these changes and prepare for the end of the continuous enrollment condition.

- **Travel:** N/A

**Past Travel** (Previous Week): N/A

**Future Travel** (Upcoming 3+ Weeks):

- CMS: On May 1st, CMS' Jonathan Blum (Principal Deputy Administrator and Chief Operating Officer) traveled to Alaska. The visit included time with the National Tribal Health Conference and stakeholder meetings.

- **Speeches:**

- CMS: On May 1st, CMS Administrator Chiquita Brooks-LaSure provided pre-recorded remarks for the 2023 CMS Quality Conference. This year's conference theme is "Building Resilient Communities - Having an Equitable Foundation for Equitable Health Care."
- CMS: On May 1st, Dr. Natalia Chalmers (Chief Dental Officer) gave the keynote address at the 2023 National Medicaid,

[PAGE] of [NUMPAGES]

Printed on MM/DD/YYYY

**Briefing Memo - Subject**

Printed on MM/DD/YYYY

- Medicare, and Children's Health Insurance Program (CHIP) Oral Health Symposium on accelerating oral health equity for Medicaid, Medicare, and CHIP beneficiaries.
- CMS: On May 3rd, Dr. Liz Fowler (Deputy Administrator and Director, Center for Medicare and Medicaid Innovation (CMMI)) will participate in the Blue Venture Fund Annual Meeting. This meeting is a gathering of healthcare industry professionals, investors, and startups to discuss trends and innovations in healthcare.
  - CMS: On May 4th, Dr. Lee Fleisher (Chief Medical Officer and Director, Center for Clinical Standards & Quality (CCSQ)) and Dr. Michelle Schreiber (Director, Quality Measurement and Value-Based Incentives Group, CCSQ) will participate in the American College of Physicians (ACP) Performance Measurement Committee (PMC) Meeting. Dr. Fleisher and Dr. Schreiber will discuss the CMS Universal Foundation Initiative.
  - CMS: On May 4th, Dr. Meena Seshamani (Deputy Administrator and Director, Center for Medicare) will participate in the National Association of Accountable Care Organizations (NAACOS) Spring Conference 2023. Dr. Seshamani will speak during the opening plenary session.
  - CMS: On May 5th, Dr. Lee Fleisher (Chief Medical Officer and Director, Center for Clinical Standards & Quality), Dr. Meena Seshamani (Deputy Administrator and Director, Center for Medicare) and Dr. Liz Fowler (Deputy Administrator and Director, Center for Medicare & Medicaid Innovation) will participate in a moderated town hall-style program to discuss how the Institute for Healthcare Alliance network could better help CMS to lead change.
  - CMS: On May 5th, Dr. Liz Fowler (Deputy Administrator and Director, Center for Medicare and Medicaid Innovation (CMMI)) will participate in the National Association of Accountable Care Organizations (NAACOS) Spring Conference 2023. Dr. Fowler will speak during a plenary session.
  - CMS: On May 5th, Dr. Meena Seshamani (Deputy Administrator and Director, Center for Medicare) will speak at the University of Pennsylvania's Drug Pricing After the Inflation Reduction Act Conference. Dr. Seshamani will discuss CMS' progress in

[PAGE] of [NUMPAGES]

Printed on MM/DD/YYYY

**Briefing Memo - Subject**

Printed on MM/DD/YYYY

implementing the Medicare drug provisions in the Inflation Reduction Act.

- **CMS:** On May 8th, CMS' Dr. LaShawn McIver (Director, Office of Minority Health) will participate in the Advent Health Executive Leadership Program. Dr. McIver will discuss the administration's healthcare priorities, particularly in the areas of health equity and minority health issues such as maternal mortality, efforts to expand Medicaid and other programs to provide health care to underserved communities, and advice or guidance on career development.

- **Media:**

- **CMS: Medicaid Redeterminations Second Virtual Regional Pen-and-Pad:** On May 1st, CMS hosted a virtual pen-and-pad with reporters from select states (Connecticut, Colorado, Kansas, Nebraska, Pennsylvania, Kentucky, Indiana, Utah, Ohio, Oklahoma, and Tennessee) to discuss Medicaid eligibility redeterminations as the continuous enrollment condition ends. This supports CMS' ongoing efforts to engage in national and regional media education about Medicaid and Children's Health Insurance Program redeterminations.
- **CMS: Medicaid Redeterminations Third Virtual Regional Pen-and-Pad:** On May 10th, CMS will host a virtual pen-and-pad with reporters from select states to discuss Medicaid eligibility redeterminations as the continuous enrollment condition ends. This supports CMS' ongoing efforts to engage in national and regional media education about Medicaid and Children's Health Insurance Program redeterminations.

- **Principal level meetings or calls with Governors, Mayors, or other elected officials of note:** N/A

- **CMS:** On April 27th, House Energy and Commerce Committee majority staff inquired about updated Medicaid Disproportionate Share Hospital (DSH) annual reports, noting that the most recent DSH reports available at CMS.gov cover the 2017 reporting year. The CMS Office of Legislation (OL) is coordinating with Center for Medicaid and CHIP Services (CMCS) to respond.
- **CMS:** On April 27th, Senate Health, Education and Labor (HELP) Committee majority staff inquired about ARP section 9816, which  
[PAGE] of [NUMPAGES]

Printed on MM/DD/YYYY

removes the 100 percent average manufacturer price (AMP) cap on rebates for drugs under the Medicaid drug rebate program beginning January 1, 2024. Committee staff has requested a list of the 25 drugs that, under current prices, will pay the largest rebates when the policy takes effect. OL is coordinating with CMCS to respond.

- **Noteworthy public engagement:**
  - **CMS: HHS Secretary's Mental Health Awareness Month Event:** On May 4th, CMS Administrator Chiquita Brooks-LaSure will participate in the HHS Mental Health Awareness Month event. The event will support Mental Health Awareness month with a focus on efforts related to workforce, funding support, and other actions the administration has taken. The CMS Administrator will join a panel discussion titled "Let's talk about mental health."
  - **CMS: CMS/American Hospital Association (AHA) Stakeholder Call on Public Health Emergency (PHE):** On May 5th, CMS and the American Hospital Association will host a stakeholder call on the public health emergency (PHE) ending on May 11. Information will be shared and questions answered about Medicare waivers and flexibilities after the ending of the COVID-19 PHE.
  - **CMS: Stakeholder Call on Access and Managed Care Notices of Proposed Rulemaking (NPRMs) with Provider Associations:** On May 5th, CMS will host a series of stakeholder listening sessions on two notices of proposed rulemaking (NPRMs), Ensuring Access to Medicaid Services (Access NPRM) and Managed Care Access, Finance, and Quality (Managed Care NPRM). This session will include Administrator CBL, Dan Tsai, and a small number of provider associations.
  - **CMS: Stakeholder Call on Access and Managed Care Notices of Proposed Rulemaking (NPRMs) with Civil Rights Groups:** On May 8th, CMS will host a series of stakeholder listening sessions on two notices of proposed rulemaking (NPRMs), Ensuring Access to Medicaid Services (Access NPRM) and Managed Care Access, Finance, and Quality (Managed Care NPRM). This session will include Administrator CBL, Dan Tsai, and a small number of civil rights groups.
  - **CMS: First Virtual Listening Session with CMS Leadership and Disability Advocates:** On May 8th, CMS Administrator



**Briefing Memo - Subject**

Printed on MM/DD/YYYY

Chiquita Brooks-LaSure and Jonathan Blum (Principal Deputy Administrator and Chief Operating Officer) will host a virtual listening session with disability advocates. This session will provide an opportunity for the Administration to hear directly from a small group of advocates about their top policy priorities.

- **CMS: Stakeholder Call on Access and Managed Care Notice of Proposed Rulemaking (NPRM) with Patient and Consumer Groups:** On May 9, CMS will host a series of stakeholder listening sessions on two notices of proposed rulemaking (NPRMs), Ensuring Access to Medicaid Services (Access NPRM) and Managed Care Access, Finance, and Quality (Managed Care NPRM). CMS' Dan Tsai (Deputy Administrator and Director, Center for Medicaid and Children's Health Insurance Program Services) and Hannah Katch (Senior Advisor, Office of the Administrator) will participate in this session with a small number of patient/consumer groups.
- **CMS: Second Virtual Listening Session with CMS Leadership and Disability Advocates:** On May 10th, CMS Administrator Chiquita Brooks-LaSure and Jonathan Blum (Principal Deputy Administrator and Chief Operating Officer) will host a virtual listening session with disability advocates. This session will provide an opportunity for the Administration to hear directly from a small group of advocates about their top policy priorities.
- **CMS: Stakeholder Call on Access and Managed Care Notice of Proposed Rulemaking (NPRM) with Health Plans:** On May 11th, CMS will host a series of stakeholder listening sessions on two notices of proposed rulemaking (NPRMs), Ensuring Access to Medicaid Services (Access NPRM) and Managed Care Access, Finance, and Quality (Managed Care NPRM). CMS' Dan Tsai (Deputy Administrator and Director, Center for Medicaid and Children's Health Insurance Program Services) and Hannah Katch (Senior Advisor, Office of the Administrator) will participate in this session with a small number of health plans.

- **Principal level meetings or calls with Members of Congress: N/A**
- **Noteworthy inquiries from Congressional committees or Members of Congress; scheduled testimony by Secretary or Deputy Secretary: N/A**

[PAGE] of [NUMPAGES]

Printed on MM/DD/YYYY

**Briefing Memo - Subject**

Printed on MM/DD/YYYY

- **Noteworthy rulemaking in the Federal Register:**
  - CMS: Displayed:
    - April 24, 2023: QHP Eligibility, Advance Payments of Premium Tax Credit, Cost-Sharing Reductions, BHP, Medicaid, and CHIP Proposed Rule
    - April 27, 2023: Access to Medicaid Services Proposed Rule
    - April 27, 2023: Medicaid Managed Care Proposed Rule
  - CMS [target dates pending timely resolution of HHS & OMB comments]:
    - May 16, 2023: Misclassification of Drugs, Program Administration and Program Integrity Updates Under the Medicaid Drug Rebate Program Proposed Rule
    - May 22, 2023: Transitional Coverage for Emerging Technologies [TCET] Notice with Comment
    - May 26, 2023: Oversight of Accrediting Organizations and Preventing AO Conflict of Interest Proposed Rule
    - May 26, 2023: Hospital Medicare DSH Part C Days Final Rule
    - May 31, 2023: Short-Term, Limited-Duration Insurance Proposed Rule
  
- **Funding Announcements:** N/A
  
- **Grant Notices (NOFA/NOFOs):** N/A

[PAGE] of [NUMPAGES]

Printed on MM/DD/YYYY

Appointment

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**From:** Chadwick, Alpheus (CMS/OL); (b)(6)  
(b)(6)  
**Sent:** 5/8/2023 3:31:45 PM  
**To:** Howell, Cherie (CMS/OL); (b)(6); Martino, Maria (CMS/OL); (b)(6); Sanders, Kaylynn (CMS/OL); (b)(6); Kirchgraber, Kate (CMS/OL); (b)(6); Howe, Rory (CMS/CMCS); (b)(6); Khalid, Zunaira (CMS/OL); (b)(6); Gomez, Olivia (CMS/OL); (b)(6); Wiley, Evelyn (CMS/CMCS); (b)(6)

**Subject:** FL Staff Call on Hold Harmless (Provider Tax) Issue  
**Attachments:** RE: RE: FL CMS Call on Informational Bulletin; CMS Bulletin 1-Pgr[2].pdf; Bulletin - MFAR Resurfacing Impact.pdf  
**Location:** <https://cms.zoomgov.com/>; (b)(6)

**Start:** 5/9/2023 5:30:00 PM  
**End:** 5/9/2023 6:00:00 PM  
**Show Time As:** Tentative

**Required Attendees:** Howell, Cherie (CMS/OL); Martino, Maria (CMS/OL); Sanders, Kaylynn (CMS/OL); Kirchgraber, Kate (CMS/OL); Howe, Rory (CMS/CMCS); Khalid, Zunaira (CMS/OL); Gomez, Olivia (CMS/OL); Wiley, Evelyn (CMS/CMCS)

This call is with **staff** from the offices of Rep. Debbie Wasserman Schultz (D-FL) and Rep. Kathy Castor (D-FL), who asked to discuss Florida hospital concerns with the CMS Informational Bulletin regarding hold harmless agreements.

Staff will likely raise that hospitals are saying that:

- The Informational Bulletin echoes themes from MFAR
- These are private agreements between providers
- Any changes to financing should be done through rulemaking and not in an Informational Bulletin

---

Alpheus Chadwick is inviting you to a scheduled ZoomGov meeting.

Join ZoomGov Meeting  
<https://cms.zoomgov.com/> (b)(6)

Meeting ID: (b)(6)  
Password: (b)(6)



Message

---

**From:** Blalock, Nora [Nora.Blalock@mail.house.gov]  
**Sent:** 4/25/2023 6:22:21 PM  
**To:** Chadwick, Alpheus (CMS/OL) [alpheus.chadwick@cms.hhs.gov]; Martino, Maria (CMS/OL) [maria.martino@cms.hhs.gov]  
**CC:** Flikier, Becca [Becca.Flikier@mail.house.gov]; Koetzle, Patrick [Patrick.Koetzle@mail.house.gov]  
**Subject:** RE: RE: FL CMS Call on Informational Bulletin  
**Attachments:** CMS Bulletin 1-Pgr[2].pdf; Bulletin - MFAR Resurfacing Impact.pdf

Al:

Thanks for getting back to me so quickly!

Top-line, hospitals are saying that:

- The Informational Bulletin echoes themes from MFAR
- These are private agreements between providers
- Any changes to financing should be done through rulemaking and not in an Informational Bulletin

Sharing some of the materials that have been sent our way so you can get a sense of what we are hearing. If there is any way y'all could hop on a quick call this week, that would be really helpful!

Thank you,  
Nora

**From:** Chadwick, Alpheus (CMS/OL) <Alpheus.Chadwick@cms.hhs.gov>  
**Sent:** Tuesday, April 25, 2023 1:57 PM  
**To:** Blalock, Nora <Nora.Blalock@mail.house.gov>; Martino, Maria (CMS/OL) <Maria.Martino@cms.hhs.gov>  
**Cc:** Flikier, Becca <Becca.Flikier@mail.house.gov>; Koetzle, Patrick <Patrick.Koetzle@mail.house.gov>  
**Subject:** RE: FL CMS Call on Informational Bulletin

Hello Nora – can you give me a sense of what you've been hearing from your constituents, which will help us prepare for a call? Thx.

-Al

**From:** Blalock, Nora <Nora.Blalock@mail.house.gov>  
**Sent:** Tuesday, April 25, 2023 1:11 PM  
**To:** Chadwick, Alpheus (CMS/OL) <Alpheus.Chadwick@cms.hhs.gov>; Martino, Maria (CMS/OL) <Maria.Martino@cms.hhs.gov>  
**Cc:** Flikier, Becca <Becca.Flikier@mail.house.gov>; Koetzle, Patrick <Patrick.Koetzle@mail.house.gov>  
**Subject:** FL CMS Call on Informational Bulletin

Al & Maria:

I hope y'all are both doing well and enjoying your week! Becca (Frankel), Patrick (Wasserman Schultz) and I have been hearing a lot from Florida hospitals about Florida's Medicaid program and CMS' Informational Bulletin. We just did a check-in with Rick Van Buren, and he recommended we ask for a quick call with y'all on this issue.

Would y'all have any time in the next few days to chat with us?

Thank you so much!

Nora

**Nora Blalock**

Legislative Director

Office of Congresswoman Kathy Castor (FL-14)

202-225-3376 / [nora.blalock@mail.house.gov](mailto:nora.blalock@mail.house.gov)

Click [here](#) to sign up for Congresswoman Castor's Email Updates



# CMS BULLETIN THREATENS MEDICAID HOSPITALS AND PATIENTS

On February 17, the Centers for Medicare & Medicaid Services (CMS) issued an Informational Bulletin (Bulletin) providing new guidance on health care related taxes and hold harmless arrangements, specifically arrangements involving the redistribution of Medicaid payments. The Bulletin runs counter to the agency's historic treatment of such financing arrangements. And, if enforced, the agency's position poses a significant threat to the Medicaid safety net, jeopardizing at least \$50 billion in funding that supports access to care for countless Medicaid beneficiaries.

Medicaid financing is a shared responsibility of the states and the federal government. It involves federal match for state dollars, with up to sixty percent of the non-federal share coming from sources other than the state. Whether state dollars qualify for federal match depends on whether the state complies with applicable law. If the state does not comply, the federal government may refuse to provide or disallow federal funds. This federal revenue is critical to reimbursing Medicaid providers for the cost of providing care to Medicaid beneficiaries. Revenue supports various supplemental payment programs, including directed payment programs (DPPs) or, as CMS refers to them, state directed payments.

Despite years of longstanding Medicaid policy, CMS is now questioning one aspect of the non-federal share states use to fund their supplemental payment programs. Specifically, CMS takes issue with health care-related tax programs where taxpaying providers, without any government involvement, voluntarily contribute funds to support other taxpaying providers (i.e., a redistribution or pooling arrangement), who share in the mission of ensuring equitable outcomes for high volume Medicaid hospitals serving beneficiaries in urban and rural parts of states. CMS asserts that such redistribution arrangements are impermissible under federal law. But the federal law limits CMS authority to situations: (1) where a governmental entity is involved and (2) where some dollar return is guaranteed.

Contrary to the law, CMS says these voluntary, wholly private arrangements are problematic regardless of whether government is involved and even if there is only an implicit agreement between parties. CMS also notes that states must (1) make clear to providers that any such redistribution arrangements are not permissible, (2) learn the details of how health care-related taxes are collected, and (3) take steps to curtail redistribution practices if they exist.

Although CMS characterizes its position as "consistent" with previous interpretations, the agency has not consistently espoused this view, nor has the agency successfully enforced it. Most recently, in 2022, CMS withheld approval of Texas's Medicaid Hospital DPP because of concerns with possible redistribution arrangements. However, CMS eventually approved the state's waiver following a court's determination that CMS had exceeded its authority under current law.

The Bulletin's interpretation threatens the financial stability of Medicaid programs across the country. Notably, at least 14 states objected to CMS' last attempt to expand the hold harmless definition to include private agreements. States that have long relied on permissible provider taxes to support the non-federal share of their Medicaid programs now face new budget uncertainties. This unnecessary and unsupported financial uncertainty is unacceptable for Medicaid providers and the vulnerable communities they serve.

**CMS MUST RESCIND ITS BULLETIN AND ADHERE TO THE STATUTORY LIMITS OF ITS AUTHORITY. THE HEALTH OF OUR MOST VULNERABLE COMMUNITIES DEPENDS ON IT.**



In 2019, the Centers for Medicare & Medicaid Services (CMS) proposed the Medicaid Fiscal Accountability Rule (MFAR), which would have made sweeping changes to long-standing policies and required states to make substantial changes to existing Medicaid financing practices resulting in undue burdens to our nation's healthcare safety net. Even though CMS withdrew MFAR from the Federal Register in January 2021 following overwhelming bipartisan opposition, CMS continues to pursue MFAR policies, most recent through an Informational Bulletin released on February 17, 2023. . The Informational Bulletin specifically revives the agency's attempts to assert its jurisdiction over wholly private, voluntary arrangements between hospitals, lacking any state involvement. Through its ongoing pursuit of the MFAR policy changes, **CMS is threatening at least \$49 Billion in Medicaid financing and access to care for millions of Medicaid beneficiaries who are already facing uncertainty due to the end of the public health emergency.**

## CMS'S RESURRECTION OF MFAR POLICY CHANGES THREATENS MEDICAID FUNDING SOURCES AND ACCESS TO HEALTHCARE SERVICES

In a January 29, 2020 letter to CMS Administrator, Manatt Health and the American Hospital Association (AHA), analyzed the potential financial impact of the financing policy changes proposed in MFAR. The AHA predicted MFAR's proposed changes could:

- Cause "total [Medicaid] **funding reductions between \$37 billion and \$49 billion annually** or 5.8% to 7.6% of total program spending."
- Devastate hospitals, causing them to see **reductions in Medicaid payments of \$23 billion to \$31 billion annually**, representing 12.8% to 16.9% of total hospital program payments."
- Put more rural hospitals at risk of closure. At the time, the AHA estimated that 41% of rural hospitals operated at a negative profit margin
- They ultimately concluded that:
  - the MFAR policy changes "could **unquestionably mean cuts in program enrollment and covered services,**" and
  - the **"impact for some states could be catastrophic."**

**\$37-49  
BILLION  
IN MEDICAID  
FUNDING  
REDUCTIONS**

**29  
MILLION  
BLACK OR HISPANIC  
INDIVIDUALS WHO  
WOULD  
BE  
DISPROPORTIONATELY  
IMPACTED**

Notably, CMS has yet to quantify the financial and/or coverage impact of the MFAR policies. However there is reason to believe the impact would be even more significant than the AHA's 2020 projections, particularly given the increases in Medicaid enrollment during the public health emergency.

From November 2019 – December 2020, 64 – 72 million individuals were enrolled in Medicaid. When CMS withdrew MFAR, Medicaid enrollment had already to over 73 million individuals, including approximately 29 million individuals identifying as Black or Hispanic who would have been disproportionately impacted by CMS' proposed policies.

**CMS must withdraw the Bulletin. Now is the time to protect Medicaid, not create new uncertainties for states and Medicaid beneficiaries.**



Message

**From:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6)

**Sent:** 5/5/2023 3:32:39 PM

**To:** Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6); Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6); Silanskis, Jeremy  
(CMS/CMCS); (b)(6)  
(b)(6); adams, lia (CMS/CMCS)

**CC:** Arnold, Charlie (CMS/CMCS); (b)(6)  
(b)(6); Clark, Jennifer  
(CMS/CMCS); (b)(6)  
(b)(6); Cuno, Richard  
(CMS/CMCS); (b)(6)  
(b)(6); Fan, Kristin  
(CMS/CMCS); (b)(6)  
(b)(6); Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6); McClure, Deb  
(CMS/CMCS); (b)(6)  
(b)(6); Mosley, Elle  
(CMS/CMCS); (b)(6)  
(b)(6); Schoonover, Matthew  
(CMS/CMCS); (b)(6)  
(b)(6)

**Subject:** FW: FW: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

**Attachments:** Questions for NC IP OP Hospital Tax April 21 2023 (1).docx; Email to Deputy Secretary Ludlam (1).docx; North Carolina Tax Attestations for Rory (1).docx; RE: RE: [External] Meeting with North Carolina to Discuss Its Tax on Inpatient and Outpatient Hospital Services

Dear Rory, Amber, and Jeremy,

As you discussed with Charlie, please find the following draft email to the NC Medicaid Director and draft attestation. These documents were modeled off of similar documents that we sent to Nevada modified only in small ways when absolutely necessary. I have gone over these documents this morning with Stuart and he has instructed me to send them to you for your review.

Please also find a list of technical questions regarding the July 1, 2022 effective date tax waiver that we have in house that we would like to send to North Carolina.

Please also find attached the last communication that we had with the State of North Carolina regarding their July 1, 2022 effective date tax waiver submission.

The tax team has also discussed internally, and we feel that in the future NC needs to separate out its two taxes so that there are four B1/B2 demonstrations, one each for IP and OP for each of the two taxes, submitted generally once a year or as often as the state makes non-uniform changes to the tax. Please let us know if you would like to have a discussion on that point or, if you agree with our position, when we can convey that information to the state as they are awaiting our feedback.

Please let us know if you have any questions or concerns or would like us to make any modifications. Thank you.

Have a good weekend.

Best,

Jonathan

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Baltimore, MD 21244-1850

**From:** Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>

**Sent:** Friday, May 5, 2023 7:25 AM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; McClure, Deb (CMS/CMCS) <Deborah.McClure@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>

**Subject:** RE: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

Thanks Jonathan. We can review at our touch base and then move it forward.

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>

**Sent:** Friday, May 5, 2023 7:24 AM

**To:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; McClure, Deb (CMS/CMCS) <Deborah.McClure@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>

**Subject:** FW: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

Stuart,

I revised these so that they are as exactly the same as the Nevada documents as they could be. The only things I changed were:

1. The name of the State from Nevada to North Carolina
2. The name of the SMD from the Nevada SMD to the North Carolina SMD
3. The addition of a reference to the meeting with North Carolina on April 26, 2023.
4. In the Nevada letter, we stated that they came to us with their concerns. I was not sure if that was the same in North Carolina so I left it vague.

I think these look ready to go as far as I am concerned. We can chat this morning.

Best,

Jonathan

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**From:** Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>  
**Sent:** Friday, April 28, 2023 2:54 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Subject:** RE: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

Sure I will review the attestations.

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Friday, April 28, 2023 2:47 PM  
**To:** Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; McClure, Deb (CMS/CMCS) <[Deborah.McClure@cms.hhs.gov](mailto:Deborah.McClure@cms.hhs.gov)>; Mosley, Elle (CMS/CMCS) <[larrica.mosley@cms.hhs.gov](mailto:larrica.mosley@cms.hhs.gov)>; Schoonover, Matthew (CMS/CMCS) <[matthew.schoonover@cms.hhs.gov](mailto:matthew.schoonover@cms.hhs.gov)>  
**Subject:** RE: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

Thanks Stuart. I agree with all of your comments. Please let me know what you think the best way to raise these issues to Rory would be. In the meantime, if people could go into the attestations and draft email to the SMD and take a look at them to make sure they were okay before we send them to Rory, I would appreciate it.

Best,

Jonathan

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**From:** Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>

**Sent:** Friday, April 28, 2023 2:44 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; McClure, Deb (CMS/CMCS) <Deborah.McClure@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>

**Subject:** RE: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

Jonathan,

I think we will have to loop in Rory to answer question A. For B, I would agree that there appears to be 2 different taxes for both IP and OP and therefore I would recommend having them submit 2 for each (4 waivers). For C, I also think we should get Rory's input as far as the timing of when we should submit our technical questions to NC. If you would like to discuss please feel free to reach out to me.

Thank you  
Stuart

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>

**Sent:** Friday, April 28, 2023 2:31 PM

**To:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; McClure, Deb (CMS/CMCS) <Deborah.McClure@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>

**Subject:** FW: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

Dear all,

On Wednesday of this week, CMS met with North Carolina to discuss the State's tax on inpatient hospital services and outpatient hospital services as well as the changes that they are contemplating making to it as part of the State's Medicaid expansion. The state confirmed that it planned to add an additional health care-related tax on inpatient hospital services and outpatient hospital services in addition to the state's already existing health care-related tax. The State's existing tax is known as the "Modernized Hospital Assessment." The state's new health care-related tax is the "Medicaid expansion assessment." We have three questions to decide. They are laid out below.

## A. Hold harmless concerns

On the call, Rory mention that he had had a "high level conversation" with Dave Richard, who is the Deputy Secretary for NC Medicaid regarding possible pooling and redistribution agreements that could possibly contain hold harmless arrangements along the lines that we had outlined in our February 17, 2023 CIB. On the call, the State said that they and their providers were very aware of the CIB. They also stated that they had received from their hospital association in writing that the association was not aware of any arrangements in place similar to those described in the CIB. Rory said that we wanted to confirm with the state that these arrangements were not in place. He said that they could do so by two pathways:

1. The state would have the providers sign attestations that the arrangements were not in place or
2. The state would have a meeting with its providers in which the state would lay out the hold harmless requirements and ask them if they had any such arrangements. The state would then report to CMS what the results of the meeting were. This is the approach adopted by Louisiana.

Rory said that we would be in touch with the state to provide them something in writing. I have taken the same documents that we are in the process of sending to Nevada and modified them to be on North Carolina. There are two documents: the attestation document and the email to the SMD. Here is the attestation document. The only thing that I have done to the document is to replace "Nevada" with "North Carolina."

### North Carolina Attestations

The other document is the email to the North Carolina SMD. I modified this document because I was not sure if NC had approached us with their concerns or if we had learned about these things independently and then contacted North Carolina. In the case of Nevada, we know that the state was the one who came and asked us and told us that they were worried about what might be out there. I do not know if the same thing happened in North Carolina. Other than that, I tried to keep as much of the original language from the Nevada email draft as possible.

### Letter to NC Medicaid Director

**Question One: Can people take a look at these two documents, modify them as needed, and let us know how they should move forward?**

## **B. Four B1/B2 calculations or two**

The question came up during the call if we would need four B1/B2 calculations or only two. North Carolina, under their current Hospital Modernization Tax, taxes IP and OP hospital services so they have two separate B1/B2 calculations. North Carolina made clear on the call that the Medicaid Expansion Tax was a separate tax and was not only an increase to the Hospital Modernization Tax. They further said that both taxes, the Hospital Modernization Tax and the Medicaid Expansion Tax, would change in a uniform fashion from quarter to quarter and would have non-uniform changes once a year, similar to the current Hospital Modernization Tax. North Carolina would prefer to do only two B1/B2 calculations for both taxes as opposed to four. However, because the tax rates for the two taxes are different, I believe they would need four B1/B2 calculations submitted when non-uniform changes occur, which is once a year. We have a similar situation in Arizona where the state likewise has two taxes on inpatient hospital services and two on outpatient hospital services. In that instance, we told the state to separate them out and give us four B1/B2 calculations. OGC has also told us that this approach makes sense to them.

I recommend telling North Carolina that they will need to submit four B1/B2 calculations, two for each tax, once a year or whenever non-uniform changes to the tax rates occur.

**Question Two: Can we tell NC that they will need to submit four B1/B2 calculations when non-uniform changes occur, two for each tax for IP and OP, similar to what we told Arizona?**

## **C. Questions on Current IP/OP Hospital Tax Effective July 1, 2022.**

As you know, North Carolina submitted a spreadsheet for a tax waiver of an IP/OP tax with an effective date of July 1, 2022 on August 31, 2022. They submitted a narrative on October 6, 2022. There were many issues with the North Carolina submission. Since that time, we have been working with the State of North Carolina to bring the tax waiver toward something that we can approve. We had a meeting with North Carolina on April 11 2022. We told them not to average the tax rates across a year if they were not actually charging those rates, and to provide us with actual tax rates, not estimates. North Carolina told us that, while their tax rates changed from quarter to quarter those changes were uniform and the non-uniform changes occurred once a year. We told North Carolina that, pursuant to the 1995 SMDL on health care-related taxes, the state did not need to come in with new tax waiver requests for a tax for which they already had an approved waiver as long as the rates were uniform changes. As a result, we told them to provide us only with the rates for the June to September 2022 quarter for us to evaluate and to come in with new tax waiver requests yearly or as often as non-uniform changes occurred.

On April 20, 2023, North Carolina submitted a revised health care-related tax waiver spreadsheet with revised rates and a revised B1/B2 statistic for only one quarter's actual rates as we asked them to do. However, they failed to provide separate rates for IP and OP hospital services taxes. North Carolina has two tax rates, one for private hospitals and one for public hospitals. They need to submit four rates: IP public, IP private, OP public, OP private. They have not done so. I have come up with several questions asking them to do so, among other things. I don't believe we can approve their taxes until they do so because we would need to list separate IP and OP tax rates in their approval letters. Right now we do not know what those are. Here are the questions:

Questions on tax waiver request with July 1 2022 Effective Date

**Question Three: Can we send these questions to North Carolina about their July 1, 2022 effective date tax and let them know that the hold harmless issue will be addressed separately?**

Thank you. I look forward to resolving these issues. Have a good weekend.

Best,

Jonathan

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**From:** Endelman (he/him), Jonathan (CMS/CMCS)

**Sent:** Wednesday, April 26, 2023 8:36 AM

**To:** Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; McClure, Deb (CMS/CMCS) <[Deborah.McClure@cms.hhs.gov](mailto:Deborah.McClure@cms.hhs.gov)>; Mosley, Elle (CMS/CMCS) <[larrica.mosley@cms.hhs.gov](mailto:larrica.mosley@cms.hhs.gov)>; Schoonover, Matthew (CMS/CMCS) <[matthew.schoonover@cms.hhs.gov](mailto:matthew.schoonover@cms.hhs.gov)>

**Cc:** Badaracco, Andrew (CMS/CMCS) <[Andrew.Badaracco@cms.hhs.gov](mailto:Andrew.Badaracco@cms.hhs.gov)>; Thompson, Christopher (CMS/CMCS) <[Christopher.Thompson@cms.hhs.gov](mailto:Christopher.Thompson@cms.hhs.gov)>

**Subject:** FW: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

Dear team,

Please see attached for NC's PowerPoint Presentation on Medicaid expansion financing.

I have some questions on the presentation. I also have some questions on their tax waiver submission. I am providing SharePoint links to both. Let me know if you think we should send these to the State. As always, please edit with any contributions.

Questions on NC Medicaid Financing

Best,

Jonathan

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Wednesday, April 26, 2023 7:41 AM

**To:** Wiley, Evelyn (CMS/CMCS) <[Evelyn.Wiley@cms.hhs.gov](mailto:Evelyn.Wiley@cms.hhs.gov)>; Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Hines, Charles (CMS/CMCS) <[Charles.Hines@cms.hhs.gov](mailto:Charles.Hines@cms.hhs.gov)>; Thomas, Stephanie (CMS/CMCS) <[Stephanie.Thomas@cms.hhs.gov](mailto:Stephanie.Thomas@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>

**Subject:** RE: [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

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Good morning,

Please see the attached PowerPoint and agenda below for today's call.

**Agenda for Financial Authorities - CMS/NC Follow-up from 4/17 meeting**

*Wednesday, April 26<sup>th</sup>, 2 pm EST*

- Discuss updates to North Carolina Medicaid non-federal financing approach (*attached*)
- Postpartum coverage expansion FMAP SPA interactions
- Other follow-up items:
  - CMS Questions on Draft FMAP SPA
  - Request to schedule additional time to discuss CMS-64 reporting

Thanks,

**Betty Jenkins Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



Vax Up OR Mask Up

Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://YourSpotYourShot.nc.gov).

-----Original Appointment-----

**From:** Wiley, Evelyn (CMS/CMCS) <[Evelyn.Wiley@cms.hhs.gov](mailto:Evelyn.Wiley@cms.hhs.gov)>

**Sent:** Wednesday, April 19, 2023 11:30 AM

**To:** Wiley, Evelyn (CMS/CMCS); Howe, Rory (CMS/CMCS); Arnold, Charlie (CMS/CMCS); Clark, Jennifer (CMS/CMCS); Goldstein, Stuart (CMS/CMCS); Cuno, Richard (CMS/CMCS); Hines, Charles (CMS/CMCS); Thomas, Stephanie (CMS/CMCS); Endelman (he/him), Jonathan (CMS/CMCS); Maccarroll, Amber (CMS/CMCS); Silanskis, Jeremy (CMS/CMCS); Staton, Betty J; Williams, Cecilia; Sandoe, Emma; Gill, Marissa

**Subject:** [External] Confirmed: Financial Authorities - CMS/NC Follow-up from 4/17 meeting

**When:** Wednesday, April 26, 2023 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).

**Where:** <https://cms.zoomgov.com/j/1612418772?pwd=WWIMOG1QSjSYXc2TWwyUDVCWxg4QT09>

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Continue discussions following 4/17 meeting on NC Medicaid Expansion financing including assessment changes, directed payments, and FMAP SPA submission.

Evelyn Wiley is inviting you to a scheduled ZoomGov meeting.

Join ZoomGov Meeting

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### Questions for NC IP OP Hospital Tax April 21 2023

1. Continuecare Hospital at University provider number 3402021 is included in the "IP B1-B2" and "OP B1-B2" tabs but not the "54\_Medicaid Costs" tab. Why is that the case?
2. Washington County Hospital provider number 3401314 is included in the "54\_Medicaid Costs" tab but not in the "IP B1-B2" or the "OP B1-2" tabs. Why is that the case?
3. Novant Health Rehabilitation Hospital provider number 3403027 is included in the "54\_Medicaid Costs" tab but not in the "IP B1-B2" tab. Why is that the case?
4. There is no "provider type 2." Is that correct?
5. Can the State of North Carolina please provide separate tax rates for inpatient and outpatient hospital services for public and non-public providers and incorporate those into the spreadsheet? There should be four rates:
  - 1) Inpatient hospital services non-public provider rate
  - 2) Inpatient hospital services public provider rate
  - 3) Outpatient hospital services non-public provider rate
  - 4) Outpatient hospital services public provider rate

The two rates that the state provided, .45% for public providers and .91% for private providers cannot be applied in any straightforward way to taxes on inpatient hospital services and outpatient hospital services. They also appear to be rounded figures and not the State's actual tax rates.

6. We should be able to take the tax rate, multiple it by the total hospital costs, and arrive at the tax payments for the quarter.
7. Can the State of North Carolina please remove the "IP and OP B1-B2" tab from the spreadsheet? As we have explained, the B1/B2 test is done separately for the permissible classes of inpatient and outpatient hospital services. A B1-B2 test that combines inpatient and outpatient hospital services has no practical application for determining if a health care-related tax is generally redistributive.
8. On the "54\_Medicaid Costs" tab several of the facilities appear to have data listed as being from 1900. We assume that is a typo. Is that correct?

Good morning Deputy Secretary Ludlam,

Thank you for meeting with CMS on April 26, 2023, during which we discussed some of the concerns regarding certain types of arrangements that were described in the recently released CMCS Informational Bulletin (CIB). We are happy to provide any technical assistance that may be useful for the state regarding this topic.

On February 17, 2023, CMS released a CIB that describes how arrangements involving the pooling and redistribution of Medicaid payments funded by health care-related taxes may constitute an impermissible hold harmless arrangement as described by section 1903(w)(4) of the Social Security Act and implementing regulations at 42 C.F.R. § 438.68 (f). We appreciate the state of North Carolina reaching out to us with their requests for clarification regarding this document. Forging a strong federal-state partnership is critical to upholding the fiscal integrity of the Medicaid program and ensuring the continued existence of a strong and sustainable medical safety net for all Americans.

Given the state's questions regarding the types of arrangements that are outlined in the CIB and our responsibility to oversee that all health care-related taxes are in compliance with federal requirements, we would, expect the state to provide us with the following information:

1. A comprehensive description of how the tax program (including any payment redistributions among providers) is structured, including at the provider level.
2. Copies of agreements relating to the tax program or payment redistributions in place between or among participating providers and/or the state and localities and a complete description of how the agreements work, including at the provider level.
3. As an alternative to providing the agreements in #2, attestations from each participating provider or from the state (attesting on behalf of each provider) that the providers do not participate in arrangements, through written agreements or otherwise (including non-written agreements or understandings that result in reasonable expectations for participating parties), which involve participating providers transferring, redirecting, redistributing (irrespective of state or local government involvement) Medicaid or other payments to other providers, directly or indirectly (irrespective of whether the state or units of local government are compelling or sanctioning provider participation).
4. If all participating providers or the state are able to provide the attestation(s) in #3, a comprehensive description of the process used by the state and providers to ensure the accuracy of the attestation(s) that the arrangements described in #3 have either stopped or were never in effect.

5. Additional information regarding the health care-related tax that we ask as part of our standard review process for the financing arrangements funding the non-federal share of state-directed payments as described in the pre-print for said payments.

We have attached a draft attestation that could serve as a template for the state to use with its providers in order to ensure that the practices described in the CIB are not occurring. The state can distribute this document to its providers, collect the signed attestations from providers, and inform CMS when the attestation process has been completed. Alternatively, as described in the document, there are other pathways to achieve the same goal. As always, CMS is available to work with you on these options to ensure compliance with all federal requirements regarding health care-related taxes depending on the state's preference, such as holding a meeting with its providers.

Please let us know if you have any questions or concerns or would like to discuss further.

Thank you,

## **Requesting Additional Information regarding North Carolina's Hospital Tax Program**

To ensure that North Carolina's hospital tax program meets federal requirements, CMS is requesting assurances that North Carolina's hospital tax program does not involve arrangements among providers to redistribute Medicaid payments to ensure that no provider is harmed financially as a result of a health care-related tax. This would constitute a hold harmless under section 1903(w)(4) of the Social Security Act (the Act) and 42 CFR § 433.68(f).

Federal Financial Participation (FFP) is not available for Medicaid programs where the state's share of the Medicaid payments for those programs are financed through health care-related taxes and there is a "hold harmless arrangement" in place. CMS and the State must ensure that sources of non-federal share comply with section 1903(w) of the Act and implementing regulations at 42 CFR Part 433.

CMS is requesting more information regarding the state's tax program, including whether pooling and/or redistribution practices that would constitute a hold harmless arrangement are occurring.

Please provide the following information to assist in our review of whether the state's non-federal share source complies with section 1903(w)(4) of the Act and 42 C.F.R. § 433.68(f)(3):

1. A comprehensive description of how the tax program (including any payment redistributions among providers) works, including at the provider level.
2. Copies of agreements relating to the tax program or payment redistributions in place between or among participating providers and/or the state and localities and a complete description of how the agreements work, including at the provider level.
3. As an alternative to providing the agreements in #2, attestations from each participating provider or from the state (attesting on behalf of each provider) that the providers do not participate in arrangements, through written agreements or otherwise (including non-written agreements or understandings that result in reasonable expectations for participating parties), which involve participating providers transferring, redirecting, redistributing (irrespective of state or local government involvement) Medicaid or other payments to other providers, directly or indirectly (irrespective of whether the state or units of local government are compelling or sanctioning provider participation).
4. If all participating providers or the state are able to provide the attestation(s) in #3, a comprehensive description of the process used by the state and providers to ensure the accuracy of the attestation(s) that the arrangements described in #3 have either stopped or were never in effect.

As an alternative to obtaining provider attestations, CMS is open to state ideas regarding how it can provide information to CMS to support that its hospital tax program does not likely include a hold harmless arrangement. For example, the state could hold a meeting with its providers. Please find below an example of state talking points that could be used for such a meeting:

*In recent discussions with CMS, they wanted assurance that Medicaid funds were not being redistributed by providers for the purpose of making taxpayers whole from paying the assessment in a “hold harmless” arrangement. The following is a summary of CMS’ interpretations of existing federal statutes and rules that we are sharing with you for the purposes of providing CMS with the assurance they require from the State as part of the approval process for the directed payment programs recently submitted.*

*CMS reminds the state and providers that section 1903 (w)(1)(A)(iii) of the Social Security Act (the Act) states that a state’s amount of medical assistance expenditures shall be reduced by the amount of a health care-related tax if there is in effect a hold harmless arrangement.*

*Section 1903 (w)(4) of the Act describes what constitutes a hold harmless arrangement. Specifically, section 1903 (w)(4)(C) of the Act states that, “The State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.”*

*Implementing regulations at 42 CFR 433.68(f)(3) state that a hold harmless arrangement exists where a state imposing a health care-related tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount.*

*CMS recognizes that the statute clearly permits health care-related taxes and supports states’ adoption of these financing strategies. However, the taxes must be imposed in a manner consistent with applicable federal statute and regulations and cannot include a direct or indirect hold harmless arrangements.*

*In the preamble to the 2008 final rule amending the above referenced provision, CMS wrote that, “[a] direct guarantee will be found when a State payment is made available to a taxpayer or a party related to the taxpayer in the reasonable expectation that the payment would result in the taxpayer being held harmless for any part of the tax.” 73 FR 9685, 9695 (Feb. 22, 2008) (confirming proposed rule preamble statement in 72 FR 13726, 13730 (Mar. 23, 2007)).*

*CMS stated that the addition of the word “or indirectly” in the regulation indicates that the state itself need not be involved in the actual redistribution of Medicaid funds for the purpose of making all taxpayers whole in order for the arrangement to qualify as a hold harmless.*

*As CMS further explained in the same preamble, they used the term “reasonable expectation” because “state laws were rarely overt in requiring that state payments be used to hold taxpayers harmless.” 73 FR at 9694. Therefore, hold harmless arrangements are not always overtly established through state law, but can be based instead only on reasonable expectations of certain actions among participating entities.*

*As a result, an arrangement in which hospitals receive Medicaid payments from the State, then pool and redistribute those payments with an aim of holding all providers harmless for the cost of the tax would constitute a hold harmless under section 1903 (w)(4) of the Act and 42 CFR § 433.68 (f) and would lead to a reduction of the state’s medical assistance expenditures as specified by section 1903 (w)(1)(A)(iii) of the Act and 42 CFR § 433.70 (b).*

*If there are any oral or written agreements to redirect or redistribute Medicaid payments related to the tax in any way including to hold another tax paying entity harmless from all or a portion of the assessment, you must let us know in writing within the next five business days.*

*If you are unsure of whether an agreement will result in a hold harmless arrangement, you may contact XXXXX for assistance.*

*XXXX must certify to CMS that it provided an opportunity for all taxpayers to be made aware of this information and requested disclosure of any such agreement as part of the approval process for the submitted XXXXX preprints. At the lapse of the 5 days XXXX will notify CMS of whether any such arrangements were disclosed and certify that this meeting took place.*

Message

**From:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6)  
**Sent:** 4/20/2023 12:15:19 PM  
**To:** Williams, Cecilia [cecilia.williams@dhhs.nc.gov]; Graves, Donald (CMS/CMCS) [donald.graves@cms.hhs.gov]; Abbott, Sarah (CMS/CMCS) [sarah.abbott@cms.hhs.gov]; Snyder, Laura (CMS/CMCS) [laura.snyder1@cms.hhs.gov]; Goldstein, Stuart (CMS/CMCS) [stuart.goldstein@cms.hhs.gov]; Bonelli, Anna (CMS/CMCS) [anna.bonelli@cms.hhs.gov]; Arnold, Charlie (CMS/CMCS) [charlie.arnold@cms.hhs.gov]; Clark, Jennifer (CMS/CMCS) [jennifer.clark@cms.hhs.gov]; Cuno, Richard (CMS/CMCS) [richard.cuno@cms.hhs.gov]; Fan, Kristin (CMS/CMCS) [kristin.fan@cms.hhs.gov]; Heitt, Melissa (CMS/FCHCO) [melissa.heitt@cms.hhs.gov]; McClure, Deb (CMS/CMCS) [deborah.mcclure@cms.hhs.gov]; Mosley, Elle (CMS/CMCS) [larrica.mosley@cms.hhs.gov]; Schoonover, Matthew (CMS/CMCS) [matthew.schoonover@cms.hhs.gov]; CMS State Directed Payment [statedirectedpayment@cms.hhs.gov]  
**CC:** Staton, Betty J [Betty.J.Staton@dhhs.nc.gov]; Sandoe, Emma [Emma.Sandoe@dhhs.nc.gov]; CMS CMCS Tax Waiver [taxwaiver@cms.hhs.gov]  
**Subject:** RE: RE: [External] Meeting with North Carolina to Discuss Its Tax on Inpatient and Outpatient Hospital Services

Ms. Williams,

Thank you. We are acknowledging receipt of the State of North Carolina's revised submission. We plan on reviewing this very shortly. We will be in touch if we have any additional questions or require any further clarification.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
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Baltimore, MD 21244-1850

**From:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>  
**Sent:** Thursday, April 20, 2023 7:07 AM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Heitt, Melissa (CMS/FCHCO) <Melissa.Heitt@cms.hhs.gov>; McClure, Deb (CMS/CMCS) <Deborah.McClure@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**CC:** Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>  
**Subject:** RE: [External] Meeting with North Carolina to Discuss Its Tax on Inpatient and Outpatient Hospital Services

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CMS01725cv1712



Good morning,

Please see below responses to CMS questions and the attached spreadsheet for the requested BI/BI Demonstration for the requested quarter.

1. The date or dates from which the data in the spreadsheet is derived.  
Please see details in the attached spreadsheet.
2. A complete separation between the taxes on inpatient hospital services and outpatient hospital services throughout the submission.  
Please see details in the attached spreadsheet.
3. The actual tax rates imposed on providers during this period and not estimates.  
Please see details in the attached spreadsheet.
4. A general idea of what the tax goes to fund.  
As described in North Carolina General Statute § 108A-146.15, the hospital assessment funds Medicaid FFS base payments to hospitals, the portion of PMPM capitation payments made to the state's managed care plans attributable to hospital care, Medicaid GME payments to hospitals, and other Medicaid program costs.
5. To the extent that it can, as mentioned on the call, a provider-specific breakdown of reimbursement funded by the tax to enable us to compare the tax amount with Medicaid payments funded by the tax for each provider. We understand if, as the state indicated on the call, this information is not available because of the shift to a managed care delivery system.  
As previously mentioned on the call, the State cannot identify the total Medicaid payments to each hospital funded by the taxes since the hospital assessment and General Fund dollars jointly fund the non-federal share of Medicaid FFS base payments to hospitals and prospective PMPM capitation payments made to the managed care plans.

Thanks so much!

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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Raleigh, NC 27699-1950

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Friday, April 14, 2023 8:21 AM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Heitt, Melissa (CMS/FCHCO) <[Melissa.Heitt@cms.hhs.gov](mailto:Melissa.Heitt@cms.hhs.gov)>; McClure, Deb (CMS/CMCS) <[Deborah.McClure@cms.hhs.gov](mailto:Deborah.McClure@cms.hhs.gov)>; Mosley, Elle (CMS/CMCS) <[larrica.mosley@cms.hhs.gov](mailto:larrica.mosley@cms.hhs.gov)>; Schoonover, Matthew (CMS/CMCS) <[matthew.schoonover@cms.hhs.gov](mailto:matthew.schoonover@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Subject:** RE: [External] Meeting with North Carolina to Discuss Its Tax on Inpatient and Outpatient Hospital Services

Good morning Jonathan,

Acknowledging your email and the request for the revised submission.

Thanks,

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



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**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>

**Sent:** Friday, April 14, 2023 7:57 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Heitt, Melissa (CMS/FCHCO) <[Melissa.Heitt@cms.hhs.gov](mailto:Melissa.Heitt@cms.hhs.gov)>; McClure, Deb (CMS/CMCS) <[Deborah.McClure@cms.hhs.gov](mailto:Deborah.McClure@cms.hhs.gov)>; Mosley, Elle (CMS/CMCS)

<larrica.mosley@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Subject:** RE: [External] Meeting with North Carolina to Discuss Its Tax on Inpatient and Outpatient Hospital Services

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Dear North Carolina state and federal partners,

We wanted to thank everyone for attending and participating in the call on April 11, 2023. It was very helpful in terms of enabling us to understand what is going on, how the state's system works, and what it would like to do. At this point, we are waiting for the state to submit a revised submission, along the lines that we discussed on the call. As a reminder, this would include only the rate for the July 1, 2022 to September 30, 2022 quarter. According to the state, the rate changes every quarter, but in a uniform fashion. Non-uniform changes would occur once a year when the base rate data elements used to calculate the rates change. Non-uniform changes may also occur as a result of changes to the structure of the tax by the state legislature. States are permitted to make non-uniform changes to the tax rates of already approved waivers so long as such changes are uniform, meaning the changes are the same percentage change for all providers subject to the tax and there are no changes in terms of the providers included in or excluded from the tax. While states do not need to request a new waiver for such changes, we appreciate states informing us when they occur. Any non-uniform changes to a previously approved health care-related tax waiver, including non-uniform changes to the tax rates or any changes to the providers included in or excluded from the tax would necessitate the state coming in with a new health care-related tax waiver request. According to our discussions on April 11, 2023, the state and CMS anticipates those non-uniform changes occurring annually, which means the state would likewise need to submit a new waiver annually for the tax. According to regulation, the earliest effective date that CMS may give for a health care-related tax waiver submission is the first day of the calendar quarter in which the waiver is submitted to CMS. As a reminder, please make sure to include:

1. The date or dates from which the data in the spreadsheet is derived
2. A complete separation between the taxes on inpatient hospital services and outpatient hospital services throughout the submission.
3. The actual tax rates imposed on providers during this period and not estimates.
4. A general idea of what the tax goes to fund
5. To the extent that it can, as mentioned on the call, a provider-specific breakdown of reimbursement funded by the tax to enable us to compare the tax amount with Medicaid payments funded by the tax for each provider. We understand if, as the state indicated on the call, this information is not available because of the shift to a managed care delivery system.

Also, if possible, please do let us know when we might expect to receive the revised submission. Thank you.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
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7500 Security Blvd.  
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Baltimore, MD 21244-1850

**From:** Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Sent:** Tuesday, April 11, 2023 10:47 AM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Heitt, Melissa (CMS/FCHCO) <Melissa.Heitt@cms.hhs.gov>; McClure, Deb (CMS/CMCS) <Deborah.McClure@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larica.mosley@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Subject:** RE: [External] Meeting with North Carolina to Discuss Its Tax on Inpatient and Outpatient Hospital Services

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Good morning,

Please see the attached in preparation for today's call.

Thanks,

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



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-----Original Appointment-----

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>

**Sent:** Friday, March 31, 2023 8:10 AM

**To:** Endelman (he/him), Jonathan (CMS/CMCS); Graves, Donald (CMS/CMCS); Sandoe, Emma; Abbott, Sarah (CMS/CMCS); Snyder, Laura (CMS/CMCS); Goldstein, Stuart (CMS/CMCS); Bonelli, Anna (CMS/CMCS); Arnold, Charlie (CMS/CMCS); Clark, Jennifer (CMS/CMCS); Cuno, Richard (CMS/CMCS); Fan, Kristin (CMS/CMCS); Heitt, Melissa (CMS/FCHCO); McClure, Deb (CMS/CMCS); Mosley, Elle (CMS/CMCS); Schoonover, Matthew (CMS/CMCS); Staton, Betty J; CMS State Directed Payment; Williams, Cecilia

**Subject:** [External] Meeting with North Carolina to Discuss Its Tax on Inpatient and Outpatient Hospital Services

**When:** Tuesday, April 11, 2023 1:00 PM-1:58 PM (UTC-05:00) Eastern Time (US & Canada).

**Where:** <https://cms.zoomgov.com> (b)(6)

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Dear all,

This is a meeting between the Financial Management Group of the Centers for Medicare and Medicaid Services and the North Carolina Department of Health and Human Services Division of Health Benefits to discuss the Health Care-Related Tax Waiver of the Broad-Based and Uniformity Requirements for the State of North Carolina's assessment on Inpatient Hospital Services and Outpatient Hospital Services.

Best,

Jonathan

Join ZoomGov Meeting  
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**From:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6)

**Sent:** 2/3/2023 6:34:50 PM

**To:** Boston, Beverly (CMS/CMCS); (b)(6)  
(b)(6) Fan, Kristin (CMS/CMCS)  
(b)(6) Arnold, Charlie  
(CMS/CMCS); (b)(6)  
(b)(6) Clark, Jennifer  
(CMS/CMCS); (b)(6)  
(b)(6) Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6); Cuno, Richard  
(CMS/CMCS); (b)(6)  
(b)(6); Giles, John  
(CMS/CMCS); (b)(6)  
(b)(6); Snyder, Laura  
(CMS/CMCS); (b)(6)  
(b)(6) CMS State Directed  
Payment; (b)(6)  
(b)(6); Schoonover, Matthew  
(CMS/CMCS); (b)(6)  
(b)(6) Heitt, Melissa  
(CMS/FCHCO); (b)(6)  
(b)(6)]; Moore (she/her), Z.  
Yvette (CMS/CMCS); (b)(6)

**CC:** (b)(6)  
Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6) Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6) Silanskis, Jeremy  
(CMS/CMCS); (b)(6)  
(b)(6) adams, lia (CMS/CMCS)

**Subject:** RE: RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

**Attachments:** Healthcare Related Taxes CIB OGC OL CLEAN Jan 19\_OMBcmmts\_final February 3 2023.docx

Hello John and Laura,

There was one comment that we received from OMB in response to our CIB on health care-related taxes that we felt that you would be in a better position to answer than we would. We write, "Where appropriate, states should examine their provider participation agreements and MCO contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state." The comment asked, "Are there provisions in managed care regulations in 438 that could be included here?" Since you know the managed care regulations better than we do, we thought you would be the appropriate SMEs to ask on this subject. If we could hear back from you by COB Monday on this point, we would be extremely grateful because the CIB is scheduled for release on February 10, 2023. Thank you for your partnership and assistance.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
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Center for Medicaid and CHIP Services (CMCS)  
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**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 1:04 PM  
**To:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I agree Kristin. Thanks Jonathan!

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 1:00 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I was wondering about that one as well. I don't think it would be appropriate to add a managed care pre-print reference here. But there might be something in section 438 of the regs.

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 12:52 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia



(CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Johnathan. The citations are around documentation collection correct? It appears OL is flagging whether there is a citation around 438.6 (c) managed care pre-print collection. Can someone share the draft CIB with John Giles and Laura Snyder in DEHPG to confirm? If we can hear back by COB Mon that would help to keep us on track with the 2/10 release date.

Thank you!

*Beverly*

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>

**Sent:** Friday, February 3, 2023 12:09 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS)

<[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Beverly,

Most of the edits should be easy and we can do today. The only one I don't know about is the request for a reference to the "managed care" regulations as it relates to the authority of CMS to request documentation as I am not as familiar with the managed care regs. We can do everything else quickly.

Best,

Jonathan

Jonathan Endelman, PhD

Social Science Research Analyst

Centers for Medicare & Medicaid Services (CMS)

Center for Medicaid and CHIP Services (CMCS)

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Baltimore, MD 21244-1850

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, February 3, 2023 11:58 AM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS)

<[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS)

<Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)

<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Good afternoon team,

Please see attached, OMB just provided the passback on the Tax CIB. VERY, minor edits. I believe we can turn this around by COB Mon? Please confirm. We are still aiming for Friday 2/10 release.

Thanks you

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Wednesday, January 25, 2023 1:07 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)

<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** Taxes CIB w/ EOP Due Fri 2/3 For FRI 2/10 Release : OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

See below status. Good news... Rachel/OS cleared the CIB without comment. It has been **advanced to EOP with comments/edits due on Friday 2/3 (not sure if we will be requested to do a call, but will keep you posted)**.

#### **Health Care-Related Taxes CIB**

- ~~1/19~~ – Send to IOS (Rachel) for review
- ~~1/24 COB~~ – Rachel clears
- 1/24 5pm – Send to EOP (DPC, OMB) for review
- 2/3 COB – EOP sends comments
- 2/6-2/9 – FMG revises
- **2/10 – Launch**

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Friday, January 20, 2023 12:37 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)

<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** CIB with OS: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello everyone,

The release date for the CIB has moved a couple times as OC is planning for other rollouts. Please see attached, the CIB is now targeted to be **released on Friday 2/10**. It is currently under OS review with comments due on Monday; however, I am checking with Perrie on whether the below schedule will be revised given the new 2/10 release date. I will keep you posted.

- 1/19 – Send to IOS (Rachel) for Review
- 1/23 COB – Rachel sends comments
- 1/25 – FMG revises
- 1/26 9am – Send to EOP (DPC, OMB) for review
- 1/30 12pm – EOP sends comments
- 1/30 – FMG revises
- 1/31 or 2/1 – Launch (depending on comments?)

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>

**Sent:** Thursday, January 12, 2023 3:34 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Jonathan, I agree with your analysis below. Thanks.

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>

**Sent:** Tuesday, January 10, 2023 2:47 PM

**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

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**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

OL appears to be arguing that we can't or shouldn't focus on anything other than the fact that hold harmless arrangements are against federal Medicaid law. They are, of course, but that is not the only motivating factor in issuing the CIB. They say we should cut any reference to the fact that halting these redistribution agreements could help providers with high Medicaid volume and that these financing mechanisms serve to take the focus away from quality health outcomes and towards who can finance the most money to minimize state expenditures while maximizing federal outlays. I think we should push back and say that issuing this CIB will be a positive for the transparency and improve the

operation of the Medicaid program. However, I wanted to gauge the temperature of others to see how we wanted to approach this.

Best,

Jonathan

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Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
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**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Tuesday, January 10, 2023 2:12 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello, I am adding a SP link (below) for the reactive statement with OL comments/edits (attached) to be to aligned with the updated CIB and Q/As. Will these changes impact the OA briefing paper? We normally wait until we have clearance comments before going to OA, but I understand we are on a somewhat tight timeline.

OC reconciled the comments. I did move the reconciled version of the CIB and Q/As to SharePoint (below). Please see attached with separate line edits/comments for full disclosure from OL and OGC. Please make edits in the reconciled version.

[HC Related Taxes CIB](#)

[Q/As Taxes CIB](#)

[Reactive Statement - Tax CIB](#)

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Monday, January 9, 2023 4:31 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard

(CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks, Beverly. I think some of the line edits are visible in the CIB, but many by OL are not visible. Is there a version with the line edits visible?

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Monday, January 9, 2023 3:34 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS)

<[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

Please see attached with OL and OGC comments. Can you take a look and let me know **when you'll be able to turn around clean versions**? As a reminder, next step is R2 CMS and the OCD will concurrently send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

Thanks

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 4:29 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS)

<[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Looks good. I will circle back if there are any questions. Thank you all.

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 4:08 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard

(CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

My edits are in and this is good to go. Thanks, all!

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 2:47 PM

**To:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

Based on your comments would the below edits work? Please others review Kristin's comments in the attached and make edits here → reactive that was drafted by OC by COB today.

(b)(5)

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 2:19 PM

**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I made some suggestions.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 1:33 PM

**To:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS)

<STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)  
<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia  
(CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

**Status update:** OCD confirmed we are still aiming for 1/23. OCD is awaiting OGC comments (if any) on the CIB. Once the CIB clears Comms, the OCD will send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

**In addition due COB today** - Here is the reactive that was drafted by OC for the CIB. **Please let me know if you have edits to the reactive statement developed by OC.**

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>  
**Sent:** Wednesday, January 4, 2023 9:45 AM  
**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS)  
<Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart  
(CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)  
<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia  
(CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** RE: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Beverly. I defer to others but don't think the edits are helpful for the CIB. It was carefully crafted language. I would not recommend accepting these changes.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>  
**Sent:** Wednesday, January 4, 2023 8:46 AM  
**To:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS)  
<Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard  
(CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)  
<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia  
(CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** CIB Health Care Related Taxes and Hold Harmless Arrangements

Good morning and HNY! 🎉

Looping others. All Comms clearance comments on the CIB are due from commenters on 1/5. Please hold the attached FCHCO comments until all other comments on the CIB are received. **I will need clean and redlined comments once all comments are received.**

**In addition due 12pm tomorrow 1/5** - Here is the reactive that was drafted by OC for the CIB. Please let me know if you have edits to the reactive statement developed by OC.

Thank you

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:57 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Cc:** Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi, Beverly and Lia. Would you mind making should make sure the attached track changes based on a few suggestions from Tim make it into the final version? Please let me know if you have any questions.

Thanks,  
Rory

**From:** Howe, Rory (CMS/CMCS)  
**Sent:** Tuesday, January 3, 2023 3:49 PM  
**To:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Subject:** RE: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi Tim,

Happy New Year. I appreciate you taking the time to review and to comment. Thanks for catching the typo and for highlighting where we could be more precise to avoid misinterpretations. We'll update the draft CIB to address the comments/edit. Thanks again.

Rory

**From:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:16 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Rory –

I understand the CIB was FYI-only, but I feel compelled to share with you a few things in the attached. I was only reading it to try to learn the policy, but there is a place in the CIB where a reader could easily take away the wrong message. And a typo.

Tim Engelhardt (he/him)  
Medicare-Medicaid Coordination Office  
Centers for Medicare & Medicaid Services  
202.690.6277

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**From:** CMS CLEARANCES <CLEARANCES@cms.hhs.gov>

**Sent:** Tuesday, January 3, 2023 1:35 PM

**To:** Worstell, Megan (CMS/OFM) <Megan.Worstell@cms.hhs.gov>; Czajkowski, John (CMS/OFM) <John.Czajkowski@cms.hhs.gov>; Plater, Morris (CMS/OFM) <Morris.Plater@cms.hhs.gov>; Stokes-Murray (He/Him), Heinz (CMS/OFM) <KHeinz.Stokes-Murray@cms.hhs.gov>; Tierney, Janet (CMS/OFM) <Janet.Tierney@cms.hhs.gov>; Kelsey, Ashley (CMS/OFM) <Ashley.Kelsey@cms.hhs.gov>; Carmichael, Wanda (CMS/OFM) <Wanda.Carmichael@cms.hhs.gov>; Benns, Antoinette (CMS/OFM) <Antoinette.Benns@cms.hhs.gov>; Richter (she/her), Liz (CMS/CM) <elizabeth.richter@cms.hhs.gov>; Rice, Cheri (CMS/CM) <Cheri.Rice@cms.hhs.gov>; Ahern, Robert (CMS/CM) <Robert.Ahern@cms.hhs.gov>; Mays, Beth (CMS/CM) <Beth.Mays@cms.hhs.gov>; Blackford (she/her), Carol (CMS/CM) <Carol.Blackford@cms.hhs.gov>; Pequigney, Susan (CMS/CM) <Susan.Pequigney@cms.hhs.gov>; Farran, Patti (CMS/CM) <Patti.Farran@cms.hhs.gov>; Beder, Victoria (CMS/CM) <Victoria.Beder@cms.hhs.gov>; Feaster, Simone (CMS/CM) <simone.feaster@cms.hhs.gov>; Uebersax, Julie (CMS/CM) <Julie.Uebersax@cms.hhs.gov>; 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**Cc:** CMS CLEARANCES <CLEARANCES@cms.hhs.gov>; Dinges, Enrico (CMS/OC) <Eric.Dinges@cms.hhs.gov>

**Subject:** FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

**\*\*\*Please copy Enrico Dinges and on ALL responses pertaining to this item when replying to CMS Clearances.\*\*\***

Please see attached internal gas for review. The informational bulletin is FYI ONLY. Thank you.

**Comments Due: 1:00 PM ET Thursday, January 5, 2023**

**All: For your review and input. Concurrent HHS/CMS review.**

**Title:** Internal Q&As for CMCS informational bulletin on health care related taxes and hold harmless arrangements.

**Agency/Office:** CMCS

**Subject/Description:** CMS will release an informational bulletin on health care related taxes and hold harmless arrangements involving the redistribution of Medicaid payments. This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). There will be a reactive statement, listserv message, and internal questions-and-answers for this item.

**COMMs Materials for Rollout:** Internal Q&As

**Deadline for COMMS Clearance comments: Thursday, January 5 by 1:00 PM**

**Requested Release date:** 2/7/2023

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***CMCS Informational Bulletin***

**DATE:** xx xx, xxxx

**FROM:** Daniel Tsai, Deputy Administrator and Director

**SUBJECT:** Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments

**Background**

Recently, the Centers for Medicare & Medicaid Services (CMS) has been approached by several states with questions regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). Many of these questions have focused on whether health care-related tax arrangements involving the redistribution of Medicaid payments among providers subject to the tax would comply with the statutory and regulatory prohibition on “hold harmless” arrangements—that is, arrangements in which the “State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax”—as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations. In response to these questions, this informational bulletin reiterates our longstanding position on the existing federal requirements that pertain to health-care related taxes and re-emphasizes our goal of assisting states in ensuring appropriate sources of non-federal share financing.

CMS recognizes that health care-related taxes are a critical source of funding for many states’ Medicaid programs, including for payments to safety net providers. CMS supports states’ adoption of health care-related taxes when they are consistent with federal requirements. CMS approves many state payment proposals annually that are supported by health care-related taxes that appear to meet federal requirements. CMS recognizes the challenges faced by states and health care providers in identifying sources of non-federal share financing and implementing Medicaid payment methodologies that assure payments are consistent with federal requirements.

Medicaid statute and regulations afford states flexibility to tailor health care-related taxes within certain parameters to meet their provider community needs and align with broader state tax policies and priorities for their Medicaid programs. CMS remains committed to providing states with technical assistance aiming to ensure that health care-related taxes used to finance the non-federal share of Medicaid expenditures meet the states’ policy goals and comply with federal requirements. For example, CMS is authorized to waive the requirements that health care-related

taxes be broad-based and/or uniform, when applicable conditions are met.<sup>1</sup> CMS regularly works with states to approve such waivers in furtherance of state goals while complying with federal requirements.

Although the applicable statutory and regulatory provisions afford states considerable flexibility in establishing health care-related taxes, such taxes must be imposed in a manner consistent with applicable federal statutes and regulations, including that they may not involve hold harmless arrangements, to avoid a reduction in the state’s Medicaid expenditures eligible for federal financial participation. Occasionally, CMS encounters health care-related tax programs that appear to contain hold harmless arrangements, which contravene section 1903(w)(1)(A)(iii) and (w)(4) of the Act and 42 C.F.R. § 433.68(b)(3) and (f). Such arrangements are inconsistent with statutory and regulatory requirements and undermine the fiscal integrity of the Medicaid program. Recently, CMS has become aware of some health care-related tax arrangements that appear to contain a hold harmless arrangement that involves the taxpaying providers redistributing Medicaid payments after receipt to ensure that all taxpaying providers receive all or a portion of their tax costs back (typically ensuring that each taxpaying provider receives at least its total tax amount back).

In this informational bulletin, CMS is clarifying the federal requirements concerning hold harmless arrangements with respect to health care-related taxes. Further, states and providers should be as transparent as possible regarding any explicit or implicit agreements in place or under development to ensure that all health care-related taxes meet federal requirements to avoid a statutorily required reduction in the state’s Medicaid expenditures otherwise eligible for federal financial participation. CMS recommends that states that have questions or concerns about the permissibility of a health care-related tax raise these concerns to CMS early in the process of developing the state’s tax program to avoid issues surrounding the permissibility of the non-federal share of Medicaid expenditures. CMS also intends to work with states that may have existing questionable arrangements to ensure compliance with federal statutory and regulatory requirements.

### **Health Care-Related Taxes and Hold Harmless Arrangements**

During standard oversight activities and the review of state payment proposals, particularly managed care SDPs and fee-for-service payment state plan amendments (SPAs), CMS is increasingly encountering health care-related taxes that appear to contain hold harmless arrangements involving the redistribution of Medicaid payments. In these arrangements, a state or other unit of government imposes a health-care related tax, then uses the tax revenue to support the non-federal share of Medicaid payments back to the class of providers subject to the tax. The taxpayers appear to have entered into oral or written agreements (meaning explicit or

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<sup>1</sup> For non-broad based and/or non-uniform health care related taxes, these conditions are: that the tax be imposed on a permissible class or class, that the tax be generally redistributive, that the tax be not directly correlated with Medicaid payments, and that the tax lack a hold harmless arrangement. See section 1903 (w)(3)(E)(ii) for the requirement that the tax demonstrate that it is ‘generally redistributive’ and ‘not directly correlated with Medicaid payments.’ For the statistical test demonstrating that the tax is ‘generally redistributive’ see 42 CFR § 433.68 (e)(1) for waivers of the broad based requirement only and 42 C.F.R. § 433.68 (e)(2) for waivers of the uniformity requirement whether or not the tax is broad-based. See section 1903 (w)(4) and implementing regulations at 42 C.F.R. § 433.68 (f) for the hold harmless requirements. See section 1903 (w)(7) and 42 C.F.R. § 433.56 for a list of permissible classes upon which states may impose health care-related taxes.

implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments to ensure that all taxpayers receive all or a portion of their tax back, when considering each provider's retained portion of any original Medicaid payment (either directly from the state or from the state through an MCO) and any redistribution payment received by the provider from another taxpayer or taxpayers. These redistribution payments may be made directly from one taxpaying provider to another, or the funds may be contributed first to an intermediary redistribution pool.

In these hold harmless arrangements, there appear to be agreements among providers (explicit or implicit in nature) such that providers that furnish a relatively high percentage of Medicaid-covered services redistribute a portion of their Medicaid payments to providers with relatively low (or no) Medicaid service percentage. The redistributions occur so that taxpaying providers are held harmless for all or a portion of the health care-related tax. This may include the redistribution of Medicaid payments to providers that serve no Medicaid beneficiaries.

These taxes appear to contain impermissible hold harmless arrangements as defined in section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3) that require a reduction in medical assistance expenditures prior to the calculation of federal financial participation as required under section 1903(w)(1)(A) and (w)(1)(A)(iii) of the Act. Here is a detailed example of a hold harmless arrangement involving Medicaid payment redistribution:

- A state imposes a hospital tax based on the volume of inpatient hospital services provided. The tax is broad-based, uniform, and is imposed on 10 hospitals.
- Six of the hospitals serve a high percentage of Medicaid beneficiaries, three serve a low percentage of Medicaid beneficiaries, and one hospital does not participate in Medicaid.
- The state uses the tax revenue as the source of non-federal share of Medicaid payments, which are made back to nine of the hospitals through SDPs. The tenth hospital, which does not participate in Medicaid, does not receive any SDPs directly from state-contracted MCOs.
- All ten hospitals enter into oral or written agreements (meaning an explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments that the nine Medicaid-participating hospitals receive. Under this arrangement, the six hospitals that furnish a high percentage of Medicaid-covered services receive Medicaid payments from MCOs, then redistribute a portion of their Medicaid payments to the remaining four hospitals with lower Medicaid service percentages (including to the one hospital that does not participate in Medicaid). The redistribution amounts are calculated to guarantee that all hospitals, including those redistributing their own payments and those receiving the redistribution amounts, receive most, all, or more than all of their total tax cost back.
- The agreement among the taxpaying hospitals results in a reasonable expectation that the taxpaying hospitals, whether directly through their Medicaid payments or due to the availability of the redistributed payments received from the six high Medicaid service volume hospitals (regardless of whether the funds were first pooled and then redistributed), are held harmless for at least part of their health care-related tax costs.
- The high-percentage Medicaid hospitals are willing to participate because they still financially benefit from the tax program (even net of the redistribution payments they

make to the lower Medicaid service volume hospitals), and the redistribution enables broad support for the tax program from all hospitals, ensuring constituent support for the state law authorizing tax program.

Section 1903(w)(4) of the Act describes what constitutes a hold harmless arrangement. Specifically, section 1903(w)(4)(C)(i) provides that a hold harmless provision exists where “[t]he State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” Implementing regulations at 42 C.F.R. § 433.68(f)(3) specify that a hold harmless arrangement exists where “[t]he State (or other unit of government) imposing the tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount” (emphasis added). In the preamble to the 2008 final rule amending the above-referenced regulation, CMS wrote that “[a] direct guarantee will be found when a State payment is made available to a taxpayer or a party related to the taxpayer with the reasonable expectation that the payment would result in the taxpayer being held harmless for any part of the tax (through direct or indirect payments).”<sup>2</sup>

The word “indirect” in the regulation, highlighted in the excerpt above, makes clear that the state or other unit of government imposing the tax itself need not be involved in the actual redistribution of Medicaid payments for the purpose of making taxpayers whole for the arrangement to qualify as a hold harmless. It is possible for a state to indirectly provide a payment within the meaning of section 1903(w)(4)(C)(i) of the Act that guarantees to hold taxpayers harmless for any portion of the costs of the tax, if some or all of the taxpayers receive those payments at issue through an intermediary (for example, a hospital association or similar provider affiliated organization) rather than directly from the state or its contracted MCO. As CMS further explained in preamble to the 2008 final rule, we used the term “reasonable expectation” because “state laws were rarely overt in requiring that state payments be used to hold taxpayers harmless.”<sup>3</sup> In the preamble we also gave an example of state laws providing grants to nursing home residents who experienced increased charges as a result of nursing facility bed taxes; even though no state law typically required residents to use the grant funds to pay the increased nursing home fees, these direct state payments to nursing home residents indirectly held the nursing facilities harmless for their health care-related tax costs because of the reasonable expectation that their residents would use the state payments to repay the nursing facilities for all or a portion of their tax costs.<sup>4</sup> It remains true that hold harmless arrangements typically are not overtly established through state law but can be based instead on reasonable expectations that certain actions will take place among participating entities that will result in taxpayers being held harmless for all or a portion of their health care-related tax costs.

Accordingly, an arrangement in which providers receive Medicaid payments from the state (or from a state-contracted MCO), then redistribute those payments such that taxed providers are held harmless for all or any portion of their cost of the tax, would constitute a prohibited hold harmless provision under section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3).

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<sup>2</sup> 73 Federal Register 9685, 9694-95 (Feb. 22, 2008).

<sup>3</sup> 73 Federal Register 9694

<sup>4</sup> *Id.*



Section 1903(w)(1)(A)(iii) of the Act and 42 C.F.R. § 433.70(b) require that CMS reduce a state’s medical assistance expenditures by the amount of health care-related tax collections that include hold harmless arrangements, prior to calculating federal financial participation.

Some states have cited challenges with identifying and providing details on redistribution arrangements because they may not be parties to the redistribution agreements. A lack of transparency involving health care-related taxes and Medicaid payments may prevent both CMS and states from having information necessary to ensure sources of non-federal share meet statutory requirements. States have an obligation to ensure that the sources of non-federal share of Medicaid expenditures comport with federal statute and regulations. As a result, states should make clear to their providers that these arrangements are not permissible under federal requirements, learn the details of how health care-related taxes are collected, and take steps to curtail these practices if they discover them.

As part of the agency’s normal oversight activities and review of state payment proposals, CMS intends to inquire about potential redistribution arrangements and may conduct detailed financial management reviews of health care-related tax programs that appear to include redistribution arrangements or that CMS has information may include redistribution arrangements. Consistent with federal requirements, CMS expects states to make available all requested documentation regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments, and states should work with their providers to ensure necessary information is available. Where appropriate, states should examine their provider participation agreements and MCO contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state. States may consult section 1902(a)(6) of the Act, 45 C.F.R. § 75.364, and 42 C.F.R. § 433.74 for requirements related to CMS’ authority to request records and documentation related to the Medicaid program. In particular, 42 C.F.R. § 433.74(a) requires that states, “must also provide any additional information requested by the Secretary related to any . . . taxes imposed on . . . health care providers,” and the “States’ reports must present a complete, accurate, and full disclosure of all of their donation and tax programs and expenditures.” 42 C.F.R. § 433.74(d) specifies that a failure to comply with reporting requirements may result in a deferral or disallowance of federal financial participation. If CMS or an outside oversight agency, such as the state auditing agency or the HHS Office of Inspector General discovers the existence of impermissible financing practices related to health care-related taxes CMS will take enforcement action as necessary. CMS is available to provide technical assistance and work with states to ensure the permissibility of all of the sources of the non-federal share of Medicaid expenditures, including any health care-related taxes the state may impose.

## **Conclusion**

CMS recognizes that health care-related taxes can be a permissible source of funding for the non-federal share of Medicaid expenditures. CMS is available to provide technical assistance to states, including by reviewing proposals or existing arrangements and providing feedback to develop or modify health care-related taxes to align with state policy goals and federal requirements. One key federal requirement is that a health care-related tax cannot have a hold harmless provision that guarantees to return all or a portion of the tax back to the taxpayer.

Health care-related tax programs in which taxpayers enter into agreements (explicit or implicit in nature) to redistribute Medicaid payments so that taxpayers have a reasonable expectation that they will receive all or a portion of their tax cost back generally involve a hold harmless arrangement that does not comply with federal statute and regulations.

CMS will continue to approve permissible health care-related taxes that do not contain hold harmless arrangements and meet all other applicable federal requirements. These taxes often finance critical health care programs that pay for care furnished to Medicaid beneficiaries and shore up the health care safety net in our country. As always, CMS intends to work collaboratively with states by providing technical assistance as necessary to ensure the programmatic and fiscal integrity of the Medicaid program. For questions or to request technical assistance, please contact Rory Howe at [ HYPERLINK "mailto:rory.howe@cms.hhs.gov" ].

Message

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**From:** Shannon Attanasio [sattanasio@mhpa.org]  
**Sent:** 3/21/2023 5:53:44 PM  
**To:** Giles, John (CMS/CMCS); (b)(6)  
(b)(6)  
**CC:** Shannon Attanasio [sattanasio@mhpa.org]  
**Subject:** RE: RE: MHPA/CMCS meeting  
**Attachments:** Q1 CMCS Meeting-Run of Show-Agenda-3.20.23.docx

Hi John,

One small change to the agenda for Thursday's meeting. Amy from Elevance is asking if she can kick off the discussion on PHE/unwinding, and then turn to you (updated run of show attached). Any concerns from your end? Her remarks will be brief.

Thank you,

Shannon

**Shannon Attanasio**  
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**Sent:** Monday, March 20, 2023 1:33 PM  
**To:** Giles, John (CMS/CMCS) <John.Giles1@cms.hhs.gov>  
**Cc:** Shannon Attanasio <sattanasio@mhpa.org>  
**Subject:** RE: MHPA/CMCS meeting

Thanks, John. This sound good. Attached is a run of show/agenda for the meeting. Let me know if you have any changes.

Thanks again,

Shannon

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**Sent:** Monday, March 20, 2023 1:04 PM  
**To:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Subject:** RE: MHPA/CMCS meeting

Perfect – I am working on a SME for the PHE discussion.

On the Hold Harmless Bulletin – I am definitely happy to talk about it, particularly as it relates to state directed payments. FMG will be the enforcement arm, but they likely won't be on the call (which I think is fine). So, we can be ready to offer some advice and talk about the issues. But, we will also be clear that FMG owns enforcement of the guidance. Does that work?

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Department of Health and Human Services  
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E-mail: [John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)

**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Sent:** Monday, March 20, 2023 10:46 AM  
**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Cc:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Subject:** RE: MHPA/CMCS meeting

Thank you, John. I will send over a more formal agenda later today.

For the post PHE/waiver conversations, the plans are asking if you (or someone else from CMCS/CMS) can shed light on any guidance that is being worked on for the unwinding of 1115s, temporary SPAs, Appendix K waivers, etc. They're also asking if any states have already submitted requests for changes to these waivers. Not sure how much you can share at this point, so let me know. Would be great if someone from the waiver team could join Thursday's call.

Also, for the February CMCS Hold Harmless Bulletin, Nick Wilhelm from the MHPA team (he is our new Regulatory Affairs Director) will lead this agenda item. We'd like to learn more about the intention of this guidance, as well as possible enforcement mechanisms.

Thank you,

Shannon

**Shannon Attanasio**  
***Vice President, Government Relations and Advocacy***  
**Medicaid Health Plans of America**  
1575 Eye Street, NW  
Ste 300  
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[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)

**From:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Sent:** Thursday, March 16, 2023 2:57 PM  
**To:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Cc:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: MHPA/CMCS meeting

Thank you! I think this agenda is good. We will make ILOS the last item, just in case we don't have time. Thank you so much!!

John Giles, MPA  
Director, Division of Managed Care Policy  
Disabled and Elderly Health Programs Group  
Center for Medicaid and CHIP Services  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
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**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Sent:** Thursday, March 16, 2023 2:56 PM  
**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: MHPA/CMCS meeting

Yes, the Bulletin. That sounds good to me. If you think the agenda is too long, we can probably drop ILOS. I still haven't received any questions or concerns about that one.

**From:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Sent:** Thursday, March 16, 2023 2:52 PM  
**To:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Subject:** RE: MHPA/CMCS meeting

I assume this is the guidance (attached)? I can add this to the agenda... depending on the question, we might have to go back and get answers from our tax experts. Does that sound ok?

John Giles, MPA  
Director, Division of Managed Care Policy  
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**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Sent:** Thursday, March 16, 2023 2:46 PM  
**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** Re: MHPA/CMCS meeting

Yes, thank you. We're also getting a few questions on the hold harmless guidance. Can we also add that to the agenda?

Sent from my iPhone

On Mar 16, 2023, at 2:43 PM, Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)> wrote:

Hi Shannon –

Does this agenda still work for you? Thank you!

**Agenda Items**

MHPA Letter on Access  
Risk Mitigation Comment Opportunity  
PHE unwinding/waivers/COVID treatment and testing  
SDOH/ILOS Guidance

John Giles, MPA  
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**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Sent:** Monday, March 13, 2023 1:48 PM  
**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: MHPA/CMCS meeting

Yes, that works. Thank you! Please update the calendar invite.

Appreciate you!

**Shannon Attanasio**  
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**From:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Sent:** Friday, March 10, 2023 4:16 PM  
**To:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Cc:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: MHPA/CMCS meeting

Hi Shannon – apologies for my delay. I was able to move some scheduling around, and I could accommodate March 23<sup>rd</sup> at 3pm, if that still works for you and the plans. Let me know, and I will update the appointment.

Thank you!

John Giles, MPA  
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**From:** Shannon Attanasio <[sattanasio@mhpa.org](mailto:sattanasio@mhpa.org)>  
**Sent:** Monday, March 6, 2023 5:02 PM  
**To:** Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** MHPA/CMCS meeting

Hi John,

I hope you had a nice weekend. Writing to see if we can schedule an MHPA/CMCS Q1 touch base in March. Do you have any availability on a Thursday afternoon in March? Any chance Thursday, March 23<sup>rd</sup> at 3pm would work?

Thank you!

Shannon

**Shannon Attanasio**  
***Vice President, Government Relations and Advocacy***  
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**MHPA/CMCS Meeting Agenda Q1 2023**

**Thursday, March 23, 2023**

**Run of Show/Agenda**

- 1) *Introductions/Welcome- 2 minutes***
  - a. MHPA Member Plan Participants and MHPA Staff-Shannon Attanasio, MHPA
  - b. CMCS/CMS/OACT Staff-John Giles, CMCS
  
- 2) *Review of Agenda for Today's Meeting -2 minutes***
  - a. Kate Paris, UHC, MHPA's Policy Committee Chair
  
- 3) *Review of MHPA Letter to CMCS on Access Issues – 3 minutes***
  - a. Kate Paris, UHC
  
- 4) *Risk Mitigation PRA – 8 minutes***
  - a. Peter Wegielnik, Centene
  
- 5) *PHE Unwinding/Waivers – 20 minutes***
  - a. Amy Ingham, Elevance Health
  - b. John Giles, CMCS
  
- 6) *CMCS Informational Bulletin: Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments – 10 minutes***
  - a. Nick Wilhelm, MHPA
  - b. John Giles, CMCS
  
- 7) *SDOH/ILOS Guidance – 10 minutes***
  - a. John Giles, CMCS
  
- 8) *Wrap-up/Next Steps/Planning for Next Meeting – 5 minutes***
  - a. Kate Paris, UHC



Message

**From:** Giles, John (CMS/CMCS); (b)(6)  
(b)(6)

**Sent:** 2/17/2023 8:33:11 PM

**To:** Snyder, Laura (CMS/CMCS); (b)(6)  
(b)(6); Kuhn, Juliet (CMS/CMCS)  
(b)(6); Loizias, Alex  
(CMS/CMCS); (b)(6)  
(b)(6); Caulder, Tara  
(CMS/CMCS); (b)(6)  
(b)(6); Regmi, Pooja  
(CMS/CMCS); (b)(6)  
(b)(6); Davis, Lovie (CMS/CMCS)  
(b)(6); Wilson, Andrew  
(CMS/CMCS); (b)(6)  
(b)(6)

**CC:** Giles, John (CMS/CMCS); (b)(6)  
(b)(6); Gibson, Alexis  
(CMS/CMCS); (b)(6)  
(b)(6)

**Subject:** FW: FW: Informational Bulletin: Health Care-Related Taxes and Hold Harmless Arrangements

**Attachments:** cib021723.pdf

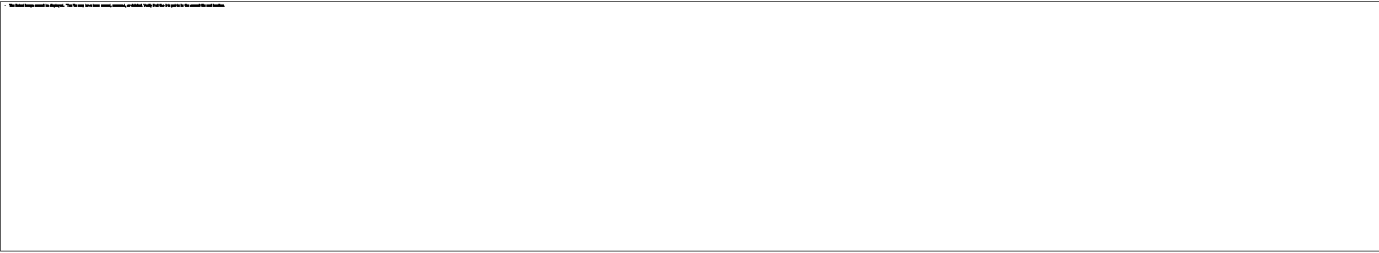
Team – I recommend that you read this CIB. We can also discuss, if you have any questions. It’s good to be aware that this guidance published.

Thank you! Happy weekend!

John Giles, MPA  
Director, Division of Managed Care Policy  
Disabled and Elderly Health Programs Group  
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**From:** Center for Medicaid and CHIP Services (CMCS) <Medicaid.gov@subscriptions.cms.hhs.gov>  
**Sent:** Friday, February 17, 2023 3:27 PM  
**To:** Giles, John (CMS/CMCS) <John.Giles1@cms.hhs.gov>  
**Subject:** Informational Bulletin: Health Care-Related Taxes and Hold Harmless Arrangements

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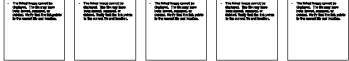


**Informational Bulletin: Health Care-Related Taxes and Hold Harmless Arrangements**

Today, the Centers for Medicare & Medicaid Services (CMS) issued an informational bulletin to states reiterating certain federal requirements that pertain to health care-related taxes. Recently, CMS became aware that some health care-related tax programs appear to involve agreements among providers to redistribute their Medicaid payments to hold taxpayers harmless for the cost of the tax. The informational bulletin reminds states that such arrangements are prohibited by the statute and regulations and re-emphasizes our goal of assisting states in ensuring appropriate sources of non-federal share financing.

[Read the full Informational Bulletin.](#)

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This e-mail was sent to [john.giles1@cms.hhs.gov](mailto:john.giles1@cms.hhs.gov) using GovDelivery Communications Cloud on behalf of the Centers for Medicare & Medicaid Services (410-786-5473) · 7500 Security Boulevard · Baltimore MD 21244



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***CMCS Informational Bulletin***

**DATE:** February 17, 2023  
**FROM:** Daniel Tsai, Deputy Administrator and Director  
**SUBJECT:** Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments

**Background**

Recently, the Centers for Medicare & Medicaid Services (CMS) has been approached by several states with questions regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs) under 42 C.F.R. § 438.6(c). Many of these questions have focused on whether health care-related tax arrangements involving the redistribution of Medicaid payments among providers subject to the tax would comply with the statutory and regulatory prohibition on “hold harmless” arrangements—that is, arrangements in which the “State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax”—as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations. In response to these questions, this informational bulletin reiterates our longstanding position on the existing federal requirements that pertain to health-care related taxes and re-emphasizes our goal of assisting states in ensuring appropriate sources of non-federal share financing.

CMS recognizes that health care-related taxes are a critical source of funding for many states’ Medicaid programs, including for payments to safety net providers. CMS supports states’ adoption of health care-related taxes when they are consistent with federal requirements. CMS approves many state payment proposals annually that are supported by health care-related taxes that appear to meet federal requirements. CMS recognizes the challenges faced by states and health care providers in identifying sources of non-federal share financing and implementing Medicaid payment methodologies that assure payments are consistent with federal requirements.

Medicaid statute and regulations afford states flexibility to tailor health care-related taxes within certain parameters to meet their provider community needs and align with broader state tax policies and priorities for their Medicaid programs. CMS remains committed to providing states with technical assistance aiming to ensure that health care-related taxes used to finance the non-federal share of Medicaid expenditures meet the states’ policy goals and comply with federal requirements. For example, CMS is authorized to waive the requirements that health care-related

taxes be broad-based and/or uniform, when applicable conditions are met.<sup>1</sup> CMS regularly works with states to approve such waivers in furtherance of state goals while complying with federal requirements.

Although the applicable statutory and regulatory provisions afford states considerable flexibility in establishing health care-related taxes, such taxes must be imposed in a manner consistent with applicable federal statutes and regulations, including that they may not involve hold harmless arrangements, to avoid a reduction in the state's Medicaid expenditures eligible for federal financial participation. Occasionally, CMS encounters health care-related tax programs that appear to contain hold harmless arrangements, which contravene section 1903(w)(1)(A)(iii) and (w)(4) of the Act and 42 C.F.R. § 433.68(b)(3) and (f). Such arrangements are inconsistent with statutory and regulatory requirements and undermine the fiscal integrity of the Medicaid program. Recently, CMS has become aware of some health care-related tax programs that appear to contain a hold harmless arrangement that involves the taxpaying providers redistributing Medicaid payments after receipt to ensure that all taxpaying providers receive all or a portion of their tax costs back (typically ensuring that each taxpaying provider receives at least its total tax amount back).

In this informational bulletin, CMS is reiterating the federal requirements concerning hold harmless arrangements with respect to health care-related taxes. Further, states and providers should be transparent regarding any explicit or implicit agreements in place or under development to ensure that all health care-related taxes meet federal requirements to avoid a statutorily required reduction in the state's Medicaid expenditures otherwise eligible for federal financial participation. CMS recommends that states that have questions or concerns about the permissibility of a health care-related tax raise these concerns to CMS early in the process of developing the state's tax program to avoid issues surrounding the permissibility of the non-federal share of Medicaid expenditures. CMS also intends to work with states that may have existing questionable arrangements to ensure compliance with federal statutory and regulatory requirements.

### **Health Care-Related Taxes and Hold Harmless Arrangements**

During standard oversight activities and the review of state payment proposals, particularly managed care SDPs and fee-for-service payment state plan amendments (SPAs), CMS is increasingly encountering health care-related tax programs that appear to contain hold harmless arrangements involving the redistribution of Medicaid payments. In these arrangements, a state or other unit of government imposes a health-care related tax, then uses the tax revenue to support the non-federal share of Medicaid payments back to the class of providers subject to the

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<sup>1</sup> For non-broad based and/or non-uniform health care related taxes, these conditions are: that the tax be imposed on a permissible class or class, that the tax be generally redistributive, that the tax be not directly correlated with Medicaid payments, and that the tax lack a hold harmless arrangement. See section 1903 (w)(3)(E)(ii) for the requirement that the tax demonstrate that it is "generally redistributive" and "not directly correlated with Medicaid payments." For the statistical test demonstrating that the tax is "generally redistributive" see 42 CFR § 433.68 (e)(1) for waivers of the broad based requirement only and 42 C.F.R. § 433.68 (e)(2) for waivers of the uniformity requirement whether or not the tax is broad-based. See section 1903 (w)(4) and implementing regulations at 42 C.F.R. § 433.68 (f) for the hold harmless requirements. See section 1903 (w)(7) and 42 C.F.R. § 433.56 for a list of permissible classes upon which states may impose health care-related taxes.

tax. The taxpayers appear to have entered into oral or written agreements (meaning explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments to ensure that all taxpayers receive all or a portion of their tax back, when considering each provider's retained portion of any original Medicaid payment (either directly from the state or from the state through a managed care plan<sup>2</sup>) and any redistribution payment received by the provider from another taxpayer or taxpayers. These redistribution payments may be made directly from one taxpaying provider to another, or the funds may be contributed first to an intermediary redistribution pool.

In these hold harmless arrangements, there appear to be agreements among providers (explicit or implicit in nature) such that providers that furnish a relatively high percentage of Medicaid-covered services redistribute a portion of their Medicaid payments to providers with relatively low (or no) Medicaid service percentage. The redistributions occur so that taxpaying providers are held harmless for all or a portion of the health care-related tax. This may include the redistribution of Medicaid payments to providers that serve no Medicaid beneficiaries.

These tax programs appear to contain impermissible hold harmless arrangements as defined in section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3) that require a reduction in medical assistance expenditures prior to the calculation of federal financial participation as required under section 1903(w)(1)(A) and (w)(1)(A)(iii) of the Act. Here is a detailed example of a hold harmless arrangement involving Medicaid payment redistribution:

- A state imposes a hospital tax based on the volume of inpatient hospital services provided. The tax is broad-based, uniform, and is imposed on 10 hospitals.
- Six of the hospitals serve a high percentage of Medicaid beneficiaries, three serve a low percentage of Medicaid beneficiaries, and one hospital does not participate in Medicaid.
- The state uses the tax revenue as the source of non-federal share of Medicaid payments, which are made back to nine of the hospitals through SDPs. The tenth hospital, which does not participate in Medicaid, does not receive any SDPs directly from state-contracted managed care plans.
- Nine hospitals enter into oral or written agreements (meaning an explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments that the eight of the nine Medicaid-participating hospitals receive. Under this arrangement, five of the six hospitals that furnish a high percentage of Medicaid-covered services receive Medicaid payments from the managed care plans, then redistribute a portion of their Medicaid payments to the remaining four hospitals with lower Medicaid service percentages (including to the one hospital that does not participate in Medicaid). The redistribution amounts are calculated to guarantee that the nine participating hospitals, including those redistributing their own payments and those receiving the redistribution amounts, receive most, all, or more than all of their total tax cost back.
- The agreement among the taxpaying hospitals results in a reasonable expectation that the taxpaying hospitals, whether directly through their Medicaid payments or due to the

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<sup>2</sup> The term managed care plan is used here and throughout this guidance to include managed care organizations (MCOs), prepaid inpatient health plans (PIHPs), and prepaid ambulatory health plans (PAHPs) as defined in 42 C.F.R. § 438.2.

availability of the redistributed payments received from five of the six high Medicaid service volume hospitals (regardless of whether the funds were first pooled and then redistributed), are held harmless for at least part of their health care-related tax costs.

- The high-percentage Medicaid hospitals are willing to participate because they still financially benefit from the tax program (even net of the redistribution payments they make to the lower Medicaid service volume hospitals), and the redistribution enables broad support for the tax program from all hospitals, ensuring constituent support for the state law authorizing the tax program.

Section 1903(w)(4) of the Act describes what constitutes a hold harmless arrangement. Specifically, section 1903(w)(4)(C)(i) provides that a hold harmless provision exists where “[t]he State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” Implementing regulations at 42 C.F.R. § 433.68(f)(3) specify that a hold harmless arrangement exists where “[t]he State (or other unit of government) imposing the tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount” (emphasis added). In the preamble to the 2008 final rule amending the above-referenced regulation, CMS wrote that “[a] direct guarantee will be found when a State payment is made available to a taxpayer or a party related to the taxpayer with the reasonable expectation that the payment would result in the taxpayer being held harmless for any part of the tax (through direct or indirect payments).”<sup>3</sup>

The word “indirect” in the regulation, highlighted in the excerpt above, makes clear that the state or other unit of government imposing the tax itself need not be involved in the actual redistribution of Medicaid payments for the purpose of making taxpayers whole for the arrangement to qualify as a hold harmless. It is possible for a state to indirectly provide a payment within the meaning of section 1903(w)(4)(C)(i) of the Act that guarantees to hold taxpayers harmless for any portion of the costs of the tax, if some or all of the taxpayers receive those payments at issue through an intermediary (for example, a hospital association or similar provider affiliated organization) rather than directly from the state or its contracted managed care plan. As CMS further explained in preamble to the 2008 final rule, we used the term “reasonable expectation” because “state laws were rarely overt in requiring that state payments be used to hold taxpayers harmless.”<sup>4</sup> In the preamble, we also gave an example of state laws providing grants to nursing home residents who experienced increased charges as a result of nursing facility bed taxes; even though no state law typically required residents to use the grant funds to pay the increased nursing home fees, these direct state payments to nursing home residents indirectly held the nursing facilities harmless for their health care-related tax costs because of the reasonable expectation that their residents would use the state payments to repay the nursing facilities for all or a portion of their tax costs.<sup>5</sup> It remains true that hold harmless arrangements typically are not overtly established through state law but can be based instead on reasonable expectations that certain actions will take place among participating entities that will result in taxpayers being held harmless for all or a portion of their health care-related tax costs.

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<sup>3</sup> 73 Federal Register 9685, 9694-95 (Feb. 22, 2008).

<sup>4</sup> 73 Federal Register 9694

<sup>5</sup> *Id.*

Accordingly, an arrangement in which providers receive Medicaid payments from the state (or from a state-contracted managed care plan), then redistribute those payments such that taxed providers are held harmless for all or any portion of their cost of the tax, would constitute a prohibited hold harmless provision under section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3). Section 1903(w)(1)(A)(iii) of the Act and 42 C.F.R. § 433.70(b) require that CMS reduce a state's medical assistance expenditures by the amount of health care-related tax collections that include hold harmless arrangements, prior to calculating federal financial participation.

Some states have cited challenges with identifying and providing details on redistribution arrangements because they may not be parties to the redistribution agreements. A lack of transparency involving health care-related taxes and Medicaid payments may prevent both CMS and states from having information necessary to ensure sources of non-federal share meet statutory requirements. States have an obligation to ensure that the sources of non-federal share of Medicaid expenditures comport with federal statute and regulations. As a result, states should make clear to their providers that these arrangements are not permissible under federal requirements, learn the details of how health care-related taxes are collected, and take steps to curtail these practices if they exist.

As part of the agency's normal oversight activities and review of state payment proposals, CMS intends to inquire about potential redistribution arrangements and may conduct detailed financial management reviews of health care-related tax programs that appear to include redistribution arrangements or that CMS has information may include redistribution arrangements. As part of their obligation to ensure state sources of non-federal share meet federal requirements, we expect states to have detailed information available regarding their health care-related taxes. Consistent with federal requirements, CMS expects states to make available all requested documentation regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments. States should work with their providers to ensure necessary information is available. Where appropriate, states should examine their provider participation agreements and managed care plan contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state. States may consult section 1902(a)(6) of the Act, 45 C.F.R. § 75.364, 42 C.F.R. § 433.74, and 42 C.F.R. part 438 for any requirements related to CMS' authority to request records and documentation related to the Medicaid program. In particular, 42 C.F.R. § 433.74(a) requires that states, "must also provide any additional information requested by the Secretary related to any . . . taxes imposed on . . . health care providers," and the "States' reports must present a complete, accurate, and full disclosure of all of their donation and tax programs and expenditures." 42 C.F.R. § 433.74(d) specifies that a failure to comply with reporting requirements may result in a deferral or disallowance of federal financial participation. If CMS or an outside oversight agency, such as the state auditing agency or the HHS Office of Inspector General discovers the existence of impermissible financing practices related to health care-related taxes CMS will take enforcement action as necessary. CMS is available to provide technical assistance and work with states to ensure the permissibility of all of the sources of the non-federal share of Medicaid expenditures, including any health care-related taxes the state may impose.

## **Conclusion**

CMS recognizes that health care-related taxes can be a permissible source of funding for the non-federal share of Medicaid expenditures. CMS is available to provide technical assistance to states, including by reviewing proposals or existing arrangements and providing feedback to develop or modify health care-related taxes to align with state policy goals and federal requirements. One key federal requirement is that a health care-related tax cannot have a hold harmless provision that guarantees to return all or a portion of the tax back to the taxpayer. Health care-related tax programs in which taxpayers enter into agreements (explicit or implicit in nature) to redistribute Medicaid payments so that taxpayers have a reasonable expectation that they will receive all or a portion of their tax cost back generally involve a hold harmless arrangement that does not comply with federal statute and regulations.

CMS will continue to approve permissible health care-related tax programs that do not contain hold harmless arrangements and meet all other applicable federal requirements. These taxes often finance critical health care programs that pay for care furnished to Medicaid beneficiaries and shore up the health care safety net in our country. As always, CMS intends to work collaboratively with states by providing technical assistance as necessary to ensure the programmatic and fiscal integrity of the Medicaid program. For questions or to request technical assistance, please contact Rory Howe at [rory.howe@cms.hhs.gov](mailto:rory.howe@cms.hhs.gov).



Message

**From:** Giles, John (CMS/CMCS); (b)(6)  
(b)(6)

**Sent:** 2/3/2023 7:04:34 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6) Boston, Beverly  
(CMS/CMCS); (b)(6)  
(b)(6) Fan, Kristin (CMS/CMCS)  
(b)(6) Arnold, Charlie  
(CMS/CMCS); (b)(6)  
(b)(6) Clark, Jennifer  
(CMS/CMCS); (b)(6)  
(b)(6) Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6); Cuno, Richard  
(CMS/CMCS); (b)(6)  
(b)(6) Snyder, Laura  
(CMS/CMCS); (b)(6)  
(b)(6) CMS State Directed  
(b)(6) Schoonover, Matthew  
(CMS/CMCS); (b)(6)  
(b)(6) Heitt, Melissa  
(CMS/FCHCO); (b)(6)  
(b)(6) Moore (she/her), Z.  
Yvette (CMS/CMCS); (b)(6)  
(b)(6) Giles, John  
(CMS/CMCS); (b)(6)  
(b)(6)

**CC:** Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6); Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6); Silanskis, Jeremy  
(CMS/CMCS); (b)(6)  
(b)(6) adams, lia (CMS/CMCS)

**Subject:** RE: RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

**Attachments:** Healthcare Related Taxes CIB OGC OL CLEAN Jan 19\_OMBcmmts\_final February 3 2023\_dmcp.docx

Hi Jonathan – you didn’t ask me to read/review the whole letter, but I did. I had just a few edits:

1. I wouldn’t lock yourself into only using the term MCO. I made recommended line edits on terminology, as SDPs apply to MCOs, PIHPs, and PAHPs. It would be best to ensure we are referring to all of those managed care plan types. I also included a footnote to help.
2. I added a reference to 438.6(c) since you specifically mention SDPs. I don’t want there to be any confusion there.
3. I added a reference to part 438 in the area of the comment. I don’t want to mention one specific regulation, as that seems too limiting to me in our ability to request information/documentation. So, I recommend a broad reference to part 438 regulations.

All of my edits are in track for your ease of review. I hope this helps.

Thank you!

John Giles, MPA  
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**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 1:35 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Schoonover, Matthew (CMS/CMCS) <[matthew.schoonover@cms.hhs.gov](mailto:matthew.schoonover@cms.hhs.gov)>; Heitt, Melissa (CMS/FCHCO) <[Melissa.Heitt@cms.hhs.gov](mailto:Melissa.Heitt@cms.hhs.gov)>; Moore (she/her), Z. Yvette (CMS/CMCS) <[yvette.moore@cms.hhs.gov](mailto:yvette.moore@cms.hhs.gov)>  
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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello John and Laura,

There was one comment that we received from OMB in response to our CIB on health care-related taxes that we felt that you would be in a better position to answer than we would. We write, "Where appropriate, states should examine their provider participation agreements and MCO contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state." The comment asked, "Are there provisions in managed care regulations in 438 that could be included here?" Since you know the managed care regulations better than we do, we thought you would be the appropriate SMEs to ask on this subject. If we could hear back from you by COB Monday on this point, we would be extremely grateful because the CIB is scheduled for release on February 10, 2023. Thank you for your partnership and assistance.

Best,

Jonathan

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**Sent:** Friday, February 3, 2023 1:04 PM

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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I agree Kristin. Thanks Jonathan!

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>

**Sent:** Friday, February 3, 2023 1:00 PM

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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I was wondering about that one as well. I don't think it would be appropriate to add a managed care pre-print reference here. But there might be something in section 438 of the regs.

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, February 3, 2023 12:52 PM

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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Johnathan. The citations are around documentation collection correct? It appears OL is flagging whether there is a citation around 438.6 (c) managed care pre-print collection. Can someone share the draft CIB with John Giles and Laura Snyder in DEHPG to confirm? If we can hear back by COB Mon that would help to keep us on track with the 2/10 release date.

Thank you!

*Beverly*

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 12:09 PM  
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**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Beverly,

Most of the edits should be easy and we can do today. The only one I don't know about is the request for a reference to the "managed care" regulations as it relates to the authority of CMS to request documentation as I am not as familiar with the managed care regs. We can do everything else quickly.

Best,

Jonathan

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**Sent:** Friday, February 3, 2023 11:58 AM  
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**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Good afternoon team,

Please see attached, OMB just provided the passback on the Tax CIB. VERY, minor edits. I believe we can turn this around by COB Mon? Please confirm. We are still aiming for Friday 2/10 release.

Thanks you

**Beverly**

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

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**Subject:** Taxes CIB w/ EOP Due Fri 2/3 For FRI 2/10 Release : OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

See below status. Good news... Rachel/OS cleared the CIB without comment. It has been **advanced to EOP with comments/edits due on Friday 2/3 (not sure if we will be requested to do a call, but will keep you posted)**.

**Health Care-Related Taxes CIB**

- ~~1/19~~ – Send to IOS (Rachel) for review
- ~~1/24 COB~~ – Rachel clears
- 1/24 5pm – Send to EOP (DPC, OMB) for review
- 2/3 COB – EOP sends comments
- 2/6-2/9 – FMG revises
- **2/10 – Launch**

**Beverly**

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 20, 2023 12:37 PM

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**Subject:** CIB with OS: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello everyone,

The release date for the CIB has moved a couple times as OC is planning for other rollouts. Please see attached, the CIB is now targeted to be **released on Friday 2/10**. It is currently under OS review with comments due on Monday; however, I am checking with Perrie on whether the below schedule will be revised given the new 2/10 release date. I will keep you posted.

- 1/19 – Send to IOS (Rachel) for Review

- 1/23 COB – Rachel sends comments
- 1/25 – FMG revises
- 1/26 9am – Send to EOP (DPC, OMB) for review
- 1/30 12pm – EOP sends comments
- 1/30 – FMG revises
- 1/31 or 2/1 – Launch (depending on comments?)

*Beverly*

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**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Jonathan, I agree with your analysis below. Thanks.

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>

**Sent:** Tuesday, January 10, 2023 2:47 PM

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**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

OL appears to be arguing that we can't or shouldn't focus on anything other than the fact that hold harmless arrangements are against federal Medicaid law. They are, of course, but that is not the only motivating factor in issuing the CIB. They say we should cut any reference to the fact that halting these redistribution agreements could help providers with high Medicaid volume and that these financing mechanisms serve to take the focus away from quality health outcomes and towards who can finance the most money to minimize state expenditures while maximizing federal outlays. I think we should push back and say that issuing this CIB will be a positive for the transparency and improve the operation of the Medicaid program. However, I wanted to gauge the temperature of others to see how we wanted to approach this.

Best,

Jonathan

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**Sent:** Tuesday, January 10, 2023 2:12 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello, I am adding a SP link (below) for the reactive statement with OL comments/edits (attached) to be to aligned with the updated CIB and Q/As. Will these changes impact the OA briefing paper? We normally wait until we have clearance comments before going to OA, but I understand we are on a somewhat tight timeline.

OC reconciled the comments. I did move the reconciled version of the CIB and Q/As to SharePoint (below). Please see attached with separate line edits/comments for full disclosure from OL and OGC. Please make edits in the reconciled version.

[HC Related Taxes CIB](#)

[Q/As Taxes CIB](#)

[Reactive Statement - Tax CIB](#)

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Sent:** Monday, January 9, 2023 4:31 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** RE: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks, Beverly. I think some of the line edits are visible in the CIB, but many by OL are not visible. Is there a version with the line edits visible?

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Monday, January 9, 2023 3:34 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold,

Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

Please see attached with OL and OGC comments. Can you take a look and let me know **when you'll be able to turn around clean versions**? As a reminder, next step is R2 CMS and the OCD will concurrently send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

Thanks

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 4:29 PM

**To:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Looks good. I will circle back if there are any questions. Thank you all.

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 4:08 PM

**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

My edits are in and this is good to go. Thanks, all!

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 2:47 PM

**To:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS)



<STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)

<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

Based on your comments would the below edits work? Please others review Kristin's comments in the attached and make edits here → reactive that was drafted by OC by COB today.

(b)(5)

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 2:19 PM

**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I made some suggestions.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 1:33 PM

**To:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

**Status update:** OCD confirmed we are still aiming for 1/23. OCD is awaiting OGC comments (if any) on the CIB. Once the CIB clears Comms, the OCD will send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

**In addition due COB today** - Here is the reactive that was drafted by OC for the CIB. **Please let me know if you have edits to the reactive statement developed by OC.**

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>  
**Sent:** Wednesday, January 4, 2023 9:45 AM  
**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** RE: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Beverly. I defer to others but don't think the edits are helpful for the CIB. It was carefully crafted language. I would not recommend accepting these changes.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>  
**Sent:** Wednesday, January 4, 2023 8:46 AM  
**To:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** CIB Health Care Related Taxes and Hold Harmless Arrangements

Good morning and HNY! 🍷

Looping others. All Comms clearance comments on the CIB are due from commenters on 1/5. Please hold the attached FCHCO comments until all other comments on the CIB are received. **I will need clean and redlined comments once all comments are received.**

**In addition due 12pm tomorrow 1/5** - Here is the reactive that was drafted by OC for the CIB. Please let me know if you have edits to the reactive statement developed by OC.

Thank you

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>  
**Sent:** Tuesday, January 3, 2023 3:57 PM  
**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Cc:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi, Beverly and Lia. Would you mind making should make sure the attached track changes based on a few suggestions from Tim make it into the final version? Please let me know if you have any questions.

Thanks,  
Rory

**From:** Howe, Rory (CMS/CMCS)  
**Sent:** Tuesday, January 3, 2023 3:49 PM  
**To:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Subject:** RE: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi Tim,

Happy New Year. I appreciate you taking the time to review and to comment. Thanks for catching the typo and for highlighting where we could be more precise to avoid misinterpretations. We'll update the draft CIB to address the comments/edit. Thanks again.

Rory

**From:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:16 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Rory –

I understand the CIB was FYI-only, but I feel compelled to share with you a few things in the attached. I was only reading it to try to learn the policy, but there is a place in the CIB where a reader could easily take away the wrong message. And a typo.

Tim Engelhardt (he/him)  
Medicare-Medicaid Coordination Office  
Centers for Medicare & Medicaid Services  
202.690.6277

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**From:** CMS CLEARANCES <[CLEARANCES@cms.hhs.gov](mailto:CLEARANCES@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 1:35 PM  
**To:** Worstell, Megan (CMS/OFM) <[Megan.Worstell@cms.hhs.gov](mailto:Megan.Worstell@cms.hhs.gov)>; Czajkowski, John (CMS/OFM) <[John.Czajkowski@cms.hhs.gov](mailto:John.Czajkowski@cms.hhs.gov)>; Plater, Morris (CMS/OFM) <[Morris.Plater@cms.hhs.gov](mailto:Morris.Plater@cms.hhs.gov)>; Stokes-Murray (He/Him), Heinz (CMS/OFM) <[KHeinz.Stokes-Murray@cms.hhs.gov](mailto:KHeinz.Stokes-Murray@cms.hhs.gov)>; Tierney, Janet (CMS/OFM) <[Janet.Tierney@cms.hhs.gov](mailto:Janet.Tierney@cms.hhs.gov)>; Kelsey, Ashley (CMS/OFM) <[Ashley.Kelsey@cms.hhs.gov](mailto:Ashley.Kelsey@cms.hhs.gov)>; Carmichael, Wanda (CMS/OFM) <[Wanda.Carmichael@cms.hhs.gov](mailto:Wanda.Carmichael@cms.hhs.gov)>; Benns, Antoinette (CMS/OFM) <[Antoinette.Benns@cms.hhs.gov](mailto:Antoinette.Benns@cms.hhs.gov)>; Richter (she/her), Liz (CMS/CM) <[elizabeth.richter@cms.hhs.gov](mailto:elizabeth.richter@cms.hhs.gov)>; Rice, Cheri (CMS/CM) <[Cheri.Rice@cms.hhs.gov](mailto:Cheri.Rice@cms.hhs.gov)>; Ahern, Robert (CMS/CM) <[Robert.Ahern@cms.hhs.gov](mailto:Robert.Ahern@cms.hhs.gov)>; Mays, Beth (CMS/CM) <[Beth.Mays@cms.hhs.gov](mailto:Beth.Mays@cms.hhs.gov)>; Blackford (she/her), Carol (CMS/CM) <[Carol.Blackford@cms.hhs.gov](mailto:Carol.Blackford@cms.hhs.gov)>; Pequigney, Susan (CMS/CM) <[Susan.Pequigney@cms.hhs.gov](mailto:Susan.Pequigney@cms.hhs.gov)>; Farran, Patti (CMS/CM) <[Patti.Farran@cms.hhs.gov](mailto:Patti.Farran@cms.hhs.gov)>; Beder, Victoria (CMS/CM) <[Victoria.Beder@cms.hhs.gov](mailto:Victoria.Beder@cms.hhs.gov)>; Feaster, Simone (CMS/CM) <[simone.feaster@cms.hhs.gov](mailto:simone.feaster@cms.hhs.gov)>; Uebersax, Julie (CMS/CM) <[Julie.Uebersax@cms.hhs.gov](mailto:Julie.Uebersax@cms.hhs.gov)>; Held, William (CMS/CM) <[William.Held@cms.hhs.gov](mailto:William.Held@cms.hhs.gov)>; OToole, Meghan (CMS/OA) <[Meghan.OToole1@cms.hhs.gov](mailto:Meghan.OToole1@cms.hhs.gov)>; Labonte, Christiane (CMS/CM) <[Christiane.Labonte@cms.hhs.gov](mailto:Christiane.Labonte@cms.hhs.gov)>; Martin, Kristi

(CMS/CM) <Kristina.Martin@cms.hhs.gov>; Turco, Molly (CMS/CM) <Molly.Turco@cms.hhs.gov>; Jacobs, Douglas (CMS/CM) <Douglas.Jacobs@cms.hhs.gov>; Hunter, Leah (CMS/CM) <Leah.Hunter@cms.hhs.gov>; CMS CPI Clearance Box <CPI\_Clearance\_Box@cms.hhs.gov>; Hart, Bradley (CMS/CPI); Lindstrom, Jennifer (CMS/CPI) <Jennifer.Lindstrom@cms.hhs.gov>; Mills, George (CMS/CPI) <george.mills@cms.hhs.gov>; Brentzel, Ingrid (CMS/CPI) <Ingrid.Brentzel@cms.hhs.gov>; Graham, John (CMS/CPI) <John.Graham@cms.hhs.gov>; Wilson-Coe, Tomiko (CMS/CPI) <Tomiko.Wilson-Coe@cms.hhs.gov>; Allen, Nakia (CMS/CPI) <nakia.allen-mcgee@cms.hhs.gov>; Ahmad, Namirah (CMS/CPI) <Namirah.Ahmad@cms.hhs.gov>; Barkai, Melissa (CMS/CPI) <Melissa.Barkai@cms.hhs.gov>; Coates, Nikita (CMS/CPI) <Nikita.Coates@cms.hhs.gov>; Mitchell, Dashe (CMS/CPI) <Dashe.Mitchell@cms.hhs.gov>; Tott, Karen (CMS/CPI) <Karen.Tott@cms.hhs.gov>; Stevenson, Bryant (CMS/CPI) <bryant.stevenson@cms.hhs.gov>; Oelschlaeger, Allison (CMS/OEDA) <Allison.Oelschlaeger@cms.hhs.gov>; Shatto, Andrew (CMS/OEDA) <Andrew.Shatto@cms.hhs.gov>; Hitchcock, Katherine (CMS/OEDA) <Katherine.Hitchcock@cms.hhs.gov>; Harper, Bernice (CMS/OEDA) <Bernice.Harper@cms.hhs.gov>; CMS Front Office - CCIIO Clearances <FrontOffice-CCIIOClearances@cms.hhs.gov>; Wu (he/him), Jeff (CMS/CCIIO) <Jeff.Wu@cms.hhs.gov>; Wilson, Lisa (CMS/CCIIO) <lisa.wilson@cms.hhs.gov>; Oconnor, Nancy (CMS/OPOLE) <Nancy.OConnor@cms.hhs.gov>; Rosta (she/her), Sara (CMS/CCIIO) <Sara.Rosta@cms.hhs.gov>; Arapi, Leslie (CMS/OPOLE) <Leslie.Arapi@cms.hhs.gov>; Frimpong, Janny (CMS/CCIIO) <Janny.Frimpong@cms.hhs.gov>; Brooks, Kiahana (CMS/CCIIO) <Kiahana.Brooks@cms.hhs.gov>; Cantwell, Kathleen (CMS/OSORA) <Kathleen.Cantwell@cms.hhs.gov>; Garcia, Vanessa (CMS/OSORA) <Vanessa.Garcia@cms.hhs.gov>; Jackson, Marilyn (CMS/OSORA) <Marilyn.Jackson@cms.hhs.gov>; Barnett Sherrill (She/Her), Alexis (CMS/OSORA) <Alexis.Sherrill@cms.hhs.gov>; Taylor, Isabel (CMS/OSORA) <Isabel.Taylor@cms.hhs.gov>; Palmer, Erin (CMS/OSORA) <erin.palmer@cms.hhs.gov>; 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**Subject:** FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

**\*\*\*Please copy Enrico Dinges and on ALL responses pertaining to this item when replying to CMS Clearances.\*\*\***

Please see attached internal qas for review. The informational bulletin is FYI ONLY. Thank you.

**Comments Due: 1:00 PM ET Thursday, January 5, 2023**

**All: For your review and input. Concurrent HHS/CMS review.**

**Title:** Internal Q&As for CMCS informational bulletin on health care related taxes and hold harmless arrangements.

**Agency/Office:** CMCS

**Subject/Description:** CMS will release an informational bulletin on health care related taxes and hold harmless arrangements involving the redistribution of Medicaid payments. This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). There will be a reactive statement, listserv message, and internal questions-and-answers for this item.

**COMMs Materials for Rollout:** Internal Q&As

**Deadline for COMMS Clearance comments: Thursday, January 5 by 1:00 PM**

**Requested Release date:** 2/7/2023

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***CMCS Informational Bulletin***

**DATE:** xx xx, xxxx

**FROM:** Daniel Tsai, Deputy Administrator and Director

**SUBJECT:** Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments

**Background**

Recently, the Centers for Medicare & Medicaid Services (CMS) has been approached by several states with questions regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs) under 42 C.F.R. § 438.6(c). Many of these questions have focused on whether health care-related tax arrangements involving the redistribution of Medicaid payments among providers subject to the tax would comply with the statutory and regulatory prohibition on “hold harmless” arrangements—that is, arrangements in which the “State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax”—as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations. In response to these questions, this informational bulletin reiterates our longstanding position on the existing federal requirements that pertain to health-care related taxes and re-emphasizes our goal of assisting states in ensuring appropriate sources of non-federal share financing.

CMS recognizes that health care-related taxes are a critical source of funding for many states’ Medicaid programs, including for payments to safety net providers. CMS supports states’ adoption of health care-related taxes when they are consistent with federal requirements. CMS approves many state payment proposals annually that are supported by health care-related taxes that appear to meet federal requirements. CMS recognizes the challenges faced by states and health care providers in identifying sources of non-federal share financing and implementing Medicaid payment methodologies that assure payments are consistent with federal requirements.

Medicaid statute and regulations afford states flexibility to tailor health care-related taxes within certain parameters to meet their provider community needs and align with broader state tax policies and priorities for their Medicaid programs. CMS remains committed to providing states with technical assistance aiming to ensure that health care-related taxes used to finance the non-federal share of Medicaid expenditures meet the states’ policy goals and comply with federal requirements. For example, CMS is authorized to waive the requirements that health care-related

taxes be broad-based and/or uniform, when applicable conditions are met.<sup>1</sup> CMS regularly works with states to approve such waivers in furtherance of state goals while complying with federal requirements.

Although the applicable statutory and regulatory provisions afford states considerable flexibility in establishing health care-related taxes, such taxes must be imposed in a manner consistent with applicable federal statutes and regulations, including that they may not involve hold harmless arrangements, to avoid a reduction in the state’s Medicaid expenditures eligible for federal financial participation. Occasionally, CMS encounters health care-related tax programs that appear to contain hold harmless arrangements, which contravene section 1903(w)(1)(A)(iii) and (w)(4) of the Act and 42 C.F.R. § 433.68(b)(3) and (f). Such arrangements are inconsistent with statutory and regulatory requirements and undermine the fiscal integrity of the Medicaid program. Recently, CMS has become aware of some health care-related tax arrangements that appear to contain a hold harmless arrangement that involves the taxpaying providers redistributing Medicaid payments after receipt to ensure that all taxpaying providers receive all or a portion of their tax costs back (typically ensuring that each taxpaying provider receives at least its total tax amount back).

In this informational bulletin, CMS is clarifying the federal requirements concerning hold harmless arrangements with respect to health care-related taxes. Further, states and providers should be as transparent as possible regarding any explicit or implicit agreements in place or under development to ensure that all health care-related taxes meet federal requirements to avoid a statutorily required reduction in the state’s Medicaid expenditures otherwise eligible for federal financial participation. CMS recommends that states that have questions or concerns about the permissibility of a health care-related tax raise these concerns to CMS early in the process of developing the state’s tax program to avoid issues surrounding the permissibility of the non-federal share of Medicaid expenditures. CMS also intends to work with states that may have existing questionable arrangements to ensure compliance with federal statutory and regulatory requirements.

### **Health Care-Related Taxes and Hold Harmless Arrangements**

During standard oversight activities and the review of state payment proposals, particularly managed care SDPs and fee-for-service payment state plan amendments (SPAs), CMS is increasingly encountering health care-related taxes that appear to contain hold harmless arrangements involving the redistribution of Medicaid payments. In these arrangements, a state or other unit of government imposes a health-care related tax, then uses the tax revenue to support the non-federal share of Medicaid payments back to the class of providers subject to the

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<sup>1</sup> For non-broad based and/or non-uniform health care related taxes, these conditions are: that the tax be imposed on a permissible class or class, that the tax be generally redistributive, that the tax be not directly correlated with Medicaid payments, and that the tax lack a hold harmless arrangement. See section 1903 (w)(3)(E)(ii) for the requirement that the tax demonstrate that it is “generally redistributive” and “not directly correlated with Medicaid payments.” For the statistical test demonstrating that the tax is “generally redistributive” see 42 CFR § 433.68 (e)(1) for waivers of the broad based requirement only and 42 C.F.R. § 433.68 (e)(2) for waivers of the uniformity requirement whether or not the tax is broad-based. See section 1903 (w)(4) and implementing regulations at 42 C.F.R. § 433.68 (f) for the hold harmless requirements. See section 1903 (w)(7) and 42 C.F.R. § 433.56 for a list of permissible classes upon which states may impose health care-related taxes.



tax. The taxpayers appear to have entered into oral or written agreements (meaning explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments to ensure that all taxpayers receive all or a portion of their tax back, when considering each provider's retained portion of any original Medicaid payment (either directly from the state or from the state through a managed care plan<sup>2</sup>) and any redistribution payment received by the provider from another taxpayer or taxpayers. These redistribution payments may be made directly from one taxpaying provider to another, or the funds may be contributed first to an intermediary redistribution pool.

In these hold harmless arrangements, there appear to be agreements among providers (explicit or implicit in nature) such that providers that furnish a relatively high percentage of Medicaid-covered services redistribute a portion of their Medicaid payments to providers with relatively low (or no) Medicaid service percentage. The redistributions occur so that taxpaying providers are held harmless for all or a portion of the health care-related tax. This may include the redistribution of Medicaid payments to providers that serve no Medicaid beneficiaries.

These taxes appear to contain impermissible hold harmless arrangements as defined in section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3) that require a reduction in medical assistance expenditures prior to the calculation of federal financial participation as required under section 1903(w)(1)(A) and (w)(1)(A)(iii) of the Act. Here is a detailed example of a hold harmless arrangement involving Medicaid payment redistribution:

- A state imposes a hospital tax based on the volume of inpatient hospital services provided. The tax is broad-based, uniform, and is imposed on 10 hospitals.
- Six of the hospitals serve a high percentage of Medicaid beneficiaries, three serve a low percentage of Medicaid beneficiaries, and one hospital does not participate in Medicaid.
- The state uses the tax revenue as the source of non-federal share of Medicaid payments, which are made back to nine of the hospitals through SDPs. The tenth hospital, which does not participate in Medicaid, does not receive any SDPs directly from state-contracted managed care plans.
- All ten hospitals enter into oral or written agreements (meaning an explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments that the nine Medicaid-participating hospitals receive. Under this arrangement, the six hospitals that furnish a high percentage of Medicaid-covered services receive Medicaid payments from the managed care plans, then redistribute a portion of their Medicaid payments to the remaining four hospitals with lower Medicaid service percentages (including to the one hospital that does not participate in Medicaid). The redistribution amounts are calculated to guarantee that all hospitals, including those redistributing their own payments and those receiving the redistribution amounts, receive most, all, or more than all of their total tax cost back.
- The agreement among the taxpaying hospitals results in a reasonable expectation that the taxpaying hospitals, whether directly through their Medicaid payments or due to the availability of the redistributed payments received from the six high Medicaid service

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<sup>2</sup> The term managed care plan is used here and throughout this guidance to include managed care organizations (MCOs), prepaid inpatient health plans (PIHPs), and prepaid ambulatory health plans (PAHPs) as defined in 42 C.F.R. § 438.2.

volume hospitals (regardless of whether the funds were first pooled and then redistributed), are held harmless for at least part of their health care-related tax costs.

- The high-percentage Medicaid hospitals are willing to participate because they still financially benefit from the tax program (even net of the redistribution payments they make to the lower Medicaid service volume hospitals), and the redistribution enables broad support for the tax program from all hospitals, ensuring constituent support for the state law authorizing tax program.

Section 1903(w)(4) of the Act describes what constitutes a hold harmless arrangement. Specifically, section 1903(w)(4)(C)(i) provides that a hold harmless provision exists where “[t]he State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” Implementing regulations at 42 C.F.R. § 433.68(f)(3) specify that a hold harmless arrangement exists where “[t]he State (or other unit of government) imposing the tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount” (emphasis added). In the preamble to the 2008 final rule amending the above-referenced regulation, CMS wrote that “[a] direct guarantee will be found when a State payment is made available to a taxpayer or a party related to the taxpayer with the reasonable expectation that the payment would result in the taxpayer being held harmless for any part of the tax (through direct or indirect payments).”<sup>3</sup>

The word “indirect” in the regulation, highlighted in the excerpt above, makes clear that the state or other unit of government imposing the tax itself need not be involved in the actual redistribution of Medicaid payments for the purpose of making taxpayers whole for the arrangement to qualify as a hold harmless. It is possible for a state to indirectly provide a payment within the meaning of section 1903(w)(4)(C)(i) of the Act that guarantees to hold taxpayers harmless for any portion of the costs of the tax, if some or all of the taxpayers receive those payments at issue through an intermediary (for example, a hospital association or similar provider affiliated organization) rather than directly from the state or its contracted managed care plan. As CMS further explained in preamble to the 2008 final rule, we used the term “reasonable expectation” because “state laws were rarely overt in requiring that state payments be used to hold taxpayers harmless.”<sup>4</sup> In the preamble, we also gave an example of state laws providing grants to nursing home residents who experienced increased charges as a result of nursing facility bed taxes; even though no state law typically required residents to use the grant funds to pay the increased nursing home fees, these direct state payments to nursing home residents indirectly held the nursing facilities harmless for their health care-related tax costs because of the reasonable expectation that their residents would use the state payments to repay the nursing facilities for all or a portion of their tax costs.<sup>5</sup> It remains true that hold harmless arrangements typically are not overtly established through state law but can be based instead on reasonable expectations that certain actions will take place among participating entities that will result in taxpayers being held harmless for all or a portion of their health care-related tax costs.

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<sup>3</sup> 73 Federal Register 9685, 9694-95 (Feb. 22, 2008).

<sup>4</sup> 73 Federal Register 9694

<sup>5</sup> *Id.*

Accordingly, an arrangement in which providers receive Medicaid payments from the state (or from a state-contracted managed care plan), then redistribute those payments such that taxed providers are held harmless for all or any portion of their cost of the tax, would constitute a prohibited hold harmless provision under section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3). Section 1903(w)(1)(A)(iii) of the Act and 42 C.F.R. § 433.70(b) require that CMS reduce a state’s medical assistance expenditures by the amount of health care-related tax collections that include hold harmless arrangements, prior to calculating federal financial participation.

Some states have cited challenges with identifying and providing details on redistribution arrangements because they may not be parties to the redistribution agreements. A lack of transparency involving health care-related taxes and Medicaid payments may prevent both CMS and states from having information necessary to ensure sources of non-federal share meet statutory requirements. States have an obligation to ensure that the sources of non-federal share of Medicaid expenditures comport with federal statute and regulations. As a result, states should make clear to their providers that these arrangements are not permissible under federal requirements, learn the details of how health care-related taxes are collected, and take steps to curtail these practices if they discover them.

As part of the agency’s normal oversight activities and review of state payment proposals, CMS intends to inquire about potential redistribution arrangements and may conduct detailed financial management reviews of health care-related tax programs that appear to include redistribution arrangements or that CMS has information may include redistribution arrangements. Consistent with federal requirements, CMS expects states to make available all requested documentation regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments, and states should work with their providers to ensure necessary information is available. Where appropriate, states should examine their provider participation agreements and managed care plan contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state. States may consult section 1902(a)(6) of the Act, 45 C.F.R. § 75.364, 42 C.F.R. § 433.74, and 42 C.F.R. part 438 for any requirements related to CMS’ authority to request records and documentation related to the Medicaid program. In particular, 42 C.F.R. § 433.74(a) requires that states, “must also provide any additional information requested by the Secretary related to any . . . taxes imposed on . . . health care providers,” and the “States’ reports must present a complete, accurate, and full disclosure of all of their donation and tax programs and expenditures.” 42 C.F.R. § 433.74(d) specifies that a failure to comply with reporting requirements may result in a deferral or disallowance of federal financial participation. If CMS or an outside oversight agency, such as the state auditing agency or the HHS Office of Inspector General discovers the existence of impermissible financing practices related to health care-related taxes CMS will take enforcement action as necessary. CMS is available to provide technical assistance and work with states to ensure the permissibility of all of the sources of the non-federal share of Medicaid expenditures, including any health care-related taxes the state may impose.

## **Conclusion**

CMS recognizes that health care-related taxes can be a permissible source of funding for the non-federal share of Medicaid expenditures. CMS is available to provide technical assistance to states, including by reviewing proposals or existing arrangements and providing feedback to develop or modify health care-related taxes to align with state policy goals and federal requirements. One key federal requirement is that a health care-related tax cannot have a hold harmless provision that guarantees to return all or a portion of the tax back to the taxpayer. Health care-related tax programs in which taxpayers enter into agreements (explicit or implicit in nature) to redistribute Medicaid payments so that taxpayers have a reasonable expectation that they will receive all or a portion of their tax cost back generally involve a hold harmless arrangement that does not comply with federal statute and regulations.

CMS will continue to approve permissible health care-related taxes that do not contain hold harmless arrangements and meet all other applicable federal requirements. These taxes often finance critical health care programs that pay for care furnished to Medicaid beneficiaries and shore up the health care safety net in our country. As always, CMS intends to work collaboratively with states by providing technical assistance as necessary to ensure the programmatic and fiscal integrity of the Medicaid program. For questions or to request technical assistance, please contact Rory Howe at [ HYPERLINK "mailto:rory.howe@cms.hhs.gov" ].

Message

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**From:** Snyder, Laura (CMS/CMCS); (b)(6)  
(b)(6)  
**Sent:** 4/11/2023 4:13:00 PM  
**To:** Giles, John (CMS/CMCS); (b)(6)  
(b)(6)  
**Subject:** FW: FW: New Texas Lawsuit  
**Attachments:** 1.pdf; 1-2.pdf

FYI = TX is apparently challenging the Feb 17 bulletin that FMG put out.

**From:** Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>  
**Sent:** Tuesday, April 11, 2023 12:12 PM  
**To:** Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>  
**Subject:** FW: New Texas Lawsuit

**From:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>  
**Sent:** Tuesday, April 11, 2023 12:10 PM  
**To:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Ferguson, Dorothy (CMS/CMCS) <Dorothy.Ferguson@cms.hhs.gov>; Curry, Celestine (CMS/CMCS) <Celestine.Curry@cms.hhs.gov>; Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>  
**Subject:** New Texas Lawsuit

Hi everyone,

Please see below, for awareness, an OGC summary of a new lawsuit Texas filed last week challenging CMS's February 17, 2023 CMCS Informational Bulletin. I am talking with OGC this week. As soon as I have more information to share on next steps, I will reach back out to the team.

Thanks,  
Rory

**From:** Mannchen, Garrett (HHS/OGC) <Garrett.Mannchen@hhs.gov>  
**Sent:** Sunday, April 9, 2023 11:08 AM  
**To:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>  
**Cc:** Vogel, Jeremy (HHS/OGC) <Jeremy.Vogel@hhs.gov>; Lyons, Susan (HHS/OGC) <Susan.Lyons@HHS.GOV>  
**Subject:**

Good morning Rory,

This email is to apprise you of a suit filed Tuesday challenging a February 17, 2023 CMCS Informational Bulletin. *Texas v. Brooks-LaSure*, No. 6:23-cv-161 (E.D. Tex. filed April 5, 2023) (the complaint and the challenged CIB are attached to this email). This lawsuit is related to an issue with Texas's State Directed Payments that came up previously in a

different *Texas v. Brooks-LaSure*—that earlier case dealt primarily with Texas’s Medicaid 1115 Demonstration Project and has since been dismissed as moot. This current lawsuit challenges a guidance document issued by CMS that explains the agency’s interpretation of the Medicaid statute related to permissible sources of the non-federal share of states’ Medicaid payments, and a final rule issued by CMS in 2008. Specifically, the bulletin addresses the statutory limitation on provider taxes used to finance the non-federal share if “hold harmless” arrangements exist. 42 U.S.C. § 1396b(w)(1)(A)(iii) and (w)(4). The statute defines a hold harmless arrangement as including an arrangement in which the “State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” *Id.* The CMCS Informational Bulletin explained CMS’s interpretation of the statutory hold harmless prohibition and its own regulations. Under that interpretation, private agreements among taxpaying providers to redistribute Medicaid payments for which the state’s share is financed using provider taxes would constitute an impermissible hold harmless arrangement where the existence of the redistribution arrangement results in a reasonable expectation that taxpaying providers will be repaid all or a portion of their tax payments.

Texas’s lawsuit claims that the CMCS Informational Bulletin violates the Administrative Procedure Act because it (1) contradicts the plain language of the Medicaid statute and CMS’s regulations; (2) constitutes a legislative rule and CMS issued it without first going through notice and comment rulemaking; and (3) is arbitrary and capricious because CMS failed to acknowledge its change in position. The lawsuit also claims that CMS’s 2008 final rule addressing impermissible hold harmless arrangements is inconsistent with the plain language of the Medicaid statute.

Please feel free to share this information with anyone else in CMS who should be aware of the lawsuit. And please reach out if you have any questions or if you’d like to set up a call to discuss.

Best,

Garrett

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION**

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STATE OF TEXAS; TEXAS HEALTH  
AND HUMAN SERVICES  
COMMISSION,  
*Plaintiffs,*

v.

CHIQUITA BROOKS-LASURE, in her  
official capacity as Administrator for  
the Centers for Medicare and Medicaid  
Services; THE CENTERS FOR MEDICARE  
AND MEDICAID SERVICES; XAVIER  
BECERRA, in his official capacity as  
Secretary of the United States  
Department of Health and Human  
Services; UNITED STATES DEPARTMENT  
OF HEALTH AND HUMAN SERVICES; and  
the UNITED STATES OF AMERICA,  
*Defendants.*

Civ. Action No. \_\_\_\_\_

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**ORIGINAL COMPLAINT**

1. Every day, Texas's Medicaid program ensures access to high-quality medical care for nearly 5 million Texans. For decades, the program has been a bedrock part of the State's social safety net, and its enduring vitality depends on the joint collaborative efforts of the State and the federal government.

2. Unfortunately, for the second time in three years, the Centers for Medicare and Medicaid Services (CMS), which administers Medicaid at the federal level, has wielded its oversight role as a cudgel to force Texas to adopt its policy

preferences. In the process, it has shaken the structural foundation of Medicaid's operations in Texas.

3. This case implicates how Medicaid gets funded, which is always an important issue and recently has become a contentious one. As a general matter, Medicaid is jointly paid for by the federal and state governments. Texas finances a large share of its contributions to Medicaid through the collection of healthcare provider taxes. Such taxes are expressly permissible under the Social Security Act, but the Act imposes several notable conditions on those taxes. The most relevant to this suit is that States may not hold taxpaying providers harmless for the cost of such taxes. *See* 42 U.S.C. § 1396b(w); *see also* 42 C.F.R. § 433.68. If CMS concludes that such a hold harmless provision exists, the financial consequences for the State are severe: the amount of the State's requested reimbursement from the federal government must be "reduced by the sum of any revenues received by the State" through a "broad-based health care related tax" that operates as "a hold harmless provision." *Id.* § 1396b(w)(1)(A)(iii).

4. The Act provides three separate definitions of a hold harmless provision. *Id.* § 1396b(w)(4)(A)-(C). Only one is relevant to this case: a hold harmless provision exists if "[t]he State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax." *Id.* § 1396b(w)(4)(C)(i).

5. This definition is straightforward: when *the State or other government unit* provides a payment, offset, or waiver that (directly or indirectly) guarantees to



hold a taxpayer harmless, that arrangement constitutes a prohibited hold harmless provision. Rather than apply that plain text, CMS has adopted the view that an agreement between two *private* providers to protect against financial loss constitutes “a hold harmless arrangement involving Medicaid payment redistribution” if there is a “reasonable expectation” that the taxpaying provider will receive a portion of its provider tax costs returned as part of a private agreement. Ex. A at 3-4. And CMS has done so not through notice-and-comment rulemaking but by issuing an informational bulletin purporting to give immediate force and effect to this extra-textual reading of the Social Security Act. The bulletin follows years of failed rulemakings and unsuccessful threats to compel Texas’s compliance with the agency’s preferred interpretation of the Act. And, perhaps most disturbingly, this expanded definition applies not just prospectively but also retroactively to payments that were made years ago, requiring Texas to monitor private-party arrangements on pain of the loss of billions of dollars in federal funding.

6. The bulletin is unlawful under the Administrative Procedure Act (APA) and should be set aside. It is inconsistent with the plain language of the Social Security Act and CMS’s own regulations. It was not issued with an opportunity for notice and comment. And it is arbitrary and capricious because it contradicts CMS’s prior position—that private arrangements do *not* fall within the ambit of a prohibited hold harmless provision—without even attempting to explain why that position was incorrect. In the interim, the bulletin is already causing the State irreparable harm.

CMS and the other federal defendants should not be permitted to enforce or rely on the bulletin pending a final resolution of its legality.

### **PARTIES**

7. Plaintiff Texas is a sovereign State. *See* Tex. Const. art. I, § 1. Texas brings this suit on its own behalf and on behalf of its citizens *parens patriae* to ensure that federal officials comply with the statutory and regulatory limits on their power when making decisions that will affect millions of Texans. Texas has the authority and responsibility to protect the health, safety, and welfare of its citizens.

8. Plaintiff Texas Health and Human Services Commission (HHSC) is an executive branch agency organized under the laws of Texas. It is the state agency designated under 42 C.F.R. § 431.10 to administer Texas’s Medicaid program. For ease of reference, HHSC will be referred to collectively with the State as “Texas.”

9. Defendant CMS is a federal agency organized under the laws of the United States. It is responsible for federally administering Medicaid. Although HHSC has been informed that certain actions relating to this suit are being coordinated out of CMS’s office in Baltimore, CMS maintains a regional office located in Texas for administering its operations in Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

10. Defendant United States Department of Health and Human Services (HHS) is a cabinet-level federal executive branch agency organized under the laws of the United States. It is responsible for administering federal healthcare policy and is the cabinet-level Department of which CMS is a part.

11. Defendant Xavier Becerra is the Secretary of HHS. He is sued in his official capacity.

12. Defendant Chiquita Brooks-LaSure is the Administrator for CMS. She is sued in her official capacity.

13. Defendant United States of America is the federal sovereign.

### **JURISDICTION AND VENUE**

14. This Court has subject-matter jurisdiction under 28 U.S.C. § 1331 because this suit concerns the legality of actions taken by federal agencies and federal officers in their official capacities.

15. The Court is authorized to award the requested declaratory and injunctive relief under 5 U.S.C. §§ 702 and 706, 28 U.S.C. § 1361, 28 U.S.C. §§ 2201-2202, Federal Rules of Civil Procedure 57 and 65, and by the Court's general legal and equitable powers.

16. Venue lies in this district pursuant to 28 U.S.C. § 1391(e)(1)(B) because the United States, two of its agencies, and two of its officers in their official capacities are defendants. Plaintiff Texas resides in this judicial district, and a substantial part of the events or omissions giving rise to Texas's claims occurred in this district. Texas previously sued these same defendants in this Court to prevent CMS from arbitrarily revoking its approval of Texas's request to extend and amend the State's managed-care system, *see Texas v. Brooks-LaSure*, No. 6:21-cv-00191, 2021 WL 5154219, at \*1 (E.D. Tex. Aug. 20, 2021), and the defendants did not challenge venue in that case. Moreover, the first federal audit, initiated by the HHS Office of the Inspector General

to ensure that a Texas jurisdiction is in compliance with the bulletin, is of Smith County. That action began roughly contemporaneously with CMS approving Texas's state directed payment programs (SDPs) to avoid sanctions in the last suit. The audit has occurred and will continue to occur in this judicial district and division.

## **BACKGROUND**

### **I. Overview of Medicaid and Hold Harmless Provisions**

#### **A. Medicaid's cooperative federalism framework**

17. Medicaid is designed as a cooperative federal-state program that has provided medically necessary healthcare to low-income families and individuals with disabilities since 1965. *See* 42 U.S.C. § 1396 *et seq.*; *Ark. Dep't of Health & Hum. Servs. v. Ahlborn*, 547 U.S. 268, 275 (2006). At the federal level, Medicaid is administered by the Secretary of Health and Human Services, who in turn exercises his authority through CMS. *Ahlborn*, 547 U.S. at 275. At the state level, participating States are required to designate a single agency to administer their Medicaid programs. *See* 42 U.S.C. § 1396a(a)(5). HHSC fills that role for the State of Texas.

18. A State that chooses to participate in the Medicaid program—as all States, including Texas have—must submit a state Medicaid plan to CMS for federal approval. 42 U.S.C. § 1396a. After CMS approves the state plan, “the state administers Medicaid with little to no federal oversight,” *Texas v. Brooks-LaSure*, No. 6:21-cv-00191, 2022 WL 741065, at \*2 (E.D. Tex. Mar. 11, 2022), and the participating State is entitled to receive reimbursement from the federal government for the federal share of specified covered services. 42 U.S.C. § 1396b; 42 C.F.R. § 430.30(a)(1).

19. The federal share of a participating State's Medicaid expenditures is primarily based on the federal medical assistance percentage (FMAP). *See* 42 U.S.C. § 1396d(b), 42 U.S.C. § 1396b(a). In Texas, that percentage is presently approximately 60%. The compensation to which a State is entitled can also include supplemental Medicaid payments such as payments for incentive arrangements, pass-through payments, and directed payment programs. 42 C.F.R. § 438.6. "Although the federal contribution to a State's Medicaid program is referred to as a 'reimbursement,' the stream of revenue is actually a series of huge quarterly advance payments that are based on the State's estimate . . . of future expenditures." *Bowen v. Massachusetts*, 487 U.S. 879, 883-84 (1988) (citing 42 U.S.C. § 1396b(d)).

**B. The Social Security Act's prohibition on hold harmless provisions**

20. To receive reimbursements from the federal government, States must provide assurances that they have adequate methods to pay the state share of Medicaid. *See* 42 U.S.C. § 1396b; 42 C.F.R. § 430.30.

21. Congress passed the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments in 1991, which addresses CMS's authority to restrict or reduce federal matching funds for Medicaid. Pub. L. No. 102-234, § 2, 105 Stat. 1793 (1991) (adding subsection 1903(w), codified at 42 U.S.C. § 1396b(w), to the Social Security Act).

22. The 1991 amendments require a reduction in the amount of patient-care costs for which the States may seek reimbursement—and which are used to calculate

the federal financial participation payment—when the State obtains revenues from certain sources. *See* 42 U.S.C. § 1396b(w)(1)(A).

23. Relevant here, the amendments require the amount of the State’s requested reimbursement to be “reduced by the sum of any revenues received by the State” through a “broad-based health-care-related tax” that operates as “a hold harmless provision.” *Id.* § 1396b(w)(1)(A)(iii). The amendments include three definitions of a “hold harmless provision.” The first is when the State or local government entity “provides (directly or indirectly) for a payment . . . to taxpayers” that is “positively correlated either to the amount of such tax or to the difference between the amount of the tax and the amount of payment under the State plan.” *Id.* § 1396b(w)(4)(A). The second is when “[a]ll or any portion of the payment made under this subchapter to the taxpayer varies based only upon the amount of the total tax paid.” *Id.* § 1396b(w)(4)(B). And the third, and the subject of the February 17 bulletin, is when the State or local government entity “provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” *Id.* § 1396b(w)(4)(C)(i).

**C. CMS’s regulations implementing the 1991 amendments**

24. In 1993, HHS promulgated a rule to implement these amendments. *See* Medicaid Program; Limitations on Provider-Related Donations and Health Care-Related Taxes; Limitations on Payments to Disproportionate Share Hospitals, 58 Fed. Reg. 43,156 (Aug. 13, 1993) (codified at 42 C.F.R. §§ 433, 447).

25. The regulations incorporate the Social Security Act’s definition of a hold harmless provision into subsection (f) of 42 C.F.R. § 433.68 by “set[ting] out the three

ways of finding a ‘hold harmless provision’ for a state tax program.” *Brooks-LaSure*, 2022 WL 741065, at \*5 (setting out this history).

26. The regulation also “added detail on the third hold harmless definition” by adopting a two-part test—later formally adopted by Congress—for determining when the government entity’s levy of an excessive amount of taxes on a healthcare provider rises to the level of a hold harmless “guarantee.” *Id.* at \*5-6; *see also* Medicaid Program; Limitations on Provider-Related Donations and Health Care-Related Taxes; Limitations on Payments to Disproportionate Share Hospitals 57 Fed. Reg. 55,129-30 (Nov. 24, 1992) (interim final rule).

27. Under that test, “[i]f the tax on the providers’ revenue was at or below 6% (selected as the national average sales tax), the tax would be assumed permissible,” but if “the tax was above 6%,” “a numerical test would deem a hold harmless situation to exist when Medicaid rates are used to repay (within a 12-month period) at least 75 percent of providers for at least 75 percent of their total tax cost.” *Brooks-LaSure*, 2022 WL 741065, at \*5 (citing 57 Fed. Reg. at 55,142-55,143).

28. Twelve years elapsed until a new development, spurred by CMS’s own internal adjudicative body, prompted CMS to again take regulatory action. In 2005, after years of litigation, HHS’s Departmental Appeals Board rejected CMS’s effort to retroactively disallow years of federal funding to five States based on an overbroad interpretation of what constitutes a hold harmless provision. Specifically, without basis in statute, CMS had determined that certain state programs providing grants to nursing homes or tax credits to patients constituted impermissible hold harmless

provisions under CMS's regulations. *See Brooks-LaSure*, 2022 WL 741065, at \*6-7 (citing *In re: Hawaii Dep't of Human Servs.*, Docket No. A-01-40, 2005 WL 1540188 (Dep't Appeals Bd., Appellate Div. June 24, 2005)).

29. The Board held, however, that the programs at issue did not meet either the first or third definitions of a hold harmless provision. *Id.* As to the third definition, the Board explained that no language in the States' grant or credit programs offered an explicit or direct assurance of any payment to a taxpayer-provider, and it rejected CMS's argument that the third definition was merely a "broad catch-all provision." *Id.* at \*6. Ultimately, the Board found that for a state taxing authority to guarantee a payment, offset, or waiver the Board expected to see a "legally enforceable promise" in "these States' laws." *Id.* at \*7.

30. Following the Board's ruling, CMS's enforcement arm sought to alleviate the purported "confusion" that the ruling caused and "clarify" the tests for finding an impermissible hold harmless arrangement. *See, e.g., Medicaid Program; Health Care-Related Taxes*, 73 Fed. Reg. 9,685, 9,686, 9,690 (Feb. 22, 2008) (final rule). CMS amended the regulatory definition of the third hold harmless provision to "cover[] the situation where a government provides for a certain financial measure 'such that' the measure guarantees" the taxpayer will be held harmless. *Brooks-LaSure*, 2022 WL 741065, at \*8. This was a departure from the statutory definition in which Congress defined a hold harmless provision to include "certain financial measure[s] 'that guarantees' indemnification." *Id.* at \*7. This change "deliberate[ly]"



“remove[d] the statute’s tight grammatical link between *the government*, as the actor providing for something, and *a guarantee*, as the thing provided for.” *Id.*

31. As a result of the agency’s “loosen[ing]” of the required link between the state taxing authority and the guarantee itself, CMS has contended that the third definition “focus[es] on the ‘reasonable expectation’ [of the taxpayer] about the ‘result’ of a state payment, as opposed to what the state provided when making a payment.” *Id.* (citing 73 Fed. Reg. 9,694-95).

**D. CMS’s failed 2019 amendment efforts**

32. In 2019, CMS tried to stretch the definition of a hold harmless provision in section 1396b(w)(4)(C)(i) even farther to cover private, non-governmental arrangements. *See* Medicaid Program; Medicaid Fiscal Accountability Regulation, 84 Fed. Reg. 63,722, 63,742 (Nov. 18, 2019).

33. CMS’s proposed rule conflicted with the agency’s prior representations to providers across the country. In early 2019, Kristin Fan, then Director of CMS’s Financial Management Group, told counsel for concerned providers that though CMS is “aware that there may be arrangements” between providers that CMS may “not particularly like,” CMS “do[es] not have statutory authority to address” those arrangements. Fan also agreed that States should not be expected “to seek information about these agreements or providers to disclose these agreements to the state/local government in connection with CMS’ questions.” This exchange was widely circulated across the country.

34. In the proposed rule, issued only nine months later, CMS took a different approach entirely. The proposal said that the agency had “become aware of

impermissible arrangements that exist where a state or other unit of government imposes a health-care related tax, then uses the tax revenue to fund the non-federal share of Medicaid payments back to the taxpayers.” 84 Fed. Reg. at 63,734. Critically, CMS clarified that it considered such arrangements to violate the law even if “a private entity makes the redistribution” to another private entity. *Id.* at 63,735. It reasoned that a purely private arrangement still “constitutes an indirect payment from the [S]tate or unit of government to the entity being taxed that holds it harmless for the cost of the tax.” *Id.* That is because “[t]he taxpayers have a reasonable expectation to be held harmless for all or a portion of their tax amount.” *Id.* at 63,734.

35. As a result, CMS proposed to amend 42 C.F.R. § 433.68(f)(3) to specify that CMS would consider the “net effect” of a particular arrangement—*i.e.*, whether the “net effect” is a “reasonable expectation” by the taxpayer that it will recoup all or a portion of its tax payment through Medicaid payments—to determine whether a hold harmless arrangement exists. *Id.* at 63,735.

36. CMS received more than 10,000 comments on the proposal, many of which faulted CMS for “lack[ing] statutory authority” and “creating regulatory provisions that were ambiguous or unclear and subject to excessive Agency discretion.” This ultimately led CMS to “withdraw the proposed provisions.” Medicaid Program; Medicaid Fiscal Accountability Regulation, 86 Fed. Reg. 5,105, 5,105 (Jan. 19, 2021).

37. One such commenter was Daniel Tsai—the author of the February 17 bulletin and CMS’s current Deputy Administrator and Director for the Center for

Medicaid and CHIP Services—who was then serving as the Medicaid Director for the State of Massachusetts. Tsai explained that the proposed rule—including its “net effect[]’ test”—“introduce[d] new state obligations” and “significant administrative and operational burdens” that “represent[ed] an unprecedented federal overreach,” “exceed[ed] CMS’ statutory authority,” contain[ed] “provisions [that] are highly susceptible to arbitrary and capricious application,” “[was] not supported by the underlying statute,” and “includ[ed] reporting on business dealings of private entities that are not available to the state.” HHSC submitted a similar comment letter along those lines, as did many others.

## II. Overview of Texas Medicaid<sup>1</sup> and the State’s Funding Mechanisms

38. To allow flexibility from the default requirements of the Social Security Act, CMS may issue a waiver that exempts a State from those otherwise mandatory requirements. One common waiver is authorized by section 1115 of the Act, codified at 42 U.S.C. § 1315. Such a waiver allows a State to implement an “experimental, pilot, or demonstration project” that diverges from federal requirements so long as

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<sup>1</sup> A more fulsome background of the Texas Medicaid system, including its section 1115 waiver, is available in Texas’s First Amended Complaint from its earlier-filed lawsuit, which is expressly incorporated herein by reference. *See Texas v. Brooks-LaSure*, No. 6:21-cv-00191 (E.D. Tex. Aug. 31, 2021), ECF No. 54. To avoid burdening the Court, this complaint discusses only those aspects of Texas Medicaid necessary for resolving the parties’ current dispute, which was first litigated in the context of Texas’s motion to enforce the Court’s preliminary injunction. *See id.*, Mot. to Enforce J., (Nov. 2, 2021), ECF No. 75; *id.*, Reply in Supp. of Mot. to Enforce J., (Nov. 22, 2021), ECF No. 84.

the project “is likely to assist in promoting the objectives” of Medicaid. 42 U.S.C. § 1315(a).

39. In 2011, Texas applied for and received a section 1115 waiver for a demonstration project called the Texas Healthcare Transformation and Quality Improvement Program. The waiver allowed Texas to transition its Medicaid program from a fee-for-service model to a managed-care model. Through that updated model, Texas contracts with health-insurance companies to deliver healthcare services through Medicaid. The State pays a monthly capitation payment to a managed care organization for each Medicaid recipient, which reduces the overall state and federal government Medicaid expenditures by encouraging recipients to take advantage of preventative care.

40. The Texas Legislature authorized another important change to Medicaid in 2013. In addition to furthering the transition to a managed-care model, as was discussed in the prior lawsuit, Texas law was amended to allow designated hospital districts, counties, and municipalities to “administer a healthcare provider participation program to provide additional compensation to certain hospitals located in the hospital district, county, or municipality by collecting mandatory payments from each of those hospitals to be used to provide the nonfederal share of a Medicaid supplemental payment program[.]” Tex. Health & Safety Code § 300.0001; *see* Act of May 24, 2013, 83d Leg., R.S., ch. 1369, 2013 Tex. Gen. Laws 3630 (codified at Tex. Health & Safety Code ch. 288); Tex. Health & Safety Code ch. 288–300A.

41. These mandatory payments are deposited into a Local Provider Participation Fund (LPPF), which is a dedicated-purpose account that local governments may use for certain statutorily authorized purposes, including intergovernmental transfers to HHSC to support specified Medicaid programs. HHSC uses these statutorily permitted local funds as the non-federal share of Medicaid funds that are then matched with federal funds.

42. The LPPFs are managed by local government entities and are subject to a host of relevant restrictions. If the government entity authorizes a healthcare provider participation program, it must require an annual mandatory payment to be assessed based upon the net patient revenue of each institutional healthcare provider located in the applicable local unit of government.<sup>2</sup> Tex. Health & Safety Code § 300.0151. Money deposited into the local provider participation fund is authorized for limited purposes, including the intergovernmental transfers from the local government to the State to provide the state share of Medicaid payments for statutorily specified Medicaid programs. *See* Tex. Health & Safety Code § 300.0103(b)(1). The levies imposed by the local unit of government must be broad-based and uniform, as required under federal law. *See id.* § 300.0151(b). All local governments authorized to collect mandatory payments in LPPFs are prohibited from assessing mandatory payments that exceed six percent of net patient revenue. *Id.*

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<sup>2</sup> The Texas statutes which authorize hospital districts to collect and deposit mandatory payments into LPPFs explicitly state that such mandatory payments are not taxes for the purposes of Article IX of Texas Constitution. However, these payments are considered healthcare-related taxes for purposes of federal law. *See, e.g.*, 42 U.S.C. § 1396b(w)(3)(A); 42 C.F.R. § 433.55.

§ 300.0151(c). And consistent with the Social Security Act, Texas law specifically prohibits these programs from holding harmless any institutional healthcare provider. *Id.* § 300.0151(b).

43. CMS encouraged Texas to implement these funds, which have grown more important to the State over time. Collectively, the funds comprised about 17.7% of Texas's state share of Medicaid funding in the last fiscal year. HHSC expects this trend: when the funding mechanism was first piloted, it required express permission from the Legislature on a jurisdiction-by-jurisdiction basis. *E.g.*, 2013 Tex. Gen. Laws 3630. With the encouragement of CMS, the Texas Legislature has since made the authorization more general. Tex. Health & Safety Code §§ 300.0001, .0003.

44. As the statewide administrator of Texas Medicaid, HHSC ensures that the authority that administers each LPPF does not provide for any payment, offset, or waiver that directly or indirectly guarantees to hold the taxpaying providers harmless for any portion of their tax costs. But HHSC does not have statutorily conferred taxing or regulatory authority over the local government entities that manage those funds, nor does HHSC have authority to examine or consider any contractual arrangements that might exist between private businesses whose taxes contribute to those funds.

45. The taxes that flow into those funds are unrelated to the methodology for calculating the Medicaid reimbursements that HHSC disburses to healthcare providers. The State does not make any such reimbursements based on the amount that a provider is taxed by a local government. Instead, Medicaid payments to

providers are based exclusively on programmatic methodologies that consider, among other factors, what an estimated Medicare or average commercial payer would have paid for those same services.

46. CMS has approved SDPs that use LPPF to fund as the non-federal share. Those programs include:

- The Comprehensive Hospital Increase Reimbursement Program (CHIRP), which began on September 1, 2021, (but not approved by CMS until March 25, 2022) and replaced a prior directed payment program no longer in effect. CHIRP provides increased Medicaid payments to hospitals for inpatient and outpatient services to eligible recipients. On August 1, 2022, CMS renewed approval for CHIRP for the program period covering September 1, 2022, to August 31, 2023.
- The Quality Incentive Payment Program (QIPP), which is a performance-based payment program designed to incentivize eligible nursing facilities to improve the quality and innovation of their services. CMS has approved this program for six straight years (but delayed approval for the program period that began on September 1, 2021, until November 15, 2021). On August 1, 2022, CMS approved QIPP for the program period covering September 1, 2022, to August 31, 2023.
- The Texas Incentives for Physicians and Professional Services (TIPPS) program, which began on September 1, 2021 (but not approved by CMS until March 25, 2022), provides increased Medicaid payments to certain physician groups providing healthcare services to eligible Medicaid recipients. On August 1, 2022, CMS renewed approval for TIPPS for the program period covering September 1, 2022, to August 31, 2023.
- The Rural Access to Primary and Preventive Services (RAPPS) program, which began on September 1, 2021 (but not approved by CMS until March 25, 2022), is designed to incentivize rural health clinics that provide primary and preventive care services to eligible Medicaid recipients in rural areas of Texas. On August 1, 2022, CMS renewed approval for RAPPS for the program period covering September 1, 2022, to August 31, 2023.
- The Directed Payment Program for Behavioral Health Services (DPP BHS), which began on September 1, 2021 (but not approved by CMS until November 15, 2021), is designed to promote and improve access to

behavioral health services, coordination of care, and successful care transitions for eligible Medicaid recipients. On August 1, 2022, CMS renewed approval for DPP BHS for the program period covering September 1, 2022, to August 31, 2023.

47. The directed payment programs are complex, and Texas must have its directed-payment-program proposals, called “preprints,” approved annually by August to process the payments the following September. Texas typically submits the preprints to CMS for approval in March. In total, CMS has approved pre-prints that contemplate the use of LPPFs at least nine times since the funds were first introduced in 28 local jurisdictions. CMS has also issued federal financial participation for the Delivery System Reform Incentive Payment (DSRIP) program and the Uncompensated Care (UC) program, which have used LPPF funds at least four times per year since 2016.

### **III. CMS’s Initial Encouragement of LPPFs and Sudden About-Face**

48. CMS has been involved in the development of LPPFs in Texas from the outset of their existence. It was at CMS’s encouragement that the Texas Legislature began authorizing LPPFs for certain jurisdictions. Later, in 2018 and 2019, CMS and Texas had lengthy discussions about the structure of LPPFs. At the time, Texas and CMS were working to resolve a disallowance that had been issued by CMS related to funds transferred from government entities in Dallas and Tarrant Counties. (Texas challenged the disallowance, and litigation is ongoing.) CMS reviewed the structure of the proposed LPPFs in Dallas and Tarrant Counties and allowed Texas to substitute funds derived from the LPPFs operated by the hospital districts in those counties for the disallowed funds.



49. Texas has long understood that its LPPFs do not run afoul of the Social Security Act's hold harmless prohibition and structured its regulatory regime accordingly. That understanding was gained in part based on CMS's assurances. In early 2019, HHSC first became aware of the possibility that business agreements might exist between private entities. HHSC officials promptly contacted CMS for guidance. CMS assured HHSC that, so long as neither the State nor a unit of local government was providing a guarantee, there was no prohibition on private business arrangements. This assurance was consistent with the email discussed above from Kristin Fan that was circulated to providers across the country around that same time.

50. Texas continued to rely upon that assurance in setting up its team that monitors local funds used as the non-federal share in the Medicaid program, including funds that are transferred to HHSC from a LPPF. Unfortunately, since the withdrawal of the 2019 proposed rule, CMS has reneged on its word and twice unsuccessfully sought to force HHSC to police private agreements.

51. During negotiations over the extension of the State's demonstration project (which was set to expire in September 2022), CMS attempted to insert special terms and conditions imposing many of the same requirements from the withdrawn proposed rule. Because those terms would have been inconsistent with the Social Security Act, Texas refused to agree to the requested terms and conditions.

52. On January 15, 2021, CMS informed Texas that its extension application was approved for a ten-year period ending on September 30, 2030. Just

three months later, on April 16, 2021, CMS reversed course and rescinded that approval. Texas challenged CMS's decision, and this Court issued a preliminary injunction obligating "defendants to treat Texas's demonstration project (Waiver Number 11-W-00278/6) as currently remaining in effect as it existed on April 15, 2021." *Brooks-LaSure*, 2021 WL 5154219, at \*15.

53. As a result of that preliminary injunction, defendants were prohibited from implementing the rescission letter. The Court's orders made clear that CMS was required to treat the demonstration project as remaining in effect and to cooperate with Texas in negotiating various terms, including negotiating the approval of Texas's SDPs. *Brooks-LaSure*, 2022 WL 741065, at \*10; *see also, e.g., Texas v. Brooks-LaSure*, No. 6:21-cv-00191, 2021 WL 5154086, at \*1-2 (E.D. Tex. Aug. 12, 2021).

54. Despite the Court's instructions, CMS attempted to impose the rejected LPPF-related terms by holding approval of five SDPs hostage until Texas would agree to CMS's terms to police private arrangements. That effort failed, too, but only after Texas returned to this Court to compel CMS to promptly issue a final decision on those SDPs. *Brooks-LaSure*, 2022 WL 741065, at \*10. Even then, CMS would not withdraw its demand until this Court threatened to impose sanctions. *See id.*; Notice of Compliance with Order, *Texas v. Brooks-LaSure*, No. 6:21-cv-00191, (E.D. Tex. Mar. 25, 2022), ECF No. 100 (confirming that CMS approved the SDPs).

55. Ultimately, under threat of sanction by this Court, CMS approved the state directed payment programs, which was the only remaining issue in the prior lawsuit, and the case was dismissed.

#### **IV. OIG Audits and the February 17 Bulletin**

56. On November 29, 2021, the HHS Office of the Inspector General (OIG) announced an audit workplan of “States’ Use of Local Provider Participation Funds as the State Share of Medicaid Payments.” The choice of wording was unusual: OIG did not announce a review of provider taxes categorically, or even provider taxes operated by units of local government. Instead, OIG specifically identified a review of “Local Provider Participation Funds,” which is the term that Texas (and a limited number of other States) uses in state statutes authorizing this method of finance for units of local government.

57. On March 25, 2022, at approximately the same time that CMS finally agreed to the state directed payment programs contemplated by the 2021 waiver extension, OIG notified Texas that the State was selected for OIG’s audit of LPPFs and held an entrance conference with Texas on April 14, 2022. After collecting information from Texas about the operation of LPPFs in this State, OIG selected Smith County, the home county for this Court, for a detailed review. OIG officials contacted Smith County and asked for information regarding private business agreements to which Smith County is not a party. The officials informed Texas that the audit would take approximately 12 months to complete, and that OIG would issue its report, including any findings, in the summer of 2023.

58. On February 17, 2023, the Deputy Administrator and Director of the Center for Medicaid and CHIP Services at CMS issued a bulletin announcing a retroactive change in CMS’s definition of a hold harmless arrangement. *See Ex. A.* Without the notice and comment that CMS acknowledged was necessary when it

issued the 2019 proposed rule change, the bulletin pronounced that an agreement between private providers to redistribute Medicaid payments constitutes “a hold harmless arrangement involving Medicaid payment redistribution” if there is a “reasonable expectation” that the taxpaying providers will receive a portion of their provider tax costs returned as part of a private agreement. *Id.* at 3.

59. CMS described how, in its view, “taxpayers appear to have entered into oral or written agreements” to redirect or redistribute their Medicaid payments “to ensure that all taxpayers receive all or a portion of their tax back.” *Id.* at 3. Notwithstanding the acknowledged absence of state participation in such agreements, CMS concluded they were impermissible because “[t]he redistributions occur so that taxpaying providers are held harmless for all or a portion of the health care-related tax.” *Id.*

60. Without pointing to any statutory authority, the bulletin further stated CMS “intends to inquire about potential redistribution arrangements and may conduct detailed financial management reviews of healthcare-related tax programs that appear to include redistribution arrangements or that CMS has information may include redistribution arrangements.” Ex. A at 5. Henceforth, States are expected “to make available *all requested documentation* regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments” as part of CMS’s “oversight activities and review of state payment proposals[.]” *Id.* (emphasis added).

61. CMS threatened to “take enforcement action as necessary” if an audit uncovers “impermissible financing practices.” *Id.* And without regard to whether the requested documentation exists, CMS ominously warned that a State’s failure to supply requested documentation regarding redistribution arrangements “may result in a deferral or disallowance of federal financial participation.” *Id.*

62. After the bulletin was issued, OIG moved up the expected timeframe for completion of its report on Smith County to May 2023. On March 1, 2023, OIG sent a letter to HHSC indicating its intent to conduct new audits of local provider participation funds in Amarillo, Tarrant, and Webb counties. The “objective” of the second audit “is to determine whether the State agency adhered to the hold-harmless provisions in Federal regulations.”

63. On March 9, 2023, OIG notified Texas that it had changed the original audit objective of the Smith County LPPF audit (referenced in paragraph 57) from the broad examination of whether LPPF funds were permissible and in accordance with state and federal law to the much narrower objective utilized in the new audit of the three additional local government entities.

## **V. Immediate and Long-Term Effects of the Bulletin on Texas**

64. This bulletin, if allowed to be implemented, will have an immediate impact on not just HHSC’s ability to provide vitally needed healthcare services to Texans but also on Texas’s sovereign interest in enforcing its laws.

65. Relying on the text of both the Social Security Act and CMS’s existing regulations, the Texas Legislature has never deemed it necessary to create a

regulatory body with authority to examine contractual agreements that might exist between two private businesses. Nor has the Legislature ever seen fit to provide HHSC with such authority. As a result, to comply with the bulletin, HHSC will have to arrogate power to itself that it lacks under state law.

66. Beyond that injury to its sovereignty, Texas faces significant monetary costs to comply with the bulletin: it would be required to establish and operate a regulatory entity with sufficient resources to examine the contractual arrangements and financial management of every private hospital that exists in a jurisdiction with a LPPF. Ex. A at 5 (States are expected “to make available all requested documentation regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments.”). That is the only way Texas could accurately determine what private contractual relationships exist and whether those contracts are related to their provider tax payments. Texas would then need to take decisive action to halt private contractual agreements that fall within the scope of the bulletin’s definition of a hold harmless arrangement. Ex. A at 5 (States must “take steps to curtail these practices if they exist.”).

67. HHSC estimates that to achieve compliance, it will need to expend tens of millions of dollars and hire many new staff. There are 304 privately-owned hospitals located in jurisdictions that currently have a LPPF, 27% of which are not-for-profit organizations. Texas hospitals are extremely complex organizations, which have innumerable private contracts with various types of entities that Texas would

be required to examine to determine whether each contract constituted hold harmless arrangements under the bulletin's vague definitions.

68. Because current law only requires HHSC to monitor agreements involving local government entities, HHSC currently employs only about a dozen compliance staff aimed at ensuring no impermissible hold harmless provisions exist. HHSC would need to hire hundreds of additional staff to “curtail” any actions that might be inconsistent with the bulletin: those staff would include professionals like auditors, financial examiners, financial analysts, and attorneys who could competently interpret the thousands (potentially millions) of contracts or other business arrangements at each hospital and the billions of dollars of revenues and expenditures that are associated with the running of those hospitals.

69. HHSC would also need to investigate private associations or individual citizens who may have financial or other contractual relationships with any Medicaid provider that is assessed a mandatory payment as part of a LPPF. And at that juncture, HHSC would risk transgressing the First Amendment, which protects the free-association rights of individuals and nonprofit organizations—including nonprofit hospital associations.

70. The last several years have been challenging for Texas Medicaid: the pandemic, combined with CMS's past conduct that precipitated Texas's earlier lawsuit, have put providers and patients on edge. CMS's latest salvo threatens to undermine the work that HHSC has done to restore confidence in the Texas Medicaid Program and is destabilizing to the safety net that Texans enrolled in the Medicaid

program rely on to provide them life-saving care. LPPFs fund nearly a fifth of Texas’s state share of Medicaid expenditures. Moreover, LPPFs are typically operated by hospital districts and other local government entities—meaning that CMS’s current effort to shut off Medicaid funding is aimed at the very local government entities that are charged with creating an aspect of the entire social-safety net that serves emergent or acute medical needs. In Texas, most hospital associations are non-profits and, to comply with the bulletin, HHSC would be compelled to examine them to evaluate any financial relationship they might have with hospitals located in jurisdictions that operate LPPFs. Texas hospitals cannot afford, and the Texans they serve cannot afford, the type of uncertainty in future funding that has resulted from the bulletin.

## CLAIMS

### *Count I*

#### **The February 17 Bulletin Exceeds CMS’s Statutory Authority and is Not in Accordance with Law (5 U.S.C. § 706)**

71. Plaintiffs incorporate by reference all preceding paragraphs.

72. Under the APA, a court must “hold unlawful and set aside agency action” that is “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law” or “in excess of statutory . . . authority, or limitations, or short of statutory right.” *See* 5 U.S.C. § 706(2)(A), (C).

73. The February 17 bulletin defines a hold harmless arrangement to reach agreements solely between private healthcare providers. Defendants lack statutory and regulatory authority to issue a definition of a hold harmless arrangement that



contradicts the plain language of the Social Security Act and CMS's own agency rules. *See* 42 U.S.C. § 1396b(w)(4); *see also* 42 C.F.R. § 433.68(f)(3).

74. The Social Security Act's definition of a prohibited hold harmless provision does not encompass private agreements exclusively between private providers. Instead, the Act requires that a) *the State or other unit of government* imposing the tax provide the payment, offset, or waiver, and b) the payment, offset, or waiver guarantees to hold taxpayers harmless for any portion of the tax. 42 U.S.C. § 1396b(w)(4)(C)(i). The redistribution agreements between private providers that CMS described in the February 17 bulletin are not hold harmless arrangements because they do not involve "[t]he State or other unit of government imposing the tax" acting to hold taxpayers harmless. *Id.* § 1396b(w)(4)(C)(i).

75. The bulletin also elevates a legally unenforceable "expectation" to the level of a guarantee, which is contrary to the plain meaning of the term "expectation." There is no indication that Congress intended for "guarantee" to have any definition other than its plain meaning.

76. Defendants did not act in accordance with the law and exceeded their statutory and regulatory authority when promulgating and relying upon the February 17 bulletin. Accordingly, the bulletin should be set aside.

### ***Count II***

#### **The February 17 Bulletin Did Not Comport with the Requirements of Notice-and-Comment Rulemaking (5 U.S.C. § 553)**

77. Plaintiffs incorporate by reference all preceding paragraphs.

78. The February 17 bulletin is a substantive or legislative rule that required notice-and-comment rulemaking under the APA. *See* 5 U.S.C. § 553. The bulletin is not exempt from the APA’s notice-and-comment requirements as the bulletin is not an interpretive rule, general statement of policy, or the rule of agency organization, procedure, or practice. *See id.* § 553(b)(A).

79. “Agencies have never been able to avoid notice and comment simply by mislabeling their substantive pronouncements.” *Azar v. Allina Health Servs.*, 139 S. Ct. 1804, 1812 (2019). “On the contrary, courts have long looked to the *contents* of the agency’s action, not the agency’s self-serving *label*, when deciding whether statutory notice and comment demands apply.” *Id.*

80. CMS acknowledged that defining hold harmless arrangements to include agreements to which neither the State nor local government entities were a party is a substantive rule requiring notice-and-comment rulemaking when it initiated such a process in 2019. That conclusion was proven correct by the thousands of comments submitted to CMS discussing not only its lack of statutory authority but also the real-world obligations that the proposed rule would impose on both private parties and the States.

81. Moreover, the bulletin easily meets the definition of a legislative rule requiring notice and comment. Specifically, courts “evaluate two criteria to distinguish policy statements from substantive rules: whether the rule (1) impose[s] any rights and obligation and (2) genuinely leaves the agency and its decision-makers

free to exercise discretion.” *Texas v. United States*, 809 F.3d 134, 171 (5th Cir. 2015) (“*DAPA*”) (quotation marks omitted).

82. Here, the bulletin imposes rights and obligations and does not leave CMS and its decisionmakers free to exercise discretion regarding the scope of the Social Security Act’s hold harmless prohibition: because of the bulletin, “an arrangement in which providers receive Medicaid payments from the state (or from a state-contracted managed care plan), then redistribute those payments such that taxed providers are held harmless for all or any portion of their cost of the tax, would constitute a prohibited hold harmless provision under” the Social Security Act. Ex. A at 5.

83. CMS is *required* to “reduce a state’s medical assistance expenditures by the amount of healthcare-related tax collections that include hold harmless arrangements, prior to calculating federal financial participation.” *Id.* The bulletin is therefore substantive because it imposes more than “derivative, incidental, or mechanical burdens” and it “change[s] the substantive standards by which” CMS determines how to enforce the Social Security Act and its implementing regulations. *DAPA*, 809 F.3d at 176; *Texas v. EEOC*, 933 F.3d 433, 443-46 (5th Cir. 2019).

84. The February 17 bulletin is invalid because CMS failed to use the proper notice-and-comment procedures required by the APA. *See* 5 U.S.C. §§ 553, 706.

### ***Count III***

#### **The February 17 Bulletin Is Arbitrary and Capricious (5 U.S.C. § 706)**

85. Plaintiffs incorporate by reference all preceding paragraphs.

86. Federal administrative agencies are required to engage in reasoned decision-making. “Not only must an agency’s decreed result be within the scope of its lawful authority, but the process by which it reaches that result must be logical and rational.” *Allentown Mack Sales & Serv., Inc. v. NLRB*, 522 U.S. 359, 374 (1998). And when an agency reverses “prior policy,” it must provide a “detailed justification” for doing so. *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515-16 (2009) (plurality op.).

87. The February 17 bulletin is arbitrary and capricious because it fails to acknowledge CMS’s change in position. In 2019, CMS acknowledged the absence of statutory or regulatory authority to police, or require States to police, private provider agreements under the Social Security Act. The bulletin reaches the exact opposite conclusion, with no explanation (or even acknowledgement) of that change in position. The bulletin therefore cannot survive arbitrary-and-capricious review.

88. “[A]gencies must typically provide a ‘detailed explanation’ for contradicting a prior policy, particularly when the prior policy has engendered serious reliance interests.” *BST Holdings, L.L.C. v. OSHA*, 17 F.4th 604, 614 (5th Cir. 2021) (quoting *Fox*, 556 U.S. at 515); see *DHS v. Regents of the Univ. of Cal.*, 140 S. Ct. 1891, 1913 (2020) (applying this principle even when there were serious questions as to the legality of the rule to be rescinded). The February 17 bulletin fails to discuss the reliance interests of States like Texas that have never needed to police redistribution agreements between private providers, and which now lack the structural and financial systems necessary to comply with CMS’s edict.

89. The bulletin also fails to discuss Medicaid recipients' need for access to care that is funded by LPPFs. CMS well knows that Texas relies on \$3 billion from LPPFs as part of the non-federal share of Medicaid payments. Withholding federal matching funds for this large amount of funding based on the State's inability to immediately comply with the bulletin, as CMS has threatened, Ex. A at 5-6, would devastate Texas's Medicaid finances, significantly destabilize the State's Medicaid provider network, and jeopardize the availability of options for quality healthcare for all Texans, including Medicaid recipients.

90. Moreover, agency action may be set aside as arbitrary and capricious if the agency fails to "comply with its own regulations." See *Environmental, LLC v. FCC*, 661 F.3d 80, 85 (D.C. Cir. 2011). The bulletin is inconsistent with CMS's implementing regulations, that specify that a hold harmless provision exists where "[t]he State (or other unit of government) imposing the tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount." See 42 C.F.R. § 433.68(f)(3). CMS's bulletin therefore conflicts not just with the text of the Social Security Act but with the agency's own regulations, and should be set aside on this basis, too.

91. Based on these and other flaws, the bulletin should be set aside as arbitrary and capricious.

#### ***Count IV***

#### **Alternatively, the 2008 Rule Is Not in Accordance with Law (5 U.S.C. § 706)**

92. Plaintiffs incorporate by reference all preceding paragraphs.

93. CMS has taken the position that the February 17 bulletin was supported by the preamble to the 2008 rule. This is legally incorrect as a rule's preamble cannot impose obligations that are inconsistent with the rule's text. See *Entergy Servs., Inc. v. FERC*, 375 F.3d 1204, 1209 (D.C. Cir. 2004). It also misreads the preamble.

94. If the Court disagrees, however, then the 2008 rule is contrary to CMS's statutory authority and should be set aside for the reasons discussed above.

95. Although any claim challenging the process by which the 2008 rule was adopted is time-barred, 28 U.S.C. § 2401(a); *Wind River Mining Corp. v. United States*, 946 F.2d 710, 715 (9th Cir. 1991); *Texas v. United States*, 749 F.2d 1144, 1146 (5th Cir. 1985), Texas may still challenge the legality of the rule if it has been applied to Texas within the last six years, *Dunn-McCampbell Royalty Int., Inc. v. Nat'l Park Serv.*, 112 F.3d 1283, 1287 (5th Cir. 1997).

96. CMS has applied or attempted to apply its (incorrect) interpretation of the 2008 Rule multiple times since 2021: when CMS demanded the interpretation be applied as a condition of the extension of Texas's section 1115 waiver in 2021, when CMS refused to approve Texas's directed payment programs until Texas agreed to the interpretation in 2022, and now when CMS demands documents based on the interpretation of the rule in 2023.

### **DEMAND FOR JUDGMENT**

Plaintiffs request that the Court:

- a. Declare unlawful and set aside the February 17 bulletin;
- b. Issue preliminary and permanent injunctive relief enjoining defendants from enforcing or implementing the February 17 bulletin against Texas;

- c. Compel defendants to conduct any Medicaid audit and oversight activities against Texas in accordance with the Social Security Act and its implementing regulations and without reliance on the February 17 bulletin;
- d. Award Texas the costs of this action and reasonable attorney's fees; and
- e. Award such other and further relief as the Court deems equitable and just.

Dated: April 5, 2023.

Respectfully submitted.

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION**

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STATE OF TEXAS; TEXAS HEALTH  
AND HUMAN SERVICES  
COMMISSION,  
*Plaintiffs,*

v.

CHIQUITA BROOKS-LASURE, in her  
official capacity as Administrator for  
the Centers for Medicare and Medicaid  
Services; THE CENTERS FOR MEDICARE  
AND MEDICAID SERVICES; XAVIER  
BECERRA, in his official capacity as  
Secretary of the United States  
Department of Health and Human  
Services; UNITED STATES DEPARTMENT  
OF HEALTH AND HUMAN SERVICES; and  
the UNITED STATES OF AMERICA,  
*Defendants.*

Civ. Action No. \_\_\_\_\_

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**Original Complaint**

**Exhibit A**

**Centers for Medicare and Medicaid Services Bulletin  
Feb. 17, 2023**



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



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***CMCS Informational Bulletin***

**DATE:** February 17, 2023  
**FROM:** Daniel Tsai, Deputy Administrator and Director  
**SUBJECT:** Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments

**Background**

Recently, the Centers for Medicare & Medicaid Services (CMS) has been approached by several states with questions regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs) under 42 C.F.R. § 438.6(c). Many of these questions have focused on whether health care-related tax arrangements involving the redistribution of Medicaid payments among providers subject to the tax would comply with the statutory and regulatory prohibition on “hold harmless” arrangements—that is, arrangements in which the “State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax”—as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations. In response to these questions, this informational bulletin reiterates our longstanding position on the existing federal requirements that pertain to health-care related taxes and re-emphasizes our goal of assisting states in ensuring appropriate sources of non-federal share financing.

CMS recognizes that health care-related taxes are a critical source of funding for many states’ Medicaid programs, including for payments to safety net providers. CMS supports states’ adoption of health care-related taxes when they are consistent with federal requirements. CMS approves many state payment proposals annually that are supported by health care-related taxes that appear to meet federal requirements. CMS recognizes the challenges faced by states and health care providers in identifying sources of non-federal share financing and implementing Medicaid payment methodologies that assure payments are consistent with federal requirements.

Medicaid statute and regulations afford states flexibility to tailor health care-related taxes within certain parameters to meet their provider community needs and align with broader state tax policies and priorities for their Medicaid programs. CMS remains committed to providing states with technical assistance aiming to ensure that health care-related taxes used to finance the non-federal share of Medicaid expenditures meet the states’ policy goals and comply with federal requirements. For example, CMS is authorized to waive the requirements that health care-related

taxes be broad-based and/or uniform, when applicable conditions are met.<sup>1</sup> CMS regularly works with states to approve such waivers in furtherance of state goals while complying with federal requirements.

Although the applicable statutory and regulatory provisions afford states considerable flexibility in establishing health care-related taxes, such taxes must be imposed in a manner consistent with applicable federal statutes and regulations, including that they may not involve hold harmless arrangements, to avoid a reduction in the state's Medicaid expenditures eligible for federal financial participation. Occasionally, CMS encounters health care-related tax programs that appear to contain hold harmless arrangements, which contravene section 1903(w)(1)(A)(iii) and (w)(4) of the Act and 42 C.F.R. § 433.68(b)(3) and (f). Such arrangements are inconsistent with statutory and regulatory requirements and undermine the fiscal integrity of the Medicaid program. Recently, CMS has become aware of some health care-related tax programs that appear to contain a hold harmless arrangement that involves the taxpaying providers redistributing Medicaid payments after receipt to ensure that all taxpaying providers receive all or a portion of their tax costs back (typically ensuring that each taxpaying provider receives at least its total tax amount back).

In this informational bulletin, CMS is reiterating the federal requirements concerning hold harmless arrangements with respect to health care-related taxes. Further, states and providers should be transparent regarding any explicit or implicit agreements in place or under development to ensure that all health care-related taxes meet federal requirements to avoid a statutorily required reduction in the state's Medicaid expenditures otherwise eligible for federal financial participation. CMS recommends that states that have questions or concerns about the permissibility of a health care-related tax raise these concerns to CMS early in the process of developing the state's tax program to avoid issues surrounding the permissibility of the non-federal share of Medicaid expenditures. CMS also intends to work with states that may have existing questionable arrangements to ensure compliance with federal statutory and regulatory requirements.

### **Health Care-Related Taxes and Hold Harmless Arrangements**

During standard oversight activities and the review of state payment proposals, particularly managed care SDPs and fee-for-service payment state plan amendments (SPAs), CMS is increasingly encountering health care-related tax programs that appear to contain hold harmless arrangements involving the redistribution of Medicaid payments. In these arrangements, a state or other unit of government imposes a health-care related tax, then uses the tax revenue to support the non-federal share of Medicaid payments back to the class of providers subject to the

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<sup>1</sup> For non-broad based and/or non-uniform health care related taxes, these conditions are: that the tax be imposed on a permissible class or class, that the tax be generally redistributive, that the tax be not directly correlated with Medicaid payments, and that the tax lack a hold harmless arrangement. See section 1903 (w)(3)(E)(ii) for the requirement that the tax demonstrate that it is "generally redistributive" and "not directly correlated with Medicaid payments." For the statistical test demonstrating that the tax is "generally redistributive" see 42 CFR § 433.68 (e)(1) for waivers of the broad based requirement only and 42 C.F.R. § 433.68 (e)(2) for waivers of the uniformity requirement whether or not the tax is broad-based. See section 1903 (w)(4) and implementing regulations at 42 C.F.R. § 433.68 (f) for the hold harmless requirements. See section 1903 (w)(7) and 42 C.F.R. § 433.56 for a list of permissible classes upon which states may impose health care-related taxes.

tax. The taxpayers appear to have entered into oral or written agreements (meaning explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments to ensure that all taxpayers receive all or a portion of their tax back, when considering each provider's retained portion of any original Medicaid payment (either directly from the state or from the state through a managed care plan<sup>2</sup>) and any redistribution payment received by the provider from another taxpayer or taxpayers. These redistribution payments may be made directly from one taxpaying provider to another, or the funds may be contributed first to an intermediary redistribution pool.

In these hold harmless arrangements, there appear to be agreements among providers (explicit or implicit in nature) such that providers that furnish a relatively high percentage of Medicaid-covered services redistribute a portion of their Medicaid payments to providers with relatively low (or no) Medicaid service percentage. The redistributions occur so that taxpaying providers are held harmless for all or a portion of the health care-related tax. This may include the redistribution of Medicaid payments to providers that serve no Medicaid beneficiaries.

These tax programs appear to contain impermissible hold harmless arrangements as defined in section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3) that require a reduction in medical assistance expenditures prior to the calculation of federal financial participation as required under section 1903(w)(1)(A) and (w)(1)(A)(iii) of the Act. Here is a detailed example of a hold harmless arrangement involving Medicaid payment redistribution:

- A state imposes a hospital tax based on the volume of inpatient hospital services provided. The tax is broad-based, uniform, and is imposed on 10 hospitals.
- Six of the hospitals serve a high percentage of Medicaid beneficiaries, three serve a low percentage of Medicaid beneficiaries, and one hospital does not participate in Medicaid.
- The state uses the tax revenue as the source of non-federal share of Medicaid payments, which are made back to nine of the hospitals through SDPs. The tenth hospital, which does not participate in Medicaid, does not receive any SDPs directly from state-contracted managed care plans.
- Nine hospitals enter into oral or written agreements (meaning an explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments that the eight of the nine Medicaid-participating hospitals receive. Under this arrangement, five of the six hospitals that furnish a high percentage of Medicaid-covered services receive Medicaid payments from the managed care plans, then redistribute a portion of their Medicaid payments to the remaining four hospitals with lower Medicaid service percentages (including to the one hospital that does not participate in Medicaid). The redistribution amounts are calculated to guarantee that the nine participating hospitals, including those redistributing their own payments and those receiving the redistribution amounts, receive most, all, or more than all of their total tax cost back.
- The agreement among the taxpaying hospitals results in a reasonable expectation that the taxpaying hospitals, whether directly through their Medicaid payments or due to the

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<sup>2</sup> The term managed care plan is used here and throughout this guidance to include managed care organizations (MCOs), prepaid inpatient health plans (PIHPs), and prepaid ambulatory health plans (PAHPs) as defined in 42 C.F.R. § 438.2.

availability of the redistributed payments received from five of the six high Medicaid service volume hospitals (regardless of whether the funds were first pooled and then redistributed), are held harmless for at least part of their health care-related tax costs.

- The high-percentage Medicaid hospitals are willing to participate because they still financially benefit from the tax program (even net of the redistribution payments they make to the lower Medicaid service volume hospitals), and the redistribution enables broad support for the tax program from all hospitals, ensuring constituent support for the state law authorizing the tax program.

Section 1903(w)(4) of the Act describes what constitutes a hold harmless arrangement. Specifically, section 1903(w)(4)(C)(i) provides that a hold harmless provision exists where “[t]he State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” Implementing regulations at 42 C.F.R. § 433.68(f)(3) specify that a hold harmless arrangement exists where “[t]he State (or other unit of government) imposing the tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount” (emphasis added). In the preamble to the 2008 final rule amending the above-referenced regulation, CMS wrote that “[a] direct guarantee will be found when a State payment is made available to a taxpayer or a party related to the taxpayer with the reasonable expectation that the payment would result in the taxpayer being held harmless for any part of the tax (through direct or indirect payments).”<sup>3</sup>

The word “indirect” in the regulation, highlighted in the excerpt above, makes clear that the state or other unit of government imposing the tax itself need not be involved in the actual redistribution of Medicaid payments for the purpose of making taxpayers whole for the arrangement to qualify as a hold harmless. It is possible for a state to indirectly provide a payment within the meaning of section 1903(w)(4)(C)(i) of the Act that guarantees to hold taxpayers harmless for any portion of the costs of the tax, if some or all of the taxpayers receive those payments at issue through an intermediary (for example, a hospital association or similar provider affiliated organization) rather than directly from the state or its contracted managed care plan. As CMS further explained in preamble to the 2008 final rule, we used the term “reasonable expectation” because “state laws were rarely overt in requiring that state payments be used to hold taxpayers harmless.”<sup>4</sup> In the preamble, we also gave an example of state laws providing grants to nursing home residents who experienced increased charges as a result of nursing facility bed taxes; even though no state law typically required residents to use the grant funds to pay the increased nursing home fees, these direct state payments to nursing home residents indirectly held the nursing facilities harmless for their health care-related tax costs because of the reasonable expectation that their residents would use the state payments to repay the nursing facilities for all or a portion of their tax costs.<sup>5</sup> It remains true that hold harmless arrangements typically are not overtly established through state law but can be based instead on reasonable expectations that certain actions will take place among participating entities that will result in taxpayers being held harmless for all or a portion of their health care-related tax costs.

<sup>3</sup> 73 Federal Register 9685, 9694-95 (Feb. 22, 2008).

<sup>4</sup> 73 Federal Register 9694

<sup>5</sup> *Id.*

Accordingly, an arrangement in which providers receive Medicaid payments from the state (or from a state-contracted managed care plan), then redistribute those payments such that taxed providers are held harmless for all or any portion of their cost of the tax, would constitute a prohibited hold harmless provision under section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3). Section 1903(w)(1)(A)(iii) of the Act and 42 C.F.R. § 433.70(b) require that CMS reduce a state's medical assistance expenditures by the amount of health care-related tax collections that include hold harmless arrangements, prior to calculating federal financial participation.

Some states have cited challenges with identifying and providing details on redistribution arrangements because they may not be parties to the redistribution agreements. A lack of transparency involving health care-related taxes and Medicaid payments may prevent both CMS and states from having information necessary to ensure sources of non-federal share meet statutory requirements. States have an obligation to ensure that the sources of non-federal share of Medicaid expenditures comport with federal statute and regulations. As a result, states should make clear to their providers that these arrangements are not permissible under federal requirements, learn the details of how health care-related taxes are collected, and take steps to curtail these practices if they exist.

As part of the agency's normal oversight activities and review of state payment proposals, CMS intends to inquire about potential redistribution arrangements and may conduct detailed financial management reviews of health care-related tax programs that appear to include redistribution arrangements or that CMS has information may include redistribution arrangements. As part of their obligation to ensure state sources of non-federal share meet federal requirements, we expect states to have detailed information available regarding their health care-related taxes. Consistent with federal requirements, CMS expects states to make available all requested documentation regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments. States should work with their providers to ensure necessary information is available. Where appropriate, states should examine their provider participation agreements and managed care plan contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state. States may consult section 1902(a)(6) of the Act, 45 C.F.R. § 75.364, 42 C.F.R. § 433.74, and 42 C.F.R. part 438 for any requirements related to CMS' authority to request records and documentation related to the Medicaid program. In particular, 42 C.F.R. § 433.74(a) requires that states, "must also provide any additional information requested by the Secretary related to any . . . taxes imposed on . . . health care providers," and the "States' reports must present a complete, accurate, and full disclosure of all of their donation and tax programs and expenditures." 42 C.F.R. § 433.74(d) specifies that a failure to comply with reporting requirements may result in a deferral or disallowance of federal financial participation. If CMS or an outside oversight agency, such as the state auditing agency or the HHS Office of Inspector General discovers the existence of impermissible financing practices related to health care-related taxes CMS will take enforcement action as necessary. CMS is available to provide technical assistance and work with states to ensure the permissibility of all of the sources of the non-federal share of Medicaid expenditures, including any health care-related taxes the state may impose.

## **Conclusion**

CMS recognizes that health care-related taxes can be a permissible source of funding for the non-federal share of Medicaid expenditures. CMS is available to provide technical assistance to states, including by reviewing proposals or existing arrangements and providing feedback to develop or modify health care-related taxes to align with state policy goals and federal requirements. One key federal requirement is that a health care-related tax cannot have a hold harmless provision that guarantees to return all or a portion of the tax back to the taxpayer. Health care-related tax programs in which taxpayers enter into agreements (explicit or implicit in nature) to redistribute Medicaid payments so that taxpayers have a reasonable expectation that they will receive all or a portion of their tax cost back generally involve a hold harmless arrangement that does not comply with federal statute and regulations.

CMS will continue to approve permissible health care-related tax programs that do not contain hold harmless arrangements and meet all other applicable federal requirements. These taxes often finance critical health care programs that pay for care furnished to Medicaid beneficiaries and shore up the health care safety net in our country. As always, CMS intends to work collaboratively with states by providing technical assistance as necessary to ensure the programmatic and fiscal integrity of the Medicaid program. For questions or to request technical assistance, please contact Rory Howe at [rory.howe@cms.hhs.gov](mailto:rory.howe@cms.hhs.gov).

Message

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**From:** Snyder, Laura (CMS/CMCS); (b)(6)  
(b)(6)  
**Sent:** 3/7/2023 1:38:17 PM  
**To:** Giles, John (CMS/CMCS); (b)(6)  
(b)(6)  
**Subject:** FW: FW: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630  
**Attachments:** RE: RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi John,

Here is my draft response; let me know if you are good with it.

Hi Jonathan,

Thank you for following up so quickly **on North Carolina** – we will begin moving that ahead to approval.

**On Oregon**, we understand that the issue uncovered during the SDP review is likely to take more time and you all need more information from the state first. We have received last night the following email from the state. They have not been issuing these payments to their hospitals, including CAHs. We do believe that the best path forward is to issue conditional approval letters of the SDPs; allowing you all to continue working with the state on the underlying issue with the tax waiver. The conditional language could look something like:

“This approval letter does not constitute approval of any Medicaid managed care plan contracts or rate certifications for the aforementioned rating period(s), or any specific Medicaid financing mechanism used to support the provider payment arrangement. All other federal laws and regulations apply. This approval letter only satisfies the regulatory requirement pursuant to 42 CFR 438.6(c)(2) for written approval prior to implementation of any payment arrangement described in 42 CFR 438.6(c)(1). Approval of the corresponding Medicaid managed care plan contracts and rate certifications is still required.

*As part of the review process for state directed payments, CMS has become aware of some concerns with the state’s underlying tax waiver that funds the non-federal share of this state directed payment. As a reminder, all federal requirements concerning the non-federal share contribution and financing requirements apply to all Medicaid expenditures regardless of delivery system. CMS is able to approve this preprint under with the condition that the state continue working with CMS on resolving any concerns with the underlying tax waiver before submitting pursuing this payment arrangement for prior approval in a subsequent rating period. Please contact [insert appropriate contact] if the state requires technical assistance.”*

**On the SOP at large**, I think that in the past, we have had success with states in adding conditional language to approval letters. We have employed this strategy around ACR analyses; when states have had challenges providing the ACR analysis at the provider class and service level that we request from state’s today, we include conditional language like that below.

*“As part of the review process for state directed payments, CMS has required states to demonstrate that the state directed payments result in provider payment rates that are reasonable, appropriate, and attainable. To do this, CMS has required an analysis from states to understand the relative effect of the state directed payment(s) on reimbursement for each service type and each provider class receiving the state directed payment(s) using a standard measure such as Medicare, Medicaid state plan FFS rates, or Average Commercial Rate (ACR). CMS appreciates the information that New York provided in the preprint comparing reimbursement to estimated benefit expenses for residential services. CMS is able to approve this preprint with the condition that the state provide a more robust analysis should the state pursue this payment arrangement in a subsequent rating period. Please contact [statedirectedpayment@cms.hhs.gov](mailto:statedirectedpayment@cms.hhs.gov) if the state requires technical assistance.”*

We pair that strategy with an offer for TA, which states generally take up. We now have monthly calls with LA, biweekly calls with NY and did so with MS in the lead up to their most recent submission; the strategy has been successful in getting better data from states.

It also is similar to a strategy we used with Rhode Island and New Hampshire in the past, both of which had long-standing issues with their provider taxes. After obtaining a commitment from the states, we approved the SDPs and issued companion letters that you all drafted outlining the concerns with the underlying taxes. I believe in both cases, the states have now resolved the underlying concerns with those financing sources.

With the rule, we are moving to where we will have better legal footing to deny SDPs generally, on financing grounds as well as others. Those rules are obviously would still need to go out for public comment and then be finalized, etc. In the interim, I think that we can use the approach outlined earlier; if a state comes in for renewal after the approval letter has been issued with conditional language about an underlying financing issue (like a tax waiver) and the state hasn't made progress on addressing the issue, then I think we would suggest bringing it to a clearance meeting with OCD to determine next steps.

I know we have the SOP meeting now scheduled for March 20; we will prep up a document for that meeting that will lay this out that I think, once we have agreement at a staff level, we can raise up our respective chains for sign off.

Does that approach seem workable for you all?

Thanks,  
Laura

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>  
**Sent:** Monday, March 6, 2023 8:24 AM  
**To:** Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>  
**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Giles, John (CMS/CMCS) <John.Giles1@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Laura,

Thank you for the summary and for your request. I am raising this issue up to my Division leadership. My understanding is that there are three SDPs in two states that have been held up on the basis of financing. One is NC\_Fee\_OPH\_Renewal\_20220701-20230630, one is OR: Tax Waiver for OR\_Fee\_IPH.OPH1, and one is OR\_Fee\_IPH.OPH2 renewals.

Regarding North Carolina, we had a discussion with Rory on March 1, 2023 and he indicated, like you have in the past, that the current North Carolina pre-print that is on hold due to financing concerns is not the one about which we have possible hold harmless concerns. As you know, we are still working through questions on the North Carolina tax waiver. I would like to send the following attached questions to North Carolina on their tax waiver and I am waiting on clearance from Branch leadership and Division leadership to do so. These are questions that we need answers to before approving the tax waiver that North Carolina sent us.

Regarding Oregon, we plan on sending Oregon an email containing the following information:

1. Regulatory definition on inpatient hospital services and outpatient hospital services
2. Asking Oregon on what line they are claiming expenditures for the two excluded facilities on the form CMS-64. We often look at this to determine what class a facility should be in for purposes of health care-related taxes if there is a question about that.
3. The state plan pages that describe how these facilities are reimbursed. For similar rationale as the prior point.
4. Are there other rehab hospitals or psychiatric hospitals that the state of Oregon does not include in its IP and OP hospital services taxes or are these the only two such facilities?



I am optimistic that the North Carolina issue can be resolved in somewhat shorter order, especially because the potential hold harmless issues do not appear to apply to this specific pre-print. Regarding Oregon, I believe that this may end up being a long, complicated, drawn out, and potentially contentious issue.

I will raise the approach that you suggested to my branch and division leadership. If necessary, we will also raise to our group leadership. I think that having a standard operating procedure when it comes to issues such as this would be beneficial. With regard to the conditional language, I think we would like to see a written statement from DMCP regarding what would occur if a state promised to fix a certain financing issue and failed to do so when they submitted a subsequent pre-print funded by the same source. These are hard issues, and we appreciate your continued support and partnership. I also look forward to working some of the details of these issues out in our SOP discussions.

Best,

Jonathan

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**From:** Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Sent:** Wednesday, March 1, 2023 4:35 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Jonathan,

Thank you for the discussion at the tax meeting today. In alignment with the discussion we had on Oregon, DMCP would prefer to move ahead with approval of this SDP. This is a long-standing SDP. It is a renewal that was submitted in April 2022. All other aspects of this review have concluded and it is otherwise ready for approval. From the discussions and the question sets, it is clear that there is significant work to do with the state on cleaning up their tax waivers. We appreciate and support your team's work to identify and correct the underlying issue with the state's tax waiver that was originally approved in 2012.

Given that this payment arrangement is a renewal of an existing payment arrangement, we believe the most prudent measure would be to include conditional language in the SDP approval letter about the concerns related to the provider tax that we'd like to work with FMG on crafting and setting an expectation for the state to continue working on this issue.

DMCP will plan to move ahead with the proposed approach next week. Please let us know by **COB, 3/9** if you all have significant concerns with this approach.

Thanks,  
Laura

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Tuesday, February 28, 2023 4:28 PM  
**To:** Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>  
**Cc:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Laura,

I think that the SDP approach you outlined is my understanding as well. I do not believe that we have received final confirmation from Rory on this point. In addition to the hold harmless concerns, we have separate concerns with the state's tax waiver request. For one, it appears as though North Carolina is charging a different tax rate for each quarter and then taking the average of all of those rates and saying that is what they are taxing hospitals. However, that is not the case. It is an average of what they are taxing the hospitals. Every time the state makes a non-uniform change to its tax rates, they must apply for a new tax waiver. I do not believe the state can do what they appear to be doing within a single tax waiver. I can forward you the appointment to our tax meeting if that would be helpful.

Best,

Jonathan

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**From:** Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>  
**Sent:** Tuesday, February 28, 2023 4:24 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Cc:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Pulling off the state.

I wanted to check – I understand that there are concerns with the information collected and how it is captured in their tax waiver. My understanding that I wanted to check with you all since you are meeting on this tomorrow is that the companion letter noting the hold harmless concern could be issued with the approval of the SDP while you all continue

to work with the state to better document and appropriately seek waiver authority for the changes to their tax waiver separately and apart from the SDP review. In other words, the SDP approval would not need to be held until the tax waiver was updated and approved by you all. Does that match? If not, I do think we in DMCP would have significant concerns with such an approach as this SDP has been pending since last April for a contract rating period that is soon ending.

Thanks,  
Laura

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Tuesday, February 28, 2023 4:04 PM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hello Ms. Staton,

This is Jonathan Endelman from the CMS tax team. We are reviewing the state's tax waiver. We have reviewed the information provided by North Carolina and we do have several questions for the state regarding its tax waiver. We will meet as a team tomorrow to finalize them and we should have something for you then. Thank you.

Best,

Jonathan

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Tuesday, February 28, 2023 3:10 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

Are there any questions that CMS has for the state regarding the preprint?

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, February 2, 2023 12:11 PM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Betty,

Thank you for your email. CMS acknowledges receipt of the state's responses and documentation. We will follow up with any additional questions after review.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, February 2, 2023 11:34 AM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Please see attached the requested information. Thanks again for the extension.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** Staton, Betty J  
**Sent:** Monday, January 23, 2023 11:58 AM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks so much Lovie.

**Betty Jenkins Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)  
Office: 919-527-7093



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Monday, January 23, 2023 11:56 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. An extension until February 3, 2023 is fine.

Thanks,

Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Saturday, January 21, 2023 4:49 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting extension until 2/3/23 as staff working on the answers will be out of office.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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**From:** Staton, Betty J

**Sent:** Wednesday, January 18, 2023 5:54 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Acknowledging receipt.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Wednesday, January 18, 2023 4:41 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Cecilia and Betty,

Please find attached questions regarding North Carolina's tax statistical test and hold harmless arrangement. Please provide responses by January 30, 2023 if possible.

Thank you,

Lovie

**From:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Sent:** Thursday, December 15, 2022 11:16 AM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Thanks, Lovie!

This update is appreciated.

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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Mobile: (b)(6)

Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building

1950 Mail Service Center

Raleigh, NC 27699-1950

[Twitter](#) | [Facebook](#) | [YouTube](#) | [LinkedIn](#)

**From:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>

**Sent:** Thursday, December 15, 2022 11:13 AM

**To:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; CMS

State Directed Payment <StateDirectedPayment@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. Follow up questions regarding the preprint are being finalized and will be issued to the state. If you have any additional questions please let us know.

Thanks,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Tuesday, December 13, 2022 1:28 PM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

We hope all is well. Are there any updates on the Submission mentioned below or is there any additional information needed from the state at this time?

Thanks so much!

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building

1950 Mail Service Center

Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Monday, November 28, 2022 11:25 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Thanks for the acknowledgment.

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)

Office: 919-527-7093



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Monday, November 28, 2022 11:23 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. The state's submission is being reviewed by the CMS Financial Management Group. We will check the status and follow up with the state.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Tuesday, November 22, 2022 1:55 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good afternoon,

Does CMS need additional information regarding this submission?

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](http://YourSpotYourShot.nc.gov).

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, October 6, 2022 7:22 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good morning,

Attached are two submissions, recognizing different CMS areas of responsibility.

1. Standard submission to CMS for the Hospital Tax Waiver request. This is pursuant to CMS guidance in their communication on September 13, 2022 as part of this subject preprint. This submission should include:
  - a. Provider Tax Waiver Letter (pdf)
  - b. NC B1 / B2 Test (Excel)
  - c. NCGS 108a, Article 7B (pdf)
  
2. Secondly, the same three documents plus the response to the Round 4 Questions (Word) for the Preprint Team.

Thanks,

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid



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Office: (919) 527-7105

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820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, September 22, 2022 3:08 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie, we appreciate it.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, September 22, 2022 2:33 PM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Betty,

An extension until October 3, 2022 is granted.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, September 22, 2022 12:59 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting an extension until 10/3/22 to submit responses.

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Sent:** Tuesday, September 13, 2022 1:52 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E

<[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi, Lovie!

This has been received and will be shared with the NC teams.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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Mobile:

Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building

1950 Mail Service Center

Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Tuesday, September 13, 2022 1:49 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS)

<[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E

<[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed Payment

<[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon,

Please find attached CMS' Round 4 questions and corresponding documents regarding this preprint. Please provide responses by September 23, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Wednesday, August 31, 2022 1:13 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good Afternoon Cecelia,

CMS acknowledges receipt of the state's responses and corresponding document.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Sent:** Friday, August 26, 2022 10:48 AM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good morning, everyone!

Please see the attached from the state. Once again, thanks for the extension.

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, August 18, 2022 3:46 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, August 18, 2022 3:41 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. An extension until 8/26 is fine.



Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, August 18, 2022 2:33 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS)

<[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E

<[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

Our team need additional time to submit the questions mentioned below and would like to request an extension until 8/26.

Please advise if this is acceptable.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Friday, August 12, 2022 11:31 AM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Please find attached CMS' Round 3 questions and corresponding documents regarding this preprint. Please provide responses by August 22, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Sent:** Monday, July 18, 2022 1:41 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>  
**Subject:** RE: [External] RE: NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi All,

Please find the attached from the NC team.

Thanks so much!

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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href="https://urldefense.com/v3/\_\_https://gcc02.safelinks.protection.outlook.com/?url=https\*3A\*2F\*2Furldefense.com\*2Fv3\*2F\_\_https\*3A\*2Fgcc02.safelinks.protection.outlook.com\*2F\*3Furl\*3Dhttps\*3A\*2F\*2Furldefense.com\*2Fv3\*2F\_\_https\*3A\*2Fgcc02.safelinks.protection.outlook.com\*2F\*3Furl\*3Dhttps\*3A\*2F\*2Furldefense

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Message

---

**From:** Endelman (he/him), Jonathan (CMS/CMCS) [redacted] (b)(6)  
[redacted] (b)(6)

**Sent:** 2/24/2023 4:00:31 PM

**To:** CMS State Directed Payment [statedirectedpayment@cms.hhs.gov]; Goldstein, Stuart (CMS/CMCS) [stuart.goldstein@cms.hhs.gov]; Bonelli, Anna (CMS/CMCS) [anna.bonelli@cms.hhs.gov]; Heitt, Melissa (CMS/FCHCO) [melissa.heitt@cms.hhs.gov]; Schoonover, Matthew (CMS/CMCS) [matthew.schoonover@cms.hhs.gov]; Arnold, Charlie (CMS/CMCS) [charlie.arnold@cms.hhs.gov]; Clark, Jennifer (CMS/CMCS) [jennifer.clark@cms.hhs.gov]; Cuno, Richard (CMS/CMCS) [richard.cuno@cms.hhs.gov]; Fan, Kristin (CMS/CMCS) [kristin.fan@cms.hhs.gov]; Mosley, Elle (CMS/CMCS) [larrica.mosley@cms.hhs.gov]

**CC:** Snyder, Laura (CMS/CMCS) [laura.snyder1@cms.hhs.gov]

**Subject:** RE: RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

**Attachments:** Follow up Questions on North Carolina.docx

Dear all,

Reviewing North Carolina's Word Document, its pdf tax waiver narrative, and its Excel spreadsheet, it appears that North Carolina charges different rates **for each quarter**. As a result, the tax rates that it claims that it is charging the hospitals for inpatient and outpatient hospital services in the word document responses are not the actual tax rates they are charging the hospitals. They are an average of the rates that they are charging the hospitals across four quarters. When CMS reviews a tax waiver, we review one set of rates. We do not review multiple sets of rates at the same time. If the state needs to change the rates in a non-uniform fashion, they need to come in with a new tax waiver. We can't pre-approve multiple changes. We did write in California's MCO tax waiver that they were approved for different tax rates for multiple years, but we should not have done that in my opinion. We do have states that change their tax rates every quarter in a non-uniform fashion. Nevada in their nursing facility tax does this, for example. However, they also come in with a request for a new tax waiver every quarter.

In addition to the different rates for every quarter issue, I believe North Carolina needs to revise its pdf tax waiver narrative. In it, they combine the tax rates for inpatient hospital services and outpatient hospital services. However, inpatient hospital services and outpatient hospital services are separate permissible classes and we analyze them separately. In its word document responses, the state does provide separate inpatient and outpatient hospital services rates. I believe that they should revise their tax waiver letter to reflect separate inpatient hospital services and outpatient hospital services as well.

Regarding the possible hold harmless issue, we are still awaiting clearance from Rory to adopt the companion letter approach for North Carolina. If people on the team could please take a look at the questions and let me know their thoughts on the issue, I would sincerely appreciate it. Thank you.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
[jonathan.endelman@cms.hhs.gov](mailto:jonathan.endelman@cms.hhs.gov)  
7500 Security Blvd.  
Mail Stop, S3-14-28

Baltimore, MD 21244-1850

**From:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Sent:** Tuesday, February 14, 2023 5:08 AM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>; Heitt, Melissa (CMS/FCHCO) <Melissa.Heitt@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>  
**Cc:** Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Jonathan,

We're following up on the email below. Does FMG have any feedback on the state's responses or additional questions for the state?

Thanks,  
Lovie

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>  
**Sent:** Thursday, February 2, 2023 1:45 PM  
**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>; Heitt, Melissa (CMS/FCHCO) <Melissa.Heitt@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>  
**Cc:** Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Lovie,

Thank you for checking and for acknowledging receipt to the State. Yes. We have received these documents. We will regroup internally and provide you with a response.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
[jonathan.endelman@cms.hhs.gov](mailto:jonathan.endelman@cms.hhs.gov)  
7500 Security Blvd.  
Mail Stop, S3-14-28  
Baltimore, MD 21244-1850

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, February 2, 2023 1:19 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Cc:** Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** FW: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good Afternoon FMG,

We wanted to make sure you received the email below from North Carolina. The state has submitted responses to FMG's questions. Please see the attached documents.

Please let us know if FMG has any concerns with these funding sources and/or has follow up questions that you'd like us to send the state by **February 9, 2023 if possible**. If DMCP does not receive a response by this deadline, we will assume that you have no questions for the state on the financing of this payment arrangement at this time.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, February 2, 2023 11:34 AM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

Please see attached the requested information. Thanks again for the extension.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** Staton, Betty J

**Sent:** Monday, January 23, 2023 11:58 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks so much Lovie.

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Monday, January 23, 2023 11:56 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. An extension until February 3, 2023 is fine.

Thanks,  
Lovie

**From:** Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Sent:** Saturday, January 21, 2023 4:49 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting extension until 2/3/23 as staff working on the answers will be out of office.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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**From:** Staton, Betty J

**Sent:** Wednesday, January 18, 2023 5:54 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Acknowledging receipt.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: (b)(6)



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Wednesday, January 18, 2023 4:41 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Cecilia and Betty,

Please find attached questions regarding North Carolina's tax statistical test and hold harmless arrangement. Please provide responses by January 30, 2023 if possible.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, December 15, 2022 11:16 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Thanks, Lovie!

This is update is appreciated.

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

[NC Department of Health and Human Services](#)



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820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, December 15, 2022 11:13 AM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. Follow up questions regarding the preprint are being finalized and will be issued to the state. If you have any additional questions please let us know.

Thanks,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Sent:** Tuesday, December 13, 2022 1:28 PM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

We hope all is well. Are there any updates on the Submission mentioned below or is there any additional information needed from the state at this time?

CMS01855cv1712

Thanks so much!

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Monday, November 28, 2022 11:25 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia  
<[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Thanks for the acknowledgment.

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Monday, November 28, 2022 11:23 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. The state's submission is being reviewed by the CMS Financial Management Group. We will check the status and follow up with the state.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Tuesday, November 22, 2022 1:55 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good afternoon,

Does CMS need additional information regarding this submission?

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://www.yourspotyourshot.nc.gov).

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, October 6, 2022 7:22 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good morning,

Attached are two submissions, recognizing different CMS areas of responsibility.

1. Standard submission to CMS for the Hospital Tax Waiver request. This is pursuant to CMS guidance in their communication on September 13, 2022 as part of this subject preprint. This submission should include:
  - a. Provider Tax Waiver Letter (pdf)
  - b. NC B1 / B2 Test (Excel)
  - c. NCGS 108a, Article 7B (pdf)
  
2. Secondly, the same three documents plus the response to the Round 4 Questions (Word) for the Preprint Team.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, September 22, 2022 3:08 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie, we appreciate it.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, September 22, 2022 2:33 PM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Betty,

An extension until October 3, 2022 is granted.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, September 22, 2022 12:59 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting an extension until 10/3/22 to submit responses.

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile (b)(6)

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**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Tuesday, September 13, 2022 1:52 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi, Lovie!

This has been received and will be shared with the NC teams.

Thanks,

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
[NC Department of Health and Human Services](http://NC.Department.of.Health.and.Human.Services)



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Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Tuesday, September 13, 2022 1:49 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon,

Please find attached CMS' Round 4 questions and corresponding documents regarding this preprint. Please provide responses by September 23, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Wednesday, August 31, 2022 1:13 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good Afternoon Cecelia,



CMS acknowledges receipt of the state's responses and corresponding document.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Friday, August 26, 2022 10:48 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good morning, everyone!

Please see the attached from the state. Once again, thanks for the extension.

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid

Division of Health Benefits  
NC Department of Health and Human Services



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[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, August 18, 2022 3:46 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS)

<Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Sent:** Thursday, August 18, 2022 3:41 PM  
**To:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>  
**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. An extension until 8/26 is fine.

Thank you,  
Lovie

**From:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>  
**Sent:** Thursday, August 18, 2022 2:33 PM  
**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>  
**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

Our team need additional time to submit the questions mentioned below and would like to request an extension until 8/26.

Please advise if this is acceptable.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Friday, August 12, 2022 11:31 AM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS)

<[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E

<[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State

Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Please find attached CMS' Round 3 questions and corresponding documents regarding this preprint. Please provide responses by August 22, 2022 if possible. If you have any questions please let us know.

Thank you,

Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Monday, July 18, 2022 1:41 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS)

<[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E

<[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>

**Subject:** RE: [External] RE: NC\_Fee\_OPH\_Renewal\_20220701-20230630



## Follow up Questions on North Carolina's Responses from February 2, 2023

1. North Carolina appears to have different rates for different quarters. For example, Public Hospitals are taxed .46% of total hospital costs in Q1 of SFY 2023, .43% of total hospital costs in Q2 of SFY 2023, .45% of total hospital costs in Q3 of 2023, and .54% of total hospital costs in Q4 of 2023. Private hospitals are taxed .91% of total hospital costs in Q1 of 2023, .86% of total hospital costs in Q2 of 2023, .89% of total hospital costs in Q3 of 2023, and 1.07% of total hospital costs in Q4 of 2023. When CMS approves a tax waiver we approve it for one set of rates. Any future non-uniform changes to those rates would require a submission of a new tax waiver. A uniform change means a change that is the same percentage change for each taxpayer group subject to the tax. For example, if a state has a tax on inpatient hospital services and charges Hospital Group A \$100 per discharge and Hospital Group B \$10 per discharge a uniform change would be a 10% reduction to \$90 per discharge for Hospital Group A and \$9 per discharge for hospital group B. There are states that have tax rates that change in a non-uniform fashion on a quarterly basis for a health care-related tax. However, those states submit new tax waivers every quarter to account for the new rates. CMS cannot approve multiple different rates in the same tax waiver as North Carolina has proposed.
2. In its response to question four and in the "Tax Buildup" tab North Carolina states that its tax rates are as follows: For the inpatient tax: 1.93% of hospital service costs for Public Hospitals and 3.78% of hospital service costs for Private Hospitals. For the outpatient tax: 1.83% of hospital service costs for Public Hospitals and 3.66% of hospital service costs for public hospitals. However, from the spreadsheet provided, it appears that these are numbers in aggregate and not the actual rates that the State of North Carolina will be taxing its hospitals. As pointed out in question one, it appears as though the actual rates charged to hospitals for the inpatient and outpatient hospital services taxes fluctuate from quarter to quarter. Is this correct?
3. In its tax waiver request, North Carolina listed the "estimated rate of assessment for private hospitals" as 3.73% and the "public hospital rate" as 1.88%. However, that appears to be a combination of the inpatient hospital services tax and the outpatient hospital services tax together. Would it be possible for the state to resubmit the letter and separate out the rates for the inpatient hospital services tax and the outpatient hospital services tax for private and public hospitals? Health care-related tax waivers are done on the basis of the permissible class, as defined at section 1903 (w)(7) of the Social Security Act and implementing regulations at 42 CFR 433.56. Since inpatient hospital services and outpatient hospital services are listed as separate permissible classes, CMS analyzes each separately.

Message

**From:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6)

**Sent:** 3/6/2023 1:23:40 PM

**To:** Snyder, Laura (CMS/CMCS); (b)(6)  
(b)(6); Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6); Bonelli, Anna  
(CMS/CMCS); (b)(6)  
(b)(6); Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6); Fan, Kristin  
(CMS/CMCS); (b)(6)

**CC:** Graves, Donald (CMS/CMCS); (b)(6)  
(b)(6); Giles, John (CMS/CMCS)  
CMS State Directed  
Payment; (b)(6)  
(b)(6); Arnold, Charlie  
(CMS/CMCS); (b)(6)  
(b)(6)

**Subject:** RE: RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

**Attachments:** RE: RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Laura,

Thank you for the summary and for your request. I am raising this issue up to my Division leadership. My understanding is that there are three SDPs in two states that have been held up on the basis of financing. One is NC\_Fee\_OPH\_Renewal\_20220701-20230630, one is OR: Tax Waiver for OR\_Fee\_IPH.OPH1, and one is OR\_Fee\_IPH.OPH2 renewals.

Regarding North Carolina, we had a discussion with Rory on March 1, 2023 and he indicated, like you have in the past, that the current North Carolina pre-print that is on hold due to financing concerns is not the one about which we have possible hold harmless concerns. As you know, we are still working through questions on the North Carolina tax waiver. I would like to send the following attached questions to North Carolina on their tax waiver and I am waiting on clearance from Branch leadership and Division leadership to do so. These are questions that we need answers to before approving the tax waiver that North Carolina sent us.

Regarding Oregon, we plan on sending Oregon an email containing the following information:

1. Regulatory definition on inpatient hospital services and outpatient hospital services
2. Asking Oregon on what line they are claiming expenditures for the two excluded facilities on the form CMS-64. We often look at this to determine what class a facility should be in for purposes of health care-related taxes if there is a question about that.
3. The state plan pages that describe how these facilities are reimbursed. For similar rationale as the prior point.
4. Are there other rehab hospitals or psychiatric hospitals that the state of Oregon does not include in its IP and OP hospital services taxes or are these the only two such facilities?

I am optimistic that the North Carolina issue can be resolved in somewhat shorter order, especially because the potential hold harmless issues do not appear to apply to this specific pre-print. Regarding Oregon, I believe that this may end up being a long, complicated, drawn out, and potentially contentious issue.

I will raise the approach that you suggested to my branch and division leadership. If necessary, we will also raise to our group leadership. I think that having a standard operating procedure when it comes to issues such as this would be beneficial. With regard to the conditional language, I think we would like to see a written statement from DMCP regarding what would occur if a state promised to fix a certain financing issue and failed to do so when they submitted a subsequent pre-print funded by the same source. These are hard issues, and we appreciate your continued support and partnership. I also look forward to working some of the details of these issues out in our SOP discussions.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
[jonathan.endelman@cms.hhs.gov](mailto:jonathan.endelman@cms.hhs.gov)  
7500 Security Blvd.  
Mail Stop, S3-14-28  
Baltimore, MD 21244-1850

**From:** Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>

**Sent:** Wednesday, March 1, 2023 4:35 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Giles, John (CMS/CMCS) <John.Giles1@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Jonathan,

Thank you for the discussion at the tax meeting today. In alignment with the discussion we had on Oregon, DMCP would prefer to move ahead with approval of this SDP. This is a long-standing SDP. It is a renewal that was submitted in April 2022. All other aspects of this review have concluded and it is otherwise ready for approval. From the discussions and the question sets, it is clear that there is significant work to do with the state on cleaning up their tax waivers. We appreciate and support your team's work to identify and correct the underlying issue with the state's tax waiver that was originally approved in 2012.

Given that this payment arrangement is a renewal of an existing payment arrangement, we believe the most prudent measure would be to include conditional language in the SDP approval letter about the concerns related to the provider tax that we'd like to work with FMG on crafting and setting an expectation for the state to continue working on this issue.

DMCP will plan to move ahead with the proposed approach next week. Please let us know by **COB, 3/9** if you all have significant concerns with this approach.

Thanks,  
Laura

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Tuesday, February 28, 2023 4:28 PM  
**To:** Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>  
**Cc:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Laura,

I think that the SDP approach you outlined is my understanding as well. I do not believe that we have received final confirmation from Rory on this point. In addition to the hold harmless concerns, we have separate concerns with the state's tax waiver request. For one, it appears as though North Carolina is charging a different tax rate for each quarter and then taking the average of all of those rates and saying that is what they are taxing hospitals. However, that is not the case. It is an average of what they are taxing the hospitals. Every time the state makes a non-uniform change to its tax rates, they must apply for a new tax waiver. I do not believe the state can do what they appear to be doing within a single tax waiver. I can forward you the appointment to our tax meeting if that would be helpful.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
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7500 Security Blvd.  
Mail Stop, S3-14-28  
Baltimore, MD 21244-1850

**From:** Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>  
**Sent:** Tuesday, February 28, 2023 4:24 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Cc:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; Giles, John (CMS/CMCS) <[John.Giles1@cms.hhs.gov](mailto:John.Giles1@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Pulling off the state.

I wanted to check – I understand that there are concerns with the information collected and how it is captured in their tax waiver. My understanding that I wanted to check with you all since you are meeting on this tomorrow is that the companion letter noting the hold harmless concern could be issued with the approval of the SDP while you all continue to work with the state to better document and appropriately seek waiver authority for the changes to their tax waiver separately and apart from the SDP review. In other words, the SDP approval would not need to be held until the tax waiver was updated and approved by you all. Does that match? If not, I do think we in DMCP would have significant



concerns with such an approach as this SDP has been pending since last April for a contract rating period that is soon ending.

Thanks,  
Laura

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Tuesday, February 28, 2023 4:04 PM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hello Ms. Staton,

This is Jonathan Endelman from the CMS tax team. We are reviewing the state's tax waiver. We have reviewed the information provided by North Carolina and we do have several questions for the state regarding its tax waiver. We will meet as a team tomorrow to finalize them and we should have something for you then. Thank you.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
[jonathan.endelman@cms.hhs.gov](mailto:jonathan.endelman@cms.hhs.gov)  
7500 Security Blvd.  
Mail Stop, S3-14-28  
Baltimore, MD 21244-1850

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Tuesday, February 28, 2023 3:10 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

Are there any questions that CMS has for the state regarding the preprint?

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, February 2, 2023 12:11 PM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Betty,

Thank you for your email. CMS acknowledges receipt of the state's responses and documentation. We will follow up with any additional questions after review.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, February 2, 2023 11:34 AM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

CMS01871cv1712

Please see attached the requested information. Thanks again for the extension.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** Staton, Betty J

**Sent:** Monday, January 23, 2023 11:58 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia  
<[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks so much Lovie.

**Betty Jenkins Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Monday, January 23, 2023 11:56 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. An extension until February 3, 2023 is fine.

Thanks,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Saturday, January 21, 2023 4:49 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting extension until 2/3/23 as staff working on the answers will be out of office.

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** Staton, Betty J  
**Sent:** Wednesday, January 18, 2023 5:54 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Acknowledging receipt.

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Wednesday, January 18, 2023 4:41 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Cecilia and Betty,

Please find attached questions regarding North Carolina's tax statistical test and hold harmless arrangement. Please provide responses by January 30, 2023 if possible.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, December 15, 2022 11:16 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Thanks, Lovie!

This update is appreciated.

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Thursday, December 15, 2022 11:13 AM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. Follow up questions regarding the preprint are being finalized and will be issued to the state. If you have any additional questions please let us know.

Thanks,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Tuesday, December 13, 2022 1:28 PM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

We hope all is well. Are there any updates on the Submission mentioned below or is there any additional information needed from the state at this time?

Thanks so much!

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building

1950 Mail Service Center

Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Monday, November 28, 2022 11:25 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Thanks for the acknowledgment.

**Betty Jenkins Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Monday, November 28, 2022 11:23 AM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. The state's submission is being reviewed by the CMS Financial Management Group. We will check the status and follow up with the state.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Tuesday, November 22, 2022 1:55 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott,



Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Davis, Lovie (CMS/CMCS) <Lovie.Davis@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good afternoon,

Does CMS need additional information regarding this submission?

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Sent:** Thursday, October 6, 2022 7:22 AM

**To:** Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Davis, Lovie (CMS/CMCS) <Lovie.Davis@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good morning,

Attached are two submissions, recognizing different CMS areas of responsibility.

1. Standard submission to CMS for the Hospital Tax Waiver request. This is pursuant to CMS guidance in their communication on September 13, 2022 as part of this subject preprint. This submission should include:
  - a. Provider Tax Waiver Letter (pdf)
  - b. NC B1 / B2 Test (Excel)
  - c. NCGS 108a, Article 7B (pdf)
  
2. Secondly, the same three documents plus the response to the Round 4 Questions (Word) for the Preprint Team.

Thanks,

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
[NC Department of Health and Human Services](https://www.dhhs.nc.gov)



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Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, September 22, 2022 3:08 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie, we appreciate it.

**Betty J. Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Thursday, September 22, 2022 2:33 PM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed

Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Betty,

An extension until October 3, 2022 is granted.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, September 22, 2022 12:59 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting an extension until 10/3/22 to submit responses.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Tuesday, September 13, 2022 1:52 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi, Lovie!

This has been received and will be shared with the NC teams.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Tuesday, September 13, 2022 1:49 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon,

Please find attached CMS' Round 4 questions and corresponding documents regarding this preprint. Please provide responses by September 23, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Wednesday, August 31, 2022 1:13 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good Afternoon Cecelia,

CMS acknowledges receipt of the state's responses and corresponding document.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Sent:** Friday, August 26, 2022 10:48 AM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good morning, everyone!

Please see the attached from the state. Once again, thanks for the extension.

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, August 18, 2022 3:46 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie.

**Betty J. Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Thursday, August 18, 2022 3:41 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. An extension until 8/26 is fine.

Thank you,  
Lovie

**From:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Sent:** Thursday, August 18, 2022 2:33 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS)

<Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E

<melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

Our team need additional time to submit the questions mentioned below and would like to request an extension until 8/26.

Please advise if this is acceptable.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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820 S. Boylan Ave., McBryde Building

1950 Mail Service Center

Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>

**Sent:** Friday, August 12, 2022 11:31 AM

**To:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS)

<Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E

<melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>; CMS State

Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Please find attached CMS' Round 3 questions and corresponding documents regarding this preprint. Please provide responses by August 22, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Sent:** Monday, July 18, 2022 1:41 PM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>  
**Subject:** RE: [External] RE: NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi All,

Please find the attached from the NC team.

Thanks so much!

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
[NC Department of Health and Human Services](#)



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Message

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**From:** Endelman (he/him), Jonathan (CMS/CMCS) (b)(6)  
(b)(6)  
**Sent:** 2/24/2023 4:00:31 PM  
**To:** CMS State Directed Payment [statedirectedpayment@cms.hhs.gov]; Goldstein, Stuart (CMS/CMCS) [stuart.goldstein@cms.hhs.gov]; Bonelli, Anna (CMS/CMCS) [anna.bonelli@cms.hhs.gov]; Heitt, Melissa (CMS/FCHCO) [melissa.heitt@cms.hhs.gov]; Schoonover, Matthew (CMS/CMCS) [matthew.schoonover@cms.hhs.gov]; Arnold, Charlie (CMS/CMCS) [charlie.arnold@cms.hhs.gov]; Clark, Jennifer (CMS/CMCS) [jennifer.clark@cms.hhs.gov]; Cuno, Richard (CMS/CMCS) [richard.cuno@cms.hhs.gov]; Fan, Kristin (CMS/CMCS) [kristin.fan@cms.hhs.gov]; Mosley, Elle (CMS/CMCS) [larrica.mosley@cms.hhs.gov]  
**CC:** Snyder, Laura (CMS/CMCS) [laura.snyder1@cms.hhs.gov]  
**Subject:** RE: RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630  
**Attachments:** Follow up Questions on North Carolina.docx

Dear all,

Reviewing North Carolina's Word Document, its pdf tax waiver narrative, and its Excel spreadsheet, it appears that North Carolina charges different rates **for each quarter**. As a result, the tax rates that it claims that it is charging the hospitals for inpatient and outpatient hospital services in the word document responses are not the actual tax rates they are charging the hospitals. They are an average of the rates that they are charging the hospitals across four quarters. When CMS reviews a tax waiver, we review one set of rates. We do not review multiple sets of rates at the same time. If the state needs to change the rates in a non-uniform fashion, they need to come in with a new tax waiver. We can't pre-approve multiple changes. We did write in California's MCO tax waiver that they were approved for different tax rates for multiple years, but we should not have done that in my opinion. We do have states that change their tax rates every quarter in a non-uniform fashion. Nevada in their nursing facility tax does this, for example. However, they also come in with a request for a new tax waiver every quarter.

In addition to the different rates for every quarter issue, I believe North Carolina needs to revise its pdf tax waiver narrative. In it, they combine the tax rates for inpatient hospital services and outpatient hospital services. However, inpatient hospital services and outpatient hospital services are separate permissible classes and we analyze them separately. In its word document responses, the state does provide separate inpatient and outpatient hospital services rates. I believe that they should revise their tax waiver letter to reflect separate inpatient hospital services and outpatient hospital services as well.

Regarding the possible hold harmless issue, we are still awaiting clearance from Rory to adopt the companion letter approach for North Carolina. If people on the team could please take a look at the questions and let me know their thoughts on the issue, I would sincerely appreciate it. Thank you.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
[jonathan.endelman@cms.hhs.gov](mailto:jonathan.endelman@cms.hhs.gov)  
7500 Security Blvd.  
Mail Stop, S3-14-28

Baltimore, MD 21244-1850

**From:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>

**Sent:** Tuesday, February 14, 2023 5:08 AM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>; Heitt, Melissa (CMS/FCHCO) <Melissa.Heitt@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>

**Cc:** Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Jonathan,

We're following up on the email below. Does FMG have any feedback on the state's responses or additional questions for the state?

Thanks,  
Lovie

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>

**Sent:** Thursday, February 2, 2023 1:45 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>; Heitt, Melissa (CMS/FCHCO) <Melissa.Heitt@cms.hhs.gov>; Schoonover, Matthew (CMS/CMCS) <matthew.schoonover@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Mosley, Elle (CMS/CMCS) <larrica.mosley@cms.hhs.gov>

**Cc:** Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Lovie,

Thank you for checking and for acknowledging receipt to the State. Yes. We have received these documents. We will regroup internally and provide you with a response.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
[jonathan.endelman@cms.hhs.gov](mailto:jonathan.endelman@cms.hhs.gov)  
7500 Security Blvd.  
Mail Stop, S3-14-28  
Baltimore, MD 21244-1850

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, February 2, 2023 1:19 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Cc:** Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** FW: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good Afternoon FMG,

We wanted to make sure you received the email below from North Carolina. The state has submitted responses to FMG's questions. Please see the attached documents.

Please let us know if FMG has any concerns with these funding sources and/or has follow up questions that you'd like us to send the state by **February 9, 2023 if possible**. If DMCP does not receive a response by this deadline, we will assume that you have no questions for the state on the financing of this payment arrangement at this time.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, February 2, 2023 11:34 AM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

Please see attached the requested information. Thanks again for the extension.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile:

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**From:** Staton, Betty J

**Sent:** Monday, January 23, 2023 11:58 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks so much Lovie.

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)

Office: 919-527-7093



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Monday, January 23, 2023 11:56 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. An extension until February 3, 2023 is fine.

Thanks,  
Lovie

**From:** Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Sent:** Saturday, January 21, 2023 4:49 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting extension until 2/3/23 as staff working on the answers will be out of office.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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**From:** Staton, Betty J

**Sent:** Wednesday, January 18, 2023 5:54 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Acknowledging receipt.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Wednesday, January 18, 2023 4:41 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Cecilia and Betty,

Please find attached questions regarding North Carolina's tax statistical test and hold harmless arrangement. Please provide responses by January 30, 2023 if possible.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, December 15, 2022 11:16 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Thanks, Lovie!

This is update is appreciated.

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

[NC Department of Health and Human Services](#)



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Mobile: (b)(6)  
Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

[Twitter](#) | [Facebook](#) | [YouTube](#) | [LinkedIn](#)

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Thursday, December 15, 2022 11:13 AM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. Follow up questions regarding the preprint are being finalized and will be issued to the state. If you have any additional questions please let us know.

Thanks,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Tuesday, December 13, 2022 1:28 PM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

We hope all is well. Are there any updates on the Submission mentioned below or is there any additional information needed from the state at this time?



Thanks so much!

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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Mobile: (b)(6)  
Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

[Twitter](#) | [Facebook](#) | [YouTube](#) | [LinkedIn](#)

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Monday, November 28, 2022 11:25 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Thanks for the acknowledgment.

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Monday, November 28, 2022 11:23 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. The state's submission is being reviewed by the CMS Financial Management Group. We will check the status and follow up with the state.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Tuesday, November 22, 2022 1:55 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good afternoon,

Does CMS need additional information regarding this submission?

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://www.yourshot.nc.gov).

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, October 6, 2022 7:22 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good morning,

Attached are two submissions, recognizing different CMS areas of responsibility.

1. Standard submission to CMS for the Hospital Tax Waiver request. This is pursuant to CMS guidance in their communication on September 13, 2022 as part of this subject preprint. This submission should include:
  - a. Provider Tax Waiver Letter (pdf)
  - b. NC B1 / B2 Test (Excel)
  - c. NCGS 108a, Article 7B (pdf)
  
2. Secondly, the same three documents plus the response to the Round 4 Questions (Word) for the Preprint Team.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, September 22, 2022 3:08 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie, we appreciate it.

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: 919-538-3215

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Thursday, September 22, 2022 2:33 PM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Betty,

An extension until October 3, 2022 is granted.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, September 22, 2022 12:59 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting an extension until 10/3/22 to submit responses.

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Tuesday, September 13, 2022 1:52 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi, Lovie!

This has been received and will be shared with the NC teams.

Thanks,

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
[NC Department of Health and Human Services](http://NC Department of Health and Human Services)



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[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Tuesday, September 13, 2022 1:49 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon,

Please find attached CMS' Round 4 questions and corresponding documents regarding this preprint. Please provide responses by September 23, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Wednesday, August 31, 2022 1:13 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good Afternoon Cecelia,

CMS acknowledges receipt of the state's responses and corresponding document.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Friday, August 26, 2022 10:48 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good morning, everyone!

Please see the attached from the state. Once again, thanks for the extension.

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid

Division of Health Benefits  
NC Department of Health and Human Services



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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, August 18, 2022 3:46 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS)

<Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Sent:** Thursday, August 18, 2022 3:41 PM  
**To:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>  
**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. An extension until 8/26 is fine.

Thank you,  
Lovie

**From:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>  
**Sent:** Thursday, August 18, 2022 2:33 PM  
**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>  
**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!



Our team need additional time to submit the questions mentioned below and would like to request an extension until 8/26.

Please advise if this is acceptable.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Friday, August 12, 2022 11:31 AM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Please find attached CMS' Round 3 questions and corresponding documents regarding this preprint. Please provide responses by August 22, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Monday, July 18, 2022 1:41 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS)

<[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E

<[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>

**Subject:** RE: [External] RE: NC\_Fee\_OPH\_Renewal\_20220701-20230630



Message

**From:** Boston, Beverly (CMS/CMCS); (b)(6)  
(b)(6)  
**Sent:** 2/3/2023 5:52:17 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6); Fan, Kristin  
(CMS/CMCS); (b)(6)  
(b)(6) Arnold, Charlie  
(CMS/CMCS); (b)(6)  
(b)(6) Clark, Jennifer  
(CMS/CMCS); (b)(6)  
(b)(6) Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6); Cuno, Richard  
(CMS/CMCS); (b)(6)  
**CC:** (b)(6)  
Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6) Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6) Silanskis, Jeremy  
(CMS/CMCS); (b)(6)  
(b)(6) adams, lia (CMS/CMCS)  
(b)(6)  
**Subject:** RE: RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements  
**Attachments:** Healthcare Related Taxes CIB OGC OL CLEAN Jan 19\_OMBcmmts\_final.docx

Thanks Johnathan. The citations are around documentation collection correct? It appears OL is flagging whether there is a citation around 438.6 (c) managed care pre-print collection. Can someone share the draft CIB with John Giles and Laura Snyder in DEHPG to confirm? If we can hear back by COB Mon that would help to keep us on track with the 2/10 release date.

Thank you!

*Beverly*

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>  
**Sent:** Friday, February 3, 2023 12:09 PM  
**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** RE: OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Beverly,

Most of the edits should be easy and we can do today. The only one I don't know about is the request for a reference to the "managed care" regulations as it relates to the authority of CMS to request documentation as I am not as familiar with the managed care regs. We can do everything else quickly.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)  
410.786.4738  
[jonathan.endelman@cms.hhs.gov](mailto:jonathan.endelman@cms.hhs.gov)  
7500 Security Blvd.  
Mail Stop, S3-14-28  
Baltimore, MD 21244-1850

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Friday, February 3, 2023 11:58 AM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Good afternoon team,

Please see attached, OMB just provided the passback on the Tax CIB. VERY, minor edits. I believe we can turn this around by COB Mon? Please confirm. We are still aiming for Friday 2/10 release.

Thanks you

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Wednesday, January 25, 2023 1:07 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** Taxes CIB w/ EOP Due Fri 2/3 For FRI 2/10 Release : OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

See below status. Good news... Rachel/OS cleared the CIB without comment. It has been **advanced to EOP with comments/edits due on Friday 2/3 (not sure if we will be requested to do a call, but will keep you posted).**

#### **Health Care-Related Taxes CIB**

- ~~1/19~~ – Send to IOS (Rachel) for review
- ~~1/24 COB~~ – Rachel clears
- 1/24 5pm – Send to EOP (DPC, OMB) for review
- 2/3 COB – EOP sends comments
- 2/6-2/9 – FMG revises
- **2/10 – Launch**

***Beverly***

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 20, 2023 12:37 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** CIB with OS: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello everyone,

The release date for the CIB has moved a couple times as OC is planning for other rollouts. Please see attached, the CIB is now targeted to be **released on Friday 2/10**. It is currently under OS review with comments due on Monday; however, I am checking with Perrie on whether the below schedule will be revised given the new 2/10 release date. I will keep you posted.

- 1/19 – Send to IOS (Rachel) for Review
- 1/23 COB – Rachel sends comments
- 1/25 – FMG revises
- 1/26 9am – Send to EOP (DPC, OMB) for review
- 1/30 12pm – EOP sends comments
- 1/30 – FMG revises
- 1/31 or 2/1 – Launch (depending on comments?)

***Beverly***

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Thursday, January 12, 2023 3:34 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS)

<[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Jonathan, I agree with your analysis below. Thanks.

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Sent:** Tuesday, January 10, 2023 2:47 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

OL appears to be arguing that we can't or shouldn't focus on anything other than the fact that hold harmless arrangements are against federal Medicaid law. They are, of course, but that is not the only motivating factor in issuing the CIB. They say we should cut any reference to the fact that halting these redistribution agreements could help providers with high Medicaid volume and that these financing mechanisms serve to take the focus away from quality health outcomes and towards who can finance the most money to minimize state expenditures while maximizing federal outlays. I think we should push back and say that issuing this CIB will be a positive for the transparency and improve the operation of the Medicaid program. However, I wanted to gauge the temperature of others to see how we wanted to approach this.

Best,

Jonathan

Jonathan Endelman  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
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Mail Stop, S3-14-28  
Baltimore, MD 21244-1850

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Tuesday, January 10, 2023 2:12 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello, I am adding a SP link (below) for the reactive statement with OL comments/edits (attached) to be aligned with the updated CIB and Q/As. Will these changes impact the OA briefing paper? We normally wait until we have clearance comments before going to OA, but I understand we are on a somewhat tight timeline.

OC reconciled the comments. I did move the reconciled version of the CIB and Q/As to SharePoint (below). Please see attached with separate line edits/comments for full disclosure from OL and OGC. Please make edits in the reconciled version.

[HC Related Taxes CIB](#)

[Q/As Taxes CIB](#)

[Reactive Statement - Tax CIB](#)

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Sent:** Monday, January 9, 2023 4:31 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** RE: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks, Beverly. I think some of the line edits are visible in the CIB, but many by OL are not visible. Is there a version with the line edits visible?

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Monday, January 9, 2023 3:34 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

Please see attached with OL and OGC comments. Can you take a look and let me know **when you'll be able to turn around clean versions**? As a reminder, next step is R2 CMS and the OCD will concurrently send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

Thanks

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 4:29 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Looks good. I will circle back if there are any questions. Thank you all.

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 4:08 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

My edits are in and this is good to go. Thanks, all!

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 2:47 PM

**To:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

Based on your comments would the below edits work? Please others review Kristin's comments in the attached and make edits here → reactive that was drafted by OC by COB today.

(b)(5)



(b)(5)

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 2:19 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I made some suggestions.

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 1:33 PM

**To:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

**Status update:** OCD confirmed we are still aiming for 1/23. OCD is awaiting OGC comments (if any) on the CIB. Once the CIB clears Comms, the OCD will send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

**In addition due COB today** - Here is the reactive that was drafted by OC for the CIB. **Please let me know if you have edits to the reactive statement developed by OC.**

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>

**Sent:** Wednesday, January 4, 2023 9:45 AM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS)

<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Beverly. I defer to others but don't think the edits are helpful for the CIB. It was carefully crafted language. I would not recommend accepting these changes.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Wednesday, January 4, 2023 8:46 AM

**To:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)

<Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** CIB Health Care Related Taxes and Hold Harmless Arrangements

Good morning and HNY! 🍷

Looping others. All Comms clearance comments on the CIB are due from commenters on 1/5. Please hold the attached FCHCO comments until all other comments on the CIB are received. **I will need clean and redlined comments once all comments are received.**

**In addition due 12pm tomorrow 1/5** - Here is the reactive that was drafted by OC for the CIB. Please let me know if you have edits to the reactive statement developed by OC.

Thank you

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>

**Sent:** Tuesday, January 3, 2023 3:57 PM

**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Cc:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS)

<Amber.MacCarroll@cms.hhs.gov>

**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi, Beverly and Lia. Would you mind making should make sure the attached track changes based on a few suggestions from Tim make it into the final version? Please let me know if you have any questions.

Thanks,

Rory

**From:** Howe, Rory (CMS/CMCS)

**Sent:** Tuesday, January 3, 2023 3:49 PM

**To:** Engelhardt, Tim (CMS/FCHCO) <Tim.Engelhardt@cms.hhs.gov>

**Subject:** RE: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi Tim,

Happy New Year. I appreciate you taking the time to review and to comment. Thanks for catching the typo and for highlighting where we could be more precise to avoid misinterpretations. We'll update the draft CIB to address the comments/edit. Thanks again.

Rory

**From:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
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**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Rory –

I understand the CIB was FYI-only, but I feel compelled to share with you a few things in the attached. I was only reading it to try to learn the policy, but there is a place in the CIB where a reader could easily take away the wrong message. And a typo.

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**Subject:** FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

**\*\*\*Please copy Enrico Dinges and on ALL responses pertaining to this item when replying to CMS Clearances.\*\*\***

Please see attached internal qas for review. The informational bulletin is FYI ONLY. Thank you.

**Comments Due: 1:00 PM ET Thursday, January 5, 2023**

**All: For your review and input. Concurrent HHS/CMS review.**

**Title:** Internal Q&As for CMCS informational bulletin on health care related taxes and hold harmless arrangements.

**Agency/Office:** CMCS

**Subject/Description:** CMS will release an informational bulletin on health care related taxes and hold harmless arrangements involving the redistribution of Medicaid payments. This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). There will be a reactive statement, listserv message, and internal questions-and-answers for this item.

**COMMs Materials for Rollout:** Internal Q&As

**Deadline for COMMS Clearance comments: Thursday, January 5 by 1:00 PM**

**Requested Release date:** 2/7/2023

***INFORMATION NOT RELEASABLE TO THE PUBLIC UNLESS AUTHORIZED BY LAW:***

*This information has not been publicly disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in disciplinary action or prosecution to the full extent of the law.*



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***CMCS Informational Bulletin***

**DATE:**           xx xx, xxxx

**FROM:**          Daniel Tsai, Deputy Administrator and Director

**SUBJECT:**      Health Care-Related Taxes and Hold Harmless Arrangements Involving the  
Redistribution of Medicaid Payments

**Background**

Recently, the Centers for Medicare & Medicaid Services (CMS) has been approached by several states with questions regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). Many of these questions have focused on whether health care-related tax arrangements involving the redistribution of Medicaid payments among providers subject to the tax would comply with the statutory and regulatory prohibition on “hold harmless” arrangements—that is, arrangements in which the “State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax”—as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations. In response to these questions, this informational bulletin reiterates our longstanding position on the existing federal requirements that pertain to health-care related taxes and re-emphasizes our goal of assisting states in ensuring appropriate sources of non-federal share financing.

CMS recognizes that health care-related taxes are a critical source of funding for many states’ Medicaid programs, including for payments to safety net providers. CMS supports states’ adoption of health care-related taxes when they are consistent with federal requirements. CMS approves many state payment proposals annually that are supported by health care-related taxes that appear to meet federal requirements. CMS recognizes the challenges faced by states and health care providers in identifying sources of non-federal share financing and implementing Medicaid payment methodologies that assure payments are consistent with federal requirements.

Medicaid statute and regulations afford states flexibility to tailor health care-related taxes within certain parameters to meet their provider community needs and align with broader state tax policies and priorities for their Medicaid programs. CMS remains committed to providing states with technical assistance aiming to ensure that health care-related taxes used to finance the non-federal share of Medicaid expenditures meet the states’ policy goals and comply with federal requirements. For example, CMS is authorized to waive the requirements that health care-related

taxes be broad-based and/or uniform, when applicable conditions are met.<sup>1</sup> CMS regularly works with states to approve such waivers in furtherance of state goals while complying with federal requirements.

Although the applicable statutory and regulatory provisions afford states considerable flexibility in establishing health care-related taxes, such taxes must be imposed in a manner consistent with applicable federal statutes and regulations, including that they may not involve hold harmless arrangements, to avoid a reduction in the state’s Medicaid expenditures eligible for federal financial participation. Occasionally, CMS encounters health care-related tax programs that appear to contain hold harmless arrangements, which contravene section 1903(w)(1)(A)(iii) and (w)(4) of the Act and 42 C.F.R. § 433.68(b)(3) and (f). Such arrangements are inconsistent with statutory and regulatory requirements and undermine the fiscal integrity of the Medicaid program. Recently, CMS has become aware of some health care-related tax arrangements that appear to contain a hold harmless arrangement that involves the taxpaying providers redistributing Medicaid payments after receipt to ensure that all taxpaying providers receive all or a portion of their tax costs back (typically ensuring that each taxpaying provider receives at least its total tax amount back).

In this informational bulletin, CMS is clarifying the federal requirements concerning hold harmless arrangements with respect to health care-related taxes. Further, states and providers should be as transparent as possible regarding any agreements in place or under development to ensure that all health care-related taxes meet federal requirements to avoid a statutorily required reduction in the state’s Medicaid expenditures otherwise eligible for federal financial participation. CMS recommends that states that have questions or concerns about the permissibility of a health care-related tax raise these concerns to CMS early in the process of developing the state’s tax program to avoid issues surrounding the permissibility of the non-federal share of Medicaid expenditures. CMS also intends to work with states that may have existing questionable arrangements to ensure compliance with federal statutory and regulatory requirements.

### **Health Care-Related Taxes and Hold Harmless Arrangements**

During standard oversight activities and the review of state payment proposals, particularly managed care SDPs and fee-for-service payment state plan amendments (SPAs), CMS is increasingly encountering health care-related taxes that appear to contain hold harmless arrangements involving the redistribution of Medicaid payments. In these arrangements, a state or other unit of government imposes a health-care related tax, then uses the tax revenue to support the non-federal share of Medicaid payments back to the class of providers subject to the tax. The taxpayers appear to have entered into oral or written agreements (meaning explicit or

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<sup>1</sup> For non-broad based and/or non-uniform health care related taxes, these conditions are: that the tax be imposed on a permissible class or class, that the tax be generally redistributive, that the tax be not directly correlated with Medicaid payments, and that the tax lack a hold harmless arrangement. See section 1903 (w)(3)(E)(ii) for the requirement that the tax demonstrate that it is ‘generally redistributive’ and ‘not directly correlated with Medicaid payments.’ For the statistical test demonstrating that the tax is ‘generally redistributive’ see 42 CFR § 433.68 (e)(1) for waivers of the broad based requirement only and 42 C.F.R. § 433.68 (e)(2) for waivers of the uniformity requirement whether or not the tax is broad-based. See section 1903 (w)(4) and implementing regulations at 42 C.F.R. § 433.68 (f) for the hold harmless requirements. See section 1903 (w)(7) and 42 C.F.R. § 433.56 for a list of permissible classes upon which states may impose health care-related taxes.



implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments to ensure that all taxpayers receive all or a portion of their tax back, when considering each provider's retained portion of any original Medicaid payment (either directly from the state or from the state through an MCO) and any redistribution payment received by the provider from another taxpayer or taxpayers. These redistribution payments may be made directly from one taxpaying provider to another, or the funds may be contributed first to an intermediary redistribution pool.

In these hold harmless arrangements, there appear to be agreements among providers (explicit or implicit in nature) such that providers that furnish a relatively high percentage of Medicaid-covered services redistribute a portion of their Medicaid payments to providers with relatively low (or no) Medicaid service percentage. The redistributions occur so that taxpaying providers are held harmless for all or a portion of the health care-related tax. This may include the redistribution of Medicaid payments to providers that serve no Medicaid beneficiaries.

These taxes appear to contain impermissible hold harmless arrangements as defined in section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3) that require a reduction in medical assistance expenditures prior to the calculation of federal financial participation as required under section 1903(w)(1)(A) and (w)(1)(A)(iii) of the Act. Here is a detailed example of a hold harmless arrangement involving Medicaid payment redistribution:

- A state imposes a hospital tax based on the volume of inpatient hospital services provided. The tax is broad-based, uniform, and is imposed on 10 hospitals.
- Six of the hospitals serve a high percentage of Medicaid beneficiaries, three serve a low percentage of Medicaid beneficiaries, and one hospital does not participate in Medicaid.
- The state uses the tax revenue as the source of non-federal share of Medicaid payments, which are made back to nine of the hospitals through SDPs. The tenth hospital, which does not participate in Medicaid, does not receive any SDPs directly from state-contracted MCOs.
- All ten hospitals enter into oral or written agreements (meaning an explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments that the nine Medicaid-participating hospitals receive. Under this arrangement, the six hospitals that furnish a high percentage of Medicaid-covered services receive Medicaid payments from MCOs, then redistribute a portion of their Medicaid payments to the remaining four hospitals with lower Medicaid service percentages (including to the one hospital that does not participate in Medicaid). The redistribution amounts are calculated to guarantee that all hospitals, including those redistributing their own payments and those receiving the redistribution amounts, receive most, all, or more than all of their total tax cost back.
- The agreement among the taxpaying hospitals results in a reasonable expectation that the taxpaying hospitals, whether directly through their Medicaid payments or due to the availability of the redistributed payments received from the six high Medicaid service volume hospitals (regardless of whether the funds were first pooled and then redistributed), are held harmless for at least part of their health care-related tax costs.
- The high-percentage Medicaid hospitals are willing to participate because they still financially benefit from the tax program (even net of the redistribution payments they

make to the lower Medicaid service volume hospitals), and the redistribution enables broad support for the tax program from all hospitals, ensuring constituent support for the state law authorizing tax program.

Section 1903(w)(4) of the Act describes what constitutes a hold harmless arrangement. Specifically, section 1903(w)(4)(C)(i) provides that a hold harmless provision exists where “[t]he State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” (emphasis added). Implementing regulations at 42 C.F.R. § 433.68(f)(3) specify that a hold harmless arrangement exists where “[t]he State (or other unit of government) imposing the tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount” (emphasis added). In the preamble to the 2008 final rule amending the above-referenced regulation, CMS wrote that “[a] direct guarantee will be found when a State payment is made available to a taxpayer or a party related to the taxpayer with the reasonable expectation that the payment would result in the taxpayer being held harmless for any part of the tax (through direct or indirect payments).”<sup>2</sup>

The word “indirect” in the regulation, highlighted in the excerpt above, makes clear that the state or other unit of government imposing the tax itself need not be involved in the actual redistribution of Medicaid payments for the purpose of making taxpayers whole for the arrangement to qualify as a hold harmless. It is possible for a state to indirectly provide a payment within the meaning of section 1903(w)(4)(C)(i) of the Act that guarantees to hold taxpayers harmless for any portion of the costs of the tax, if some or all of the taxpayers receive those payments at issue through an intermediary (for example, a hospital association or similar provider affiliated organization) rather than directly from the state or its contracted MCO. As CMS further explained in preamble to the 2008 final rule, we used the term “reasonable expectation” because “state laws were rarely overt in requiring that state payments be used to hold taxpayers harmless.”<sup>3</sup> In the preamble we also gave an example of state laws providing grants to nursing home residents who experienced increased charges as a result of nursing facility bed taxes; even though no state law typically required residents to use the grant funds to pay the increased nursing home fees, these direct state payments to nursing home residents indirectly held the nursing facilities harmless for their health care-related tax costs because of the reasonable expectation that their residents would use the state payments to repay the nursing facilities for all or a portion of their tax costs.<sup>4</sup> It remains true that hold harmless arrangements typically are not overtly established through state law but can be based instead on reasonable expectations that certain actions will take place among participating entities that will result in taxpayers being held harmless for all or a portion of their health care-related tax costs.

Accordingly, an arrangement in which providers receive Medicaid payments from the state (or from a state-contracted MCO), then redistribute those payments such that taxed providers are held harmless for all or any portion of their cost of the tax, would constitute a prohibited hold harmless provision under section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3).

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<sup>2</sup> 73 Federal Register 9685, 9694-95 (Feb. 22, 2008).

<sup>3</sup> 73 Federal Register 9694

<sup>4</sup> *Id.*

Section 1903(w)(1)(A)(iii) of the Act and 42 C.F.R. § 433.70(b) require that CMS reduce a state’s medical assistance expenditures by the amount of health care-related tax collections that include hold harmless arrangements, prior to calculating federal financial participation.

Some states have cited challenges with identifying and providing details on redistribution arrangements because they may not be parties to the redistribution agreements. A lack of transparency involving health care-related taxes and Medicaid payments may prevent both CMS and states from having information necessary to ensure sources of non-federal share meet statutory requirements. States have an obligation to ensure that the sources of non-federal share of Medicaid expenditures comport with federal statute and regulations. As a result, states should make clear to their providers that these arrangements are not permissible under federal requirements, learn the details of how health care-related taxes are collected, and take steps to curtail these practices if they discover them.

As part of the agency’s normal oversight activities and review of state payment proposals, CMS intends to inquire about potential redistribution arrangements and may conduct detailed financial management reviews of health care-related tax programs that appear to include redistribution arrangements or that CMS has information may include redistribution arrangements. Consistent with federal requirements, CMS expects states to make available all requested documentation regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments, and states should work with their providers to ensure necessary information is available. Where appropriate, states should examine their provider participation agreements and MCO contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state. States may consult section 1902(a)(6) of the Act, 45 C.F.R. § 75.364, and 42 C.F.R. § 433.74 for requirements related to CMS’ authority to request records and documentation related to the Medicaid program. In particular, 42 C.F.R. § 433.74(a) requires that states, “must also provide any additional information requested by the Secretary related to any . . . taxes imposed on . . . health care providers,” and the “States’ reports must present a complete, accurate, and full disclosure of all of their donation and tax programs and expenditures.” 42 C.F.R. § 433.74(d) specifies that a failure to comply with reporting requirements may result in a deferral or disallowance of federal financial participation. If CMS or an outside oversight agency, such as the state auditing agency or the HHS Office of Inspector General discovers the existence of impermissible financing practices related to health care-related taxes CMS will take enforcement action as necessary. CMS is available to provide technical assistance and work with states to ensure the permissibility of all of the sources of the non-federal share of Medicaid expenditures, including any health care-related taxes the state may impose.

## **Conclusion**

CMS recognizes that health care-related taxes can be a permissible source of funding for the non-federal share of Medicaid expenditures. CMS is available to provide technical assistance to states, including by reviewing proposals or existing arrangements and providing feedback to develop or modify health care-related taxes to align with state policy goals and federal requirements. One key federal requirement is that a health care-related tax cannot have a hold harmless provision that guarantees to return all or a portion of the tax back to the taxpayer.

Health care-related tax programs in which taxpayers enter into agreements (explicit or implicit in nature) to redistribute Medicaid payments so that taxpayers have a reasonable expectation that they will receive all or a portion of their tax cost back generally involve a hold harmless arrangement that does not comply with federal statute and regulations.

CMS will continue to approve permissible health care-related taxes that do not contain hold harmless arrangements and meet all other applicable federal requirements. These taxes often finance critical health care programs that pay for care furnished to Medicaid beneficiaries and shore up the health care safety net in our country. As always, CMS intends to work collaboratively with states by providing technical assistance as necessary to ensure the programmatic and fiscal integrity of the Medicaid program. For questions or to request technical assistance, please contact Rory Howe at [ HYPERLINK "mailto:rory.howe@cms.hhs.gov" ].

Message

**From:** Boston, Beverly (CMS/CMCS); (b)(6)  
(b)(6)  
**Sent:** 1/6/2023 7:46:49 PM  
**To:** Fan, Kristin (CMS/CMCS); (b)(6)  
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(b)(6); Clark, Jennifer  
(CMS/CMCS); (b)(6)  
(b)(6); Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6); Cuno, Richard  
(CMS/CMCS); (b)(6)  
**CC:** (b)(6)  
Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6); Maccarroll, Amber  
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(b)(6); Silanskis, Jeremy  
(CMS/CMCS); (b)(6)  
(b)(6); adams, lia (CMS/CMCS)  
(b)(6)  
**Subject:** RE: RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements  
**Attachments:** Reactive CIB Healthcare related taxes andhold harmless Jan 3 1235pm[87].docx

Thanks Kristin,

Based on your comments would the below edits work? Please others review Kristin's comments in the attached and make edits here → reactive that was drafted by OC by COB today.

(b)(5)

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>  
**Sent:** Friday, January 6, 2023 2:19 PM  
**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>  
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**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I made some suggestions.

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 1:33 PM

**To:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

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**Subject:** Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

**Status update:** OCD confirmed we are still aiming for 1/23. OCD is awaiting OGC comments (if any) on the CIB. Once the CIB clears Comms, the OCD will send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

**In addition due COB today** - Here is the [reactive that was drafted by OC](#) for the CIB. **Please let me know if you have edits to the reactive statement developed by OC.**

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>

**Sent:** Wednesday, January 4, 2023 9:45 AM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS)

<[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Beverly. I defer to others but don't think the edits are helpful for the CIB. It was carefully crafted language. I would not recommend accepting these changes.

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Wednesday, January 4, 2023 8:46 AM

**To:** Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>

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**Subject:** CIB Health Care Related Taxes and Hold Harmless Arrangements

Good morning and HNY! 🎉

Looping others. All Comms clearance comments on the CIB are due from commenters on 1/5. Please hold the attached FCHCO comments until all other comments on the CIB are received. **I will need clean and redlined comments once all comments are received.**

**In addition due 12pm tomorrow 1/5** - Here is the reactive that was drafted by OC for the CIB. Please let me know if you have edits to the reactive statement developed by OC.

Thank you

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:57 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Cc:** Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi, Beverly and Lia. Would you mind making should make sure the attached track changes based on a few suggestions from Tim make it into the final version? Please let me know if you have any questions.

Thanks,  
Rory

**From:** Howe, Rory (CMS/CMCS)  
**Sent:** Tuesday, January 3, 2023 3:49 PM  
**To:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Subject:** RE: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi Tim,

Happy New Year. I appreciate you taking the time to review and to comment. Thanks for catching the typo and for highlighting where we could be more precise to avoid misinterpretations. We'll update the draft CIB to address the comments/edit. Thanks again.

Rory

**From:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:16 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Rory –

I understand the CIB was FYI-only, but I feel compelled to share with you a few things in the attached. I was only reading it to try to learn the policy, but there is a place in the CIB where a reader could easily take away the wrong message. And a typo.

Tim Engelhardt (he/him)  
Medicare-Medicaid Coordination Office

Centers for Medicare & Medicaid Services  
202.690.6277

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**From:** CMS CLEARANCES <[CLEARANCES@cms.hhs.gov](mailto:CLEARANCES@cms.hhs.gov)>

**Sent:** Tuesday, January 3, 2023 1:35 PM

**To:** Worstell, Megan (CMS/OFM) <[Megan.Worstell@cms.hhs.gov](mailto:Megan.Worstell@cms.hhs.gov)>; Czajkowski, John (CMS/OFM) <[John.Czajkowski@cms.hhs.gov](mailto:John.Czajkowski@cms.hhs.gov)>; Plater, Morris (CMS/OFM) <[Morris.Plater@cms.hhs.gov](mailto:Morris.Plater@cms.hhs.gov)>; Stokes-Murray (He/Him), Heinz (CMS/OFM) <[KHeinz.Stokes-Murray@cms.hhs.gov](mailto:KHeinz.Stokes-Murray@cms.hhs.gov)>; Tierney, Janet (CMS/OFM) <[Janet.Tierney@cms.hhs.gov](mailto:Janet.Tierney@cms.hhs.gov)>; Kelsey, Ashley (CMS/OFM) <[Ashley.Kelsey@cms.hhs.gov](mailto:Ashley.Kelsey@cms.hhs.gov)>; Carmichael, Wanda (CMS/OFM) <[Wanda.Carmichael@cms.hhs.gov](mailto:Wanda.Carmichael@cms.hhs.gov)>; Benns, Antoinette (CMS/OFM) <[Antoinette.Benns@cms.hhs.gov](mailto:Antoinette.Benns@cms.hhs.gov)>; Richter (she/her), Liz (CMS/CM) <[elizabeth.richter@cms.hhs.gov](mailto:elizabeth.richter@cms.hhs.gov)>; Rice, Cheri (CMS/CM) <[Cheri.Rice@cms.hhs.gov](mailto:Cheri.Rice@cms.hhs.gov)>; Ahern, Robert (CMS/CM) <[Robert.Ahern@cms.hhs.gov](mailto:Robert.Ahern@cms.hhs.gov)>; 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Minor, Nevena (CMS/OL) <[Nevena.Minor@cms.hhs.gov](mailto:Nevena.Minor@cms.hhs.gov)>; Estrada, Abuko (CMS/OL) <[meg.barry@cms.hhs.gov](mailto:meg.barry@cms.hhs.gov)>; Dawson, Andrew (CMS/OL) <[Andrew.Dawson@cms.hhs.gov](mailto:Andrew.Dawson@cms.hhs.gov)>; Lewandowski, David (CMS/OL) <[David.Lewandowski@cms.hhs.gov](mailto:David.Lewandowski@cms.hhs.gov)>; Miner, Imani (CMS/OL) <[Imani.Minor@cms.hhs.gov](mailto:Imani.Minor@cms.hhs.gov)>; Goto, Meinan (CMS/OL) <[Meinan.Goto@cms.hhs.gov](mailto:Meinan.Goto@cms.hhs.gov)>; Greene, Mary (CMS/OAGM) <[Mary.Greene@cms.hhs.gov](mailto:Mary.Greene@cms.hhs.gov)>; Brown, Michelle (CMS/OAGM) <[Michelle.Brown@cms.hhs.gov](mailto:Michelle.Brown@cms.hhs.gov)>; Amburgey, Louise (CMS/OAGM) <[Louise.Amburgey1@cms.hhs.gov](mailto:Louise.Amburgey1@cms.hhs.gov)>; Waskiewicz, Beth (CMS/OAGM) <[beth.waskiewicz@cms.hhs.gov](mailto:beth.waskiewicz@cms.hhs.gov)>; Tatum, Kimberly (CMS/OAGM) <[Kimberly.Tatum@cms.hhs.gov](mailto:Kimberly.Tatum@cms.hhs.gov)>; Calabro, Alice (CMS/OAGM) <[Alice.Calabro@cms.hhs.gov](mailto:Alice.Calabro@cms.hhs.gov)>; 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(CMS/OHI) <Catherine.Ripsey@cms.hhs.gov>; Hamilton, Andrea (CMS/OHI) <andrea.hamilton@cms.hhs.gov>; Brauer (he/him), Randy (CMS/OHI) <Randy.Brauer@cms.hhs.gov>; Slade, James (CMS/OHI) <James.Slade@cms.hhs.gov>; Hernandez (she/her), Laura (CMS/OHI) <Laura.Hernandez@cms.hhs.gov>; Teal, Lela (CMS/CMCS) <Lela.Teal@cms.hhs.gov>; Harris, Monica (CMS/CMCS) <Monica.Harris@cms.hhs.gov>; Harshman, Sara (CMS/CMCS) <Sara.Harshman@cms.hhs.gov>; Stegmaier, Jason (CMS/CMCS) <Jason.Stegmaier@cms.hhs.gov>; Whelan, Ellen-Marie (CMS/CMCS) <EllenMarie.Whelan@cms.hhs.gov>; Miller, Courtney (CMS/CMCS) <Courtney.Miller@cms.hhs.gov>; Janu, Shanna (CMS/CMCS) <Shanna.Janu@cms.hhs.gov>; Dorsey, Jennifer (CMS/CMCS) <jennifer.dorsey@cms.hhs.gov>; Fowler (she/her), Liz (CMS/CMMI) <Liz.Fowler@cms.hhs.gov>; Tabe-Bedward, Arrah (CMS/CMMI) <arrah.tabebedward@cms.hhs.gov>; Rushton, Andrew (CMS/CMMI) <Andrew.Rushton@cms.hhs.gov>; Dziak, Kathleen (CMS/CMMI) <Kathleen.Dziak@cms.hhs.gov>; Cardin, Megan (CMS/CMMI) <Megan.Cardin@cms.hhs.gov>; OToole, Meghan (CMS/OA) <Meghan.OToole1@cms.hhs.gov>; Wells, Carrie (CMS/CMMI) <Carrie.Wells1@cms.hhs.gov>; Barberi, Jade (CMS/CMMI) <Jade.Russell@cms.hhs.gov>; Doherty, Theresa (CMS/CMMI) <Theresa.Doherty@cms.hhs.gov>; Anderson, Jessica (CMS/CMMI) <jessica.anderson@cms.hhs.gov>; McGinley, Katelynn (CMS/CMMI) <katelynn.mcginley@cms.hhs.gov>; Greene, Mary (CMS/OBRHI) <Mary.Greene1@cms.hhs.gov>; McClain, Rena (CMS/OBRHI) <Rena.McClain1@cms.hhs.gov>; Jackson, Michelle (CMS/CPI) <Michelle.Jackson@cms.hhs.gov>; Ratchford, Deneen (CMS/OAGM) <Deneen.Ratchford@cms.hhs.gov>; St. Louis, Aileah (CMS/OC) <Aileah.St.Louis@cms.hhs.gov>; Blum, Jonathan (CMS/OA) <Jonathan.Blum@cms.hhs.gov>; Ellis (she/her), Kyla (CMS/OA) <Kyla.Ellis@cms.hhs.gov>; Harris, Will (CMS/OA) <William.Harris@cms.hhs.gov>; Boulanger, Jennifer (CMS/OL) <Jennifer.Boulanger@cms.hhs.gov>; Katch (she/her), Hannah (CMS/OA) <Hannah.Katch@cms.hhs.gov>; OToole, Meghan (CMS/OA) <Meghan.OToole1@cms.hhs.gov>; Richardson (she/her), Erin (CMS/OA) <Erin.Richardson@cms.hhs.gov>; Woronoff, Arielle (CMS/OL) <Arielle.Woronoff@cms.hhs.gov>; Yao, Kristiana (CMS/OA) <Kristiana.Yao1@cms.hhs.gov>; CMS-CQISCOMO@ees.hhs.gov; Ling, Shari (CMS/CCSQ) <Shari.Ling@cms.hhs.gov>; Wild, Richard (CMS/CCSQ) <Richard.Wild@cms.hhs.gov>; Nilasena, David (CMS/CCSQ) <David.Nilasena@cms.hhs.gov>; Wolfe, Ashby (CMS/CCSQ) <Ashby.Wolfe1@cms.hhs.gov>; Fisher, Barbara (HHS/OGC) <Barbara.Fisher@HHS.GOV>; Rainer, Melanie Fontes (OS/OCR) <Melanie.Rainer@hhs.gov>; Smalley, Elizabeth (HHS/ASPA) <Elizabeth.Smalley@hhs.gov>; Levin, Michael (HHS/ASPA) <Michael.Levin@hhs.gov>; HHSPress@hhs.gov; releases@hhs.gov

**Cc:** CMS CLEARANCES <CLEARANCES@cms.hhs.gov>; Dinges, Enrico (CMS/OC) <Eric.Dinges@cms.hhs.gov>

**Subject:** FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

**\*\*\*Please copy Enrico Dinges and on ALL responses pertaining to this item when replying to CMS Clearances.\*\*\***

Please see attached internal qas for review. The informational bulletin is FYI ONLY. Thank you.

**Comments Due: 1:00 PM ET Thursday, January 5, 2023**

**All: For your review and input. Concurrent HHS/CMS review.**

**Title:** Internal Q&As for CMCS informational bulletin on health care related taxes and hold harmless arrangements.

**Agency/Office:** CMCS

**Subject/Description:** CMS will release an informational bulletin on health care related taxes and hold harmless arrangements involving the redistribution of Medicaid payments. This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). There will be a reactive statement, listserv message, and internal questions-and-answers for this item.

**COMMS Materials for Rollout:** Internal Q&As

**Deadline for COMMS Clearance comments: Thursday, January 5 by 1:00 PM**

**Requested Release date: 2/7/2023**

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**REACTIVE MEDIA STATEMENT**

To continue promoting greater transparency and opportunities for states to improve the operation of their Medicaid program, the Centers for Medicare & Medicaid Services (CMS) released an information bulletin that reiterates its longstanding position on existing federal requirements regarding health-care related taxes. The informational bulletin CMS has released will help ensure states clearly understand existing requirements so they can develop approvable methodologies based on federal requirements. In particular, the bulletin re-emphasizes CMS' goal of assisting states in ensuring appropriate sources for the non-federal share of financing, which remains critical to protecting Medicaid's sustainability through responsible stewardship.

State use of impermissible non-federal share sources often artificially inflate federal Medicaid expenditures. Further, these arrangements reward providers based on their ability to fund the state share and disconnect Medicaid payment from services, quality of care, health outcomes, and other program goals. Additionally, some redistribution arrangements may result in redirecting Medicaid payments away from Medicaid providers that serve a high percentage of Medicaid beneficiaries to providers that do not participate in Medicaid or have relatively lower Medicaid utilization.

**Additional Background:**

- This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). Many of these questions have focused on whether health care-related tax arrangements involving the redistribution of Medicaid payments among providers subject to the tax comply with the statutory and regulatory prohibition on hold harmless arrangements, as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations.
- As always, CMS remains committed to working with states on existing or possible arrangements that would involve health care-related taxes. These collaborations are key to avoiding problematic tax programs while also ensuring compliance with the letter of the law.

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Message

**From:** Wagner, Rachel (CMS/OC); (b)(6)  
(b)(6)

**Sent:** 2/13/2023 9:42:31 PM

**To:** Aldana, Karen (CMS/OC); (b)(6)  
(b)(6); Alexander, Bruce  
(CMS/OC); (b)(6)  
(b)(6); Blum, Jonathan  
(CMS/OA); (b)(6)  
(b)(6); Boulanger, Jennifer  
(CMS/OL); (b)(6)  
(b)(6); Ellis (she/her), Kyla  
(CMS/OA); (b)(6)  
(b)(6); Franklin, Julie (CMS/OC)  
(b)(6); Harris, Will (CMS/OA)  
(b)(6); Howden, Catherine  
(CMS/OC); (b)(6)  
(b)(6); Katch (she/her), Hannah  
(CMS/OA); (b)(6)  
(b)(6); OToole, Meghan  
(CMS/OA); (b)(6)  
(b)(6); Richardson (she/her),  
Erin (CMS/OA); (b)(6)  
(b)(6); Schinderle, Elizabeth  
(CMS/OC); (b)(6)  
(b)(6); Toomey, Mary (CMS/OC)  
(b)(6)  
(b)(6); Woronoff, Arielle  
(CMS/OL); (b)(6)  
(b)(6); Yao, Kristiana (CMS/OA)

**CC:** Dinges, Enrico (CMS/OC); (b)(6)  
(b)(6); Trucil, Daniel (CMS/OC)

**Subject:** For OA Review: Reactive statement-CIB on Health Care Related Taxes and Hold Harmless Arrangements

**Attachments:** Reactive CIB Health care related taxes and hold harmless Feb 13 4.30pm.docx

**Flag:** Follow up

Hello OA colleagues,

Please find enclosed the Reactive Statement for the CIB on Health Care Related Taxes and Hold Harmless Arrangements. We are tracking this for Friday, 2/17.

Could you please provide any comments/edits by tomorrow at 11 AM?

Thank you,

Kindly,

Rachel A. Wagner, MS

Deputy Director  
Media Relations Group (MRG) | Office of Communications (OC)  
Centers for Medicare & Medicaid Services (CMS)  
☎ (b)(6) (mobile)  
[rachel.wagner@cms.hhs.gov](mailto:rachel.wagner@cms.hhs.gov)

***Confidential and deliberative, pre-decisional communication***

**REACTIVE MEDIA STATEMENT**

To continue promoting greater transparency and opportunities for states to improve the operation of their Medicaid programs, the Centers for Medicare & Medicaid Services (CMS) released a Medicaid informational bulletin that reiterates its longstanding position on existing federal requirements regarding health care-related taxes.

States' use of impermissible nonfederal share sources often artificially inflates federal Medicaid expenditures. These arrangements pay providers based on their ability to fund the nonfederal share and disconnect Medicaid payment from services, quality of care, health outcomes, and other program goals. Additionally, the redistribution arrangements that are the subject of the informational bulletin involve redirecting Medicaid payments away from Medicaid providers who serve a high percentage of Medicaid beneficiaries to providers who do not participate in Medicaid or have relatively lower Medicaid utilization.

The informational bulletin will help ensure that states clearly understand existing federal statutory and regulatory requirements and assist states in ensuring appropriate sources for the nonfederal share of financing. Ensuring permissible financing remains critical to protecting Medicaid's sustainability through responsible stewardship.

**Additional Background:**

- CMS has been approached by several states with questions regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs).
- This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed SDPs. Many of these questions have focused on whether health care related tax arrangements, involving the redistribution of Medicaid payments among providers subject to the tax, comply with the statutory and regulatory prohibition on hold harmless arrangements, as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations.
- CMS will continue to approve permissible health care-related taxes that do not contain hold harmless arrangements and meet all other applicable federal requirements. These taxes often finance critical health care programs that pay for care furnished to Medicaid beneficiaries and shore up the health care safety net in our country. As always, CMS remains committed to working with states on existing or possible arrangements that

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**Reactive Statement: CIB on Health Care Taxes and Hold Harmless Arrangements**

EXPECTED RELEASE: February 17, 2023

would involve health care-related taxes that align with state policy goals and meet federal requirements. These collaborations are key to avoiding impermissible tax programs.

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Page [ PAGE \\* Arabic \\* MERGEFORMAT ] of [ NUMPAGES \\* Arabic \\* MERGEFORMAT ]



Message

**From:** Boston, Beverly (CMS/CMCS); (b)(6)  
(b)(6)  
**Sent:** 2/3/2023 4:58:18 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6) Fan, Kristin  
(CMS/CMCS); (b)(6)  
(b)(6); Arnold, Charlie  
(CMS/CMCS); (b)(6)  
(b)(6) Clark, Jennifer  
(CMS/CMCS); (b)(6)  
(b)(6) Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6); Cuno, Richard  
(CMS/CMCS); (b)(6)  
**CC:** Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6) Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6) Silanskis, Jeremy  
(CMS/CMCS); (b)(6)  
(b)(6) adams, lia (CMS/CMCS)  
**Subject:** OMB PASSBACK DUE COB MON 2/6: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements  
**Attachments:** Healthcare Related Taxes CIB OGC OL CLEAN Jan 19\_OMBcmmts\_final.docx

Good afternoon team,

Please see attached, OMB just provided the passback on the Tax CIB. VERY, minor edits. I believe we can turn this around by COB Mon? Please confirm. We are still aiming for Friday 2/10 release.

Thanks you

*Beverly*

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>  
**Sent:** Wednesday, January 25, 2023 1:07 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** Taxes CIB w/ EOP Due Fri 2/3 For FRI 2/10 Release : OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

See below status. Good news... Rachel/OS cleared the CIB without comment. It has been **advanced to EOP with comments/edits due on Friday 2/3 (not sure if we will be requested to do a call, but will keep you posted).**

### **Health Care-Related Taxes CIB**

- ~~1/19~~ – Send to IOS (Rachel) for review
- ~~1/24~~ COB – Rachel clears
- 1/24 5pm – Send to EOP (DPC, OMB) for review
- 2/3 COB – EOP sends comments
- 2/6-2/9 – FMG revises
- **2/10 – Launch**

***Beverly***

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 20, 2023 12:37 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS)

<[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** CIB with OS: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello everyone,

The release date for the CIB has moved a couple times as OC is planning for other rollouts. Please see attached, the CIB is now targeted to be **released on Friday 2/10**. It is currently under OS review with comments due on Monday; however, I am checking with Perrie on whether the below schedule will be revised given the new 2/10 release date. I will keep you posted.

- 1/19 – Send to IOS (Rachel) for Review
- 1/23 COB – Rachel sends comments
- 1/25 – FMG revises
- 1/26 9am – Send to EOP (DPC, OMB) for review
- 1/30 12pm – EOP sends comments
- 1/30 – FMG revises
- 1/31 or 2/1 – Launch (depending on comments?)

***Beverly***

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Thursday, January 12, 2023 3:34 PM

**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Jonathan, I agree with your analysis below. Thanks.

**From:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>

**Sent:** Tuesday, January 10, 2023 2:47 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

OL appears to be arguing that we can't or shouldn't focus on anything other than the fact that hold harmless arrangements are against federal Medicaid law. They are, of course, but that is not the only motivating factor in issuing the CIB. They say we should cut any reference to the fact that halting these redistribution agreements could help providers with high Medicaid volume and that these financing mechanisms serve to take the focus away from quality health outcomes and towards who can finance the most money to minimize state expenditures while maximizing federal outlays. I think we should push back and say that issuing this CIB will be a positive for the transparency and improve the operation of the Medicaid program. However, I wanted to gauge the temperature of others to see how we wanted to approach this.

Best,

Jonathan

Jonathan Endelman  
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**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Tuesday, January 10, 2023 2:12 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** DUE WEDS 1/11: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello, I am adding a SP link (below) for the reactive statement with OL comments/edits (attached) to be aligned with the updated CIB and Q/As. Will these changes impact the OA briefing paper? We normally wait until we have clearance comments before going to OA, but I understand we are on a somewhat tight timeline.

OC reconciled the comments. I did move the reconciled version of the CIB and Q/As to SharePoint (below). Please see attached with separate line edits/comments for full disclosure from OL and OGC. Please make edits in the reconciled version.

[HC Related Taxes CIB](#)

[Q/As Taxes CIB](#)

[Reactive Statement - Tax CIB](#)

**Beverly**

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Sent:** Monday, January 9, 2023 4:31 PM  
**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** RE: OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks, Beverly. I think some of the line edits are visible in the CIB, but many by OL are not visible. Is there a version with the line edits visible?

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>  
**Sent:** Monday, January 9, 2023 3:34 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>  
**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>  
**Subject:** OGC-OL Passback: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Hello,

Please see attached with OL and OGC comments. Can you take a look and let me know **when you'll be able to turn around clean versions**? As a reminder, next step is R2 CMS and the OCD will concurrently send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

Thanks

**Beverly**

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 4:29 PM

**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Looks good. I will circle back if there are any questions. Thank you all.

**Beverly**

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 4:08 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

My edits are in and this is good to go. Thanks, all!

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Friday, January 6, 2023 2:47 PM

**To:** Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>; Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

Based on your comments would the below edits work? Please others review Kristin's comments in the attached and make edits here → reactive that was drafted by OC by COB today.

(b)(5)

(b)(5)

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 2:19 PM

**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

I made some suggestions.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>

**Sent:** Friday, January 6, 2023 1:33 PM

**To:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>

**Subject:** Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

**Status update:** OCD confirmed we are still aiming for 1/23. OCD is awaiting OGC comments (if any) on the CIB. Once the CIB clears Comms, the OCD will send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

**In addition due COB today** - Here is the reactive that was drafted by OC for the CIB. **Please let me know if you have edits to the reactive statement developed by OC.**

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>

**Sent:** Wednesday, January 4, 2023 9:45 AM

**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>

**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia

(CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** RE: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Beverly. I defer to others but don't think the edits are helpful for the CIB. It was carefully crafted language. I would not recommend accepting these changes.

**From:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>

**Sent:** Wednesday, January 4, 2023 8:46 AM

**To:** Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Clark, Jennifer (CMS/CMCS) <[Jennifer.Clark@cms.hhs.gov](mailto:Jennifer.Clark@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Cuno, Richard (CMS/CMCS) <[Richard.Cuno@cms.hhs.gov](mailto:Richard.Cuno@cms.hhs.gov)>; Fan, Kristin (CMS/CMCS) <[Kristin.Fan@cms.hhs.gov](mailto:Kristin.Fan@cms.hhs.gov)>

**Cc:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS)

<[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>; Silanskis, Jeremy (CMS/CMCS) <[Jeremy.Silanskis@cms.hhs.gov](mailto:Jeremy.Silanskis@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Subject:** CIB Health Care Related Taxes and Hold Harmless Arrangements

Good morning and HNY! 🍷

Looping others. All Comms clearance comments on the CIB are due from commenters on 1/5. Please hold the attached FCHCO comments until all other comments on the CIB are received. **I will need clean and redlined comments once all comments are received.**

**In addition due 12pm tomorrow 1/5** - Here is the reactive that was drafted by OC for the CIB. Please let me know if you have edits to the reactive statement developed by OC.

Thank you

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>

**Sent:** Tuesday, January 3, 2023 3:57 PM

**To:** Boston, Beverly (CMS/CMCS) <[Beverly.Boston@cms.hhs.gov](mailto:Beverly.Boston@cms.hhs.gov)>; adams, lia (CMS/CMCS) <[Lia.Adams@cms.hhs.gov](mailto:Lia.Adams@cms.hhs.gov)>

**Cc:** Arnold, Charlie (CMS/CMCS) <[Charlie.Arnold@cms.hhs.gov](mailto:Charlie.Arnold@cms.hhs.gov)>; Maccarroll, Amber (CMS/CMCS) <[Amber.MacCarroll@cms.hhs.gov](mailto:Amber.MacCarroll@cms.hhs.gov)>

**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi, Beverly and Lia. Would you mind making should make sure the attached track changes based on a few suggestions from Tim make it into the final version? Please let me know if you have any questions.

Thanks,  
Rory

**From:** Howe, Rory (CMS/CMCS)

**Sent:** Tuesday, January 3, 2023 3:49 PM

**To:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>

**Subject:** RE: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi Tim,

Happy New Year. I appreciate you taking the time to review and to comment. Thanks for catching the typo and for highlighting where we could be more precise to avoid misinterpretations. We'll update the draft CIB to address the comments/edit. Thanks again.

Rory

**From:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:16 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Rory –

I understand the CIB was FYI-only, but I feel compelled to share with you a few things in the attached. I was only reading it to try to learn the policy, but there is a place in the CIB where a reader could easily take away the wrong message. And a typo.

Tim Engelhardt (he/him)  
Medicare-Medicaid Coordination Office  
Centers for Medicare & Medicaid Services  
202.690.6277

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**Sent:** Tuesday, January 3, 2023 1:35 PM  
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**Cc:** CMS CLEARANCES <[CLEARANCES@cms.hhs.gov](mailto:CLEARANCES@cms.hhs.gov)>; Dinges, Enrico (CMS/OC) <[Eric.Dinges@cms.hhs.gov](mailto:Eric.Dinges@cms.hhs.gov)>

**Subject:** FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

\*\*\*Please copy **Enrico Dinges** and on **ALL** responses pertaining to this item when replying to CMS Clearances.\*\*\*

Please see attached internal qas for review. The informational bulletin is FYI ONLY. Thank you.

**Comments Due: 1:00 PM ET Thursday, January 5, 2023**

**All: For your review and input. Concurrent HHS/CMS review.**

**Title:** Internal Q&As for CMCS informational bulletin on health care related taxes and hold harmless arrangements.

**Agency/Office:** CMCS

**Subject/Description:** CMS will release an informational bulletin on health care related taxes and hold harmless arrangements involving the redistribution of Medicaid payments. This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). There will be a reactive statement, listserv message, and internal questions-and-answers for this item.

**COMMs Materials for Rollout:** Internal Q&As

**Deadline for COMMS Clearance comments: Thursday, January 5 by 1:00 PM**

**Requested Release date:** 2/7/2023

***INFORMATION NOT RELEASABLE TO THE PUBLIC UNLESS AUTHORIZED BY LAW:***

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***CMCS Informational Bulletin***

**DATE:** xx xx, xxxx

**FROM:** Daniel Tsai, Deputy Administrator and Director

**SUBJECT:** Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments

**Background**

Recently, the Centers for Medicare & Medicaid Services (CMS) has been approached by several states with questions regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). Many of these questions have focused on whether health care-related tax arrangements involving the redistribution of Medicaid payments among providers subject to the tax would comply with the statutory and regulatory prohibition on “hold harmless” arrangements—that is, arrangements in which the “State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax”—as specified in section 1903(w)(1)(A)(iii) and (w)(4) of the Social Security Act (the Act) and implementing regulations. In response to these questions, this informational bulletin reiterates our longstanding position on the existing federal requirements that pertain to health-care related taxes and re-emphasizes our goal of assisting states in ensuring appropriate sources of non-federal share financing.

CMS recognizes that health care-related taxes are a critical source of funding for many states’ Medicaid programs, including for payments to safety net providers. CMS supports states’ adoption of health care-related taxes when they are consistent with federal requirements. CMS approves many state payment proposals annually that are supported by health care-related taxes that appear to meet federal requirements. CMS recognizes the challenges faced by states and health care providers in identifying sources of non-federal share financing and implementing Medicaid payment methodologies that assure payments are consistent with federal requirements.

Medicaid statute and regulations afford states flexibility to tailor health care-related taxes within certain parameters to meet their provider community needs and align with broader state tax policies and priorities for their Medicaid programs. CMS remains committed to providing states with technical assistance aiming to ensure that health care-related taxes used to finance the non-federal share of Medicaid expenditures meet the states’ policy goals and comply with federal requirements. For example, CMS is authorized to waive the requirements that health care-related

taxes be broad-based and/or uniform, when applicable conditions are met.<sup>1</sup> CMS regularly works with states to approve such waivers in furtherance of state goals while complying with federal requirements.

Although the applicable statutory and regulatory provisions afford states considerable flexibility in establishing health care-related taxes, such taxes must be imposed in a manner consistent with applicable federal statutes and regulations, including that they may not involve hold harmless arrangements, to avoid a reduction in the state’s Medicaid expenditures eligible for federal financial participation. Occasionally, CMS encounters health care-related tax programs that appear to contain hold harmless arrangements, which contravene section 1903(w)(1)(A)(iii) and (w)(4) of the Act and 42 C.F.R. § 433.68(b)(3) and (f). Such arrangements are inconsistent with statutory and regulatory requirements and undermine the fiscal integrity of the Medicaid program. Recently, CMS has become aware of some health care-related tax arrangements that appear to contain a hold harmless arrangement that involves the taxpaying providers redistributing Medicaid payments after receipt to ensure that all taxpaying providers receive all or a portion of their tax costs back (typically ensuring that each taxpaying provider receives at least its total tax amount back).

In this informational bulletin, CMS is clarifying the federal requirements concerning hold harmless arrangements with respect to health care-related taxes. Further, states and providers should be as transparent as possible regarding any agreements in place or under development to ensure that all health care-related taxes meet federal requirements to avoid a statutorily required reduction in the state’s Medicaid expenditures otherwise eligible for federal financial participation. CMS recommends that states that have questions or concerns about the permissibility of a health care-related tax raise these concerns to CMS early in the process of developing the state’s tax program to avoid issues surrounding the permissibility of the non-federal share of Medicaid expenditures. CMS also intends to work with states that may have existing questionable arrangements to ensure compliance with federal statutory and regulatory requirements.

### **Health Care-Related Taxes and Hold Harmless Arrangements**

During standard oversight activities and the review of state payment proposals, particularly managed care SDPs and fee-for-service payment state plan amendments (SPAs), CMS is increasingly encountering health care-related taxes that appear to contain hold harmless arrangements involving the redistribution of Medicaid payments. In these arrangements, a state or other unit of government imposes a health-care related tax, then uses the tax revenue to support the non-federal share of Medicaid payments back to the class of providers subject to the tax. The taxpayers appear to have entered into oral or written agreements (meaning explicit or

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<sup>1</sup> For non-broad based and/or non-uniform health care related taxes, these conditions are: that the tax be imposed on a permissible class or class, that the tax be generally redistributive, that the tax be not directly correlated with Medicaid payments, and that the tax lack a hold harmless arrangement. See section 1903 (w)(3)(E)(ii) for the requirement that the tax demonstrate that it is ‘generally redistributive’ and ‘not directly correlated with Medicaid payments.’ For the statistical test demonstrating that the tax is ‘generally redistributive’ see 42 CFR § 433.68 (e)(1) for waivers of the broad based requirement only and 42 C.F.R. § 433.68 (e)(2) for waivers of the uniformity requirement whether or not the tax is broad-based. See section 1903 (w)(4) and implementing regulations at 42 C.F.R. § 433.68 (f) for the hold harmless requirements. See section 1903 (w)(7) and 42 C.F.R. § 433.56 for a list of permissible classes upon which states may impose health care-related taxes.

implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments to ensure that all taxpayers receive all or a portion of their tax back, when considering each provider's retained portion of any original Medicaid payment (either directly from the state or from the state through an MCO) and any redistribution payment received by the provider from another taxpayer or taxpayers. These redistribution payments may be made directly from one taxpaying provider to another, or the funds may be contributed first to an intermediary redistribution pool.

In these hold harmless arrangements, there appear to be agreements among providers (explicit or implicit in nature) such that providers that furnish a relatively high percentage of Medicaid-covered services redistribute a portion of their Medicaid payments to providers with relatively low (or no) Medicaid service percentage. The redistributions occur so that taxpaying providers are held harmless for all or a portion of the health care-related tax. This may include the redistribution of Medicaid payments to providers that serve no Medicaid beneficiaries.

These taxes appear to contain impermissible hold harmless arrangements as defined in section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3) that require a reduction in medical assistance expenditures prior to the calculation of federal financial participation as required under section 1903(w)(1)(A) and (w)(1)(A)(iii) of the Act. Here is a detailed example of a hold harmless arrangement involving Medicaid payment redistribution:

- A state imposes a hospital tax based on the volume of inpatient hospital services provided. The tax is broad-based, uniform, and is imposed on 10 hospitals.
- Six of the hospitals serve a high percentage of Medicaid beneficiaries, three serve a low percentage of Medicaid beneficiaries, and one hospital does not participate in Medicaid.
- The state uses the tax revenue as the source of non-federal share of Medicaid payments, which are made back to nine of the hospitals through SDPs. The tenth hospital, which does not participate in Medicaid, does not receive any SDPs directly from state-contracted MCOs.
- All ten hospitals enter into oral or written agreements (meaning an explicit or implicit meeting of the minds, regardless of the formality or informality of any such agreement) to redirect or redistribute the Medicaid payments that the nine Medicaid-participating hospitals receive. Under this arrangement, the six hospitals that furnish a high percentage of Medicaid-covered services receive Medicaid payments from MCOs, then redistribute a portion of their Medicaid payments to the remaining four hospitals with lower Medicaid service percentages (including to the one hospital that does not participate in Medicaid). The redistribution amounts are calculated to guarantee that all hospitals, including those redistributing their own payments and those receiving the redistribution amounts, receive most, all, or more than all of their total tax cost back.
- The agreement among the taxpaying hospitals results in a reasonable expectation that the taxpaying hospitals, whether directly through their Medicaid payments or due to the availability of the redistributed payments received from the six high Medicaid service volume hospitals (regardless of whether the funds were first pooled and then redistributed), are held harmless for at least part of their health care-related tax costs.
- The high-percentage Medicaid hospitals are willing to participate because they still financially benefit from the tax program (even net of the redistribution payments they

make to the lower Medicaid service volume hospitals), and the redistribution enables broad support for the tax program from all hospitals, ensuring constituent support for the state law authorizing tax program.

Section 1903(w)(4) of the Act describes what constitutes a hold harmless arrangement. Specifically, section 1903(w)(4)(C)(i) provides that a hold harmless provision exists where “[t]he State or other unit of government imposing the tax provides (directly or indirectly) for any payment, offset, or waiver that guarantees to hold taxpayers harmless for any portion of the costs of the tax.” (emphasis added). Implementing regulations at 42 C.F.R. § 433.68(f)(3) specify that a hold harmless arrangement exists where “[t]he State (or other unit of government) imposing the tax provides for any direct or indirect payment, offset, or waiver such that the provision of the payment, offset, or waiver directly or indirectly guarantees to hold taxpayers harmless for all or any portion of the tax amount” (emphasis added). In the preamble to the 2008 final rule amending the above-referenced regulation, CMS wrote that “[a] direct guarantee will be found when a State payment is made available to a taxpayer or a party related to the taxpayer with the reasonable expectation that the payment would result in the taxpayer being held harmless for any part of the tax (through direct or indirect payments).”<sup>2</sup>

The word “indirect” in the regulation, highlighted in the excerpt above, makes clear that the state or other unit of government imposing the tax itself need not be involved in the actual redistribution of Medicaid payments for the purpose of making taxpayers whole for the arrangement to qualify as a hold harmless. It is possible for a state to indirectly provide a payment within the meaning of section 1903(w)(4)(C)(i) of the Act that guarantees to hold taxpayers harmless for any portion of the costs of the tax, if some or all of the taxpayers receive those payments at issue through an intermediary (for example, a hospital association or similar provider affiliated organization) rather than directly from the state or its contracted MCO. As CMS further explained in preamble to the 2008 final rule, we used the term “reasonable expectation” because “state laws were rarely overt in requiring that state payments be used to hold taxpayers harmless.”<sup>3</sup> In the preamble we also gave an example of state laws providing grants to nursing home residents who experienced increased charges as a result of nursing facility bed taxes; even though no state law typically required residents to use the grant funds to pay the increased nursing home fees, these direct state payments to nursing home residents indirectly held the nursing facilities harmless for their health care-related tax costs because of the reasonable expectation that their residents would use the state payments to repay the nursing facilities for all or a portion of their tax costs.<sup>4</sup> It remains true that hold harmless arrangements typically are not overtly established through state law but can be based instead on reasonable expectations that certain actions will take place among participating entities that will result in taxpayers being held harmless for all or a portion of their health care-related tax costs.

Accordingly, an arrangement in which providers receive Medicaid payments from the state (or from a state-contracted MCO), then redistribute those payments such that taxed providers are held harmless for all or any portion of their cost of the tax, would constitute a prohibited hold harmless provision under section 1903(w)(4)(C)(i) of the Act and 42 C.F.R. § 433.68(f)(3).

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<sup>2</sup> 73 Federal Register 9685, 9694-95 (Feb. 22, 2008).

<sup>3</sup> 73 Federal Register 9694

<sup>4</sup> *Id.*

Section 1903(w)(1)(A)(iii) of the Act and 42 C.F.R. § 433.70(b) require that CMS reduce a state’s medical assistance expenditures by the amount of health care-related tax collections that include hold harmless arrangements, prior to calculating federal financial participation.

Some states have cited challenges with identifying and providing details on redistribution arrangements because they may not be parties to the redistribution agreements. A lack of transparency involving health care-related taxes and Medicaid payments may prevent both CMS and states from having information necessary to ensure sources of non-federal share meet statutory requirements. States have an obligation to ensure that the sources of non-federal share of Medicaid expenditures comport with federal statute and regulations. As a result, states should make clear to their providers that these arrangements are not permissible under federal requirements, learn the details of how health care-related taxes are collected, and take steps to curtail these practices if they discover them.

As part of the agency’s normal oversight activities and review of state payment proposals, CMS intends to inquire about potential redistribution arrangements and may conduct detailed financial management reviews of health care-related tax programs that appear to include redistribution arrangements or that CMS has information may include redistribution arrangements. Consistent with federal requirements, CMS expects states to make available all requested documentation regarding arrangements involving possible hold harmless arrangements and the redistribution of Medicaid payments, and states should work with their providers to ensure necessary information is available. Where appropriate, states should examine their provider participation agreements and MCO contracts to ensure that providers, as a condition of participation in Medicaid and/or of network participation for a Medicaid managed care plan, agree to provide necessary information to the state. States may consult section 1902(a)(6) of the Act, 45 C.F.R. § 75.364, and 42 C.F.R. § 433.74 for requirements related to CMS’ authority to request records and documentation related to the Medicaid program. In particular, 42 C.F.R. § 433.74(a) requires that states, “must also provide any additional information requested by the Secretary related to any . . . taxes imposed on . . . health care providers,” and the “States’ reports must present a complete, accurate, and full disclosure of all of their donation and tax programs and expenditures.” 42 C.F.R. § 433.74(d) specifies that a failure to comply with reporting requirements may result in a deferral or disallowance of federal financial participation. If CMS or an outside oversight agency, such as the state auditing agency or the HHS Office of Inspector General discovers the existence of impermissible financing practices related to health care-related taxes CMS will take enforcement action as necessary. CMS is available to provide technical assistance and work with states to ensure the permissibility of all of the sources of the non-federal share of Medicaid expenditures, including any health care-related taxes the state may impose.

## **Conclusion**

CMS recognizes that health care-related taxes can be a permissible source of funding for the non-federal share of Medicaid expenditures. CMS is available to provide technical assistance to states, including by reviewing proposals or existing arrangements and providing feedback to develop or modify health care-related taxes to align with state policy goals and federal requirements. One key federal requirement is that a health care-related tax cannot have a hold harmless provision that guarantees to return all or a portion of the tax back to the taxpayer.



Health care-related tax programs in which taxpayers enter into agreements (explicit or implicit in nature) to redistribute Medicaid payments so that taxpayers have a reasonable expectation that they will receive all or a portion of their tax cost back generally involve a hold harmless arrangement that does not comply with federal statute and regulations.

CMS will continue to approve permissible health care-related taxes that do not contain hold harmless arrangements and meet all other applicable federal requirements. These taxes often finance critical health care programs that pay for care furnished to Medicaid beneficiaries and shore up the health care safety net in our country. As always, CMS intends to work collaboratively with states by providing technical assistance as necessary to ensure the programmatic and fiscal integrity of the Medicaid program. For questions or to request technical assistance, please contact Rory Howe at [ HYPERLINK "mailto:rory.howe@cms.hhs.gov" ].

Message

**From:** Fan, Kristin (CMS/CMCS) (b)(6)  
(b)(6)  
**Sent:** 1/6/2023 7:18:33 PM  
**To:** Boston, Beverly (CMS/CMCS); (b)(6)  
(b)(6); Arnold, Charlie  
(CMS/CMCS); (b)(6)  
(b)(6); Clark, Jennifer  
(CMS/CMCS); (b)(6)  
(b)(6); Goldstein, Stuart  
(CMS/CMCS); (b)(6)  
(b)(6); Cuno, Richard  
(CMS/CMCS); (b)(6)  
**CC:** (b)(6)  
Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6); Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6); Silanskis, Jeremy  
(CMS/CMCS); (b)(6)  
(b)(6); adams, lia (CMS/CMCS)  
**Subject:** RE: RE: Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements  
**Attachments:** Reactive CIB Healthcare related taxes andhold harmless Jan 3 1235pm[87].docx

I made some suggestions.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>  
**Sent:** Friday, January 6, 2023 1:33 PM  
**To:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** Status and Follow Up on Reactive Statement DUE COB TODAY: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Kristin,

**Status update:** OCD confirmed we are still aiming for 1/23. OCD is awaiting OGC comments (if any) on the CIB. Once the CIB clears Comms, the OCD will send it directly to Rachel in IOS, Sara Sills in OMB (Rory I did mention to Perrie that we shared and advanced copy with OMB), and Jessica Schubel in DPC to review.

**In addition due COB today** - Here is the reactive that was drafted by OC for the CIB. **Please let me know if you have edits to the reactive statement developed by OC.**

Thanks

*Beverly*

**From:** Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>  
**Sent:** Wednesday, January 4, 2023 9:45 AM  
**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** RE: CIB Health Care Related Taxes and Hold Harmless Arrangements

Thanks Beverly. I defer to others but don't think the edits are helpful for the CIB. It was carefully crafted language. I would not recommend accepting these changes.

**From:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>  
**Sent:** Wednesday, January 4, 2023 8:46 AM  
**To:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Clark, Jennifer (CMS/CMCS) <Jennifer.Clark@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Cuno, Richard (CMS/CMCS) <Richard.Cuno@cms.hhs.gov>; Fan, Kristin (CMS/CMCS) <Kristin.Fan@cms.hhs.gov>  
**Cc:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>; Silanskis, Jeremy (CMS/CMCS) <Jeremy.Silanskis@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Subject:** CIB Health Care Related Taxes and Hold Harmless Arrangements

Good morning and HNY! 🍷

Looping others. All Comms clearance comments on the CIB are due from commenters on 1/5. Please hold the attached FCHCO comments until all other comments on the CIB are received. **I will need clean and redlined comments once all comments are received.**

**In addition due 12pm tomorrow 1/5** - Here is the reactive that was drafted by OC for the CIB. Please let me know if you have edits to the reactive statement developed by OC.

Thank you

*Beverly*

**From:** Howe, Rory (CMS/CMCS) <Rory.Howe@cms.hhs.gov>  
**Sent:** Tuesday, January 3, 2023 3:57 PM  
**To:** Boston, Beverly (CMS/CMCS) <Beverly.Boston@cms.hhs.gov>; adams, lia (CMS/CMCS) <Lia.Adams@cms.hhs.gov>  
**Cc:** Arnold, Charlie (CMS/CMCS) <Charlie.Arnold@cms.hhs.gov>; Maccarroll, Amber (CMS/CMCS) <Amber.MacCarroll@cms.hhs.gov>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi, Beverly and Lia. Would you mind making should make sure the attached track changes based on a few suggestions from Tim make it into the final version? Please let me know if you have any questions.

Thanks,  
Rory

**From:** Howe, Rory (CMS/CMCS)  
**Sent:** Tuesday, January 3, 2023 3:49 PM  
**To:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Subject:** RE: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Hi Tim,

Happy New Year. I appreciate you taking the time to review and to comment. Thanks for catching the typo and for highlighting where we could be more precise to avoid misinterpretations. We'll update the draft CIB to address the comments/edit. Thanks again.

Rory

**From:** Engelhardt, Tim (CMS/FCHCO) <[Tim.Engelhardt@cms.hhs.gov](mailto:Tim.Engelhardt@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 3:16 PM  
**To:** Howe, Rory (CMS/CMCS) <[Rory.Howe@cms.hhs.gov](mailto:Rory.Howe@cms.hhs.gov)>  
**Subject:** FW: FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

Rory –

I understand the CIB was FYI-only, but I feel compelled to share with you a few things in the attached. I was only reading it to try to learn the policy, but there is a place in the CIB where a reader could easily take away the wrong message. And a typo.

Tim Engelhardt (he/him)  
Medicare-Medicaid Coordination Office  
Centers for Medicare & Medicaid Services  
202.690.6277

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**From:** CMS CLEARANCES <[CLEARANCES@cms.hhs.gov](mailto:CLEARANCES@cms.hhs.gov)>  
**Sent:** Tuesday, January 3, 2023 1:35 PM  
**To:** Worstell, Megan (CMS/OFM) <[Megan.Worstell@cms.hhs.gov](mailto:Megan.Worstell@cms.hhs.gov)>; Czajkowski, John (CMS/OFM) <[John.Czajkowski@cms.hhs.gov](mailto:John.Czajkowski@cms.hhs.gov)>; Plater, Morris (CMS/OFM) <[Morris.Plater@cms.hhs.gov](mailto:Morris.Plater@cms.hhs.gov)>; Stokes-Murray (He/Him), Heinz (CMS/OFM) <[KHeinz.Stokes-Murray@cms.hhs.gov](mailto:KHeinz.Stokes-Murray@cms.hhs.gov)>; Tierney, Janet (CMS/OFM) <[Janet.Tierney@cms.hhs.gov](mailto:Janet.Tierney@cms.hhs.gov)>; Kelsey, Ashley (CMS/OFM) <[Ashley.Kelsey@cms.hhs.gov](mailto:Ashley.Kelsey@cms.hhs.gov)>; Carmichael, Wanda (CMS/OFM) <[Wanda.Carmichael@cms.hhs.gov](mailto:Wanda.Carmichael@cms.hhs.gov)>; Benns, Antoinette (CMS/OFM) <[Antoinette.Benns@cms.hhs.gov](mailto:Antoinette.Benns@cms.hhs.gov)>; Richter (she/her), Liz (CMS/CM) <[elizabeth.richter@cms.hhs.gov](mailto:elizabeth.richter@cms.hhs.gov)>; Rice, Cheri (CMS/CM) <[Cheri.Rice@cms.hhs.gov](mailto:Cheri.Rice@cms.hhs.gov)>; Ahern, Robert (CMS/CM) <[Robert.Ahern@cms.hhs.gov](mailto:Robert.Ahern@cms.hhs.gov)>; Mays, Beth (CMS/CM) <[Beth.Mays@cms.hhs.gov](mailto:Beth.Mays@cms.hhs.gov)>; Blackford (she/her), Carol (CMS/CM) <[Carol.Blackford@cms.hhs.gov](mailto:Carol.Blackford@cms.hhs.gov)>; Pequigney, Susan (CMS/CM) <[Susan.Pequigney@cms.hhs.gov](mailto:Susan.Pequigney@cms.hhs.gov)>; Farran, Patti (CMS/CM) <[Patti.Farran@cms.hhs.gov](mailto:Patti.Farran@cms.hhs.gov)>; Beder, Victoria (CMS/CM) <[Victoria.Beder@cms.hhs.gov](mailto:Victoria.Beder@cms.hhs.gov)>; Feaster, Simone (CMS/CM) <[simone.feaster@cms.hhs.gov](mailto:simone.feaster@cms.hhs.gov)>; Uebersax, Julie (CMS/CM) <[Julie.Uebersax@cms.hhs.gov](mailto:Julie.Uebersax@cms.hhs.gov)>; Held, William (CMS/CM) <[William.Held@cms.hhs.gov](mailto:William.Held@cms.hhs.gov)>; OToole, Meghan (CMS/OA) <[Meghan.OToole1@cms.hhs.gov](mailto:Meghan.OToole1@cms.hhs.gov)>; Labonte, Christiane (CMS/CM) <[Christiane.Labonte@cms.hhs.gov](mailto:Christiane.Labonte@cms.hhs.gov)>; Martin, Kristi (CMS/CM) <[Kristina.Martin@cms.hhs.gov](mailto:Kristina.Martin@cms.hhs.gov)>; Turco, Molly (CMS/CM) <[Molly.Turco@cms.hhs.gov](mailto:Molly.Turco@cms.hhs.gov)>; Jacobs, Douglas (CMS/CM) <[Douglas.Jacobs@cms.hhs.gov](mailto:Douglas.Jacobs@cms.hhs.gov)>; Hunter, Leah (CMS/CM) <[Leah.Hunter@cms.hhs.gov](mailto:Leah.Hunter@cms.hhs.gov)>; CMS CPI Clearance Box <[CPI\\_Clearance\\_Box@cms.hhs.gov](mailto:CPI_Clearance_Box@cms.hhs.gov)>; Hart, Bradley (CMS/CPI); Lindstrom, Jennifer (CMS/CPI) <[Jennifer.Lindstrom@cms.hhs.gov](mailto:Jennifer.Lindstrom@cms.hhs.gov)>; Mills, George (CMS/CPI) <[george.mills@cms.hhs.gov](mailto:george.mills@cms.hhs.gov)>; Brentzel, Ingrid (CMS/CPI) <[Ingrid.Brentzel@cms.hhs.gov](mailto:Ingrid.Brentzel@cms.hhs.gov)>; Graham, John (CMS/CPI) <[John.Graham@cms.hhs.gov](mailto:John.Graham@cms.hhs.gov)>; Wilson-Coe, Tomiko (CMS/CPI) <[Tomiko.Wilson-Coe@cms.hhs.gov](mailto:Tomiko.Wilson-Coe@cms.hhs.gov)>; Allen, Nakia (CMS/CPI) <[nakia.allen-mcgee@cms.hhs.gov](mailto:nakia.allen-mcgee@cms.hhs.gov)>; Ahmad, Namirah (CMS/CPI) <[Namirah.Ahmad@cms.hhs.gov](mailto:Namirah.Ahmad@cms.hhs.gov)>; Barkai, Melissa (CMS/CPI) <[Melissa.Barkai@cms.hhs.gov](mailto:Melissa.Barkai@cms.hhs.gov)>; Coates, Nikita

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**Subject:** FOR CLEARANCE: Internal Q&As for CIB Health Care Related Taxes and Hold Harmless Arrangements

**\*\*\*Please copy Enrico Dinges and on ALL responses pertaining to this item when replying to CMS Clearances.\*\*\***

Please see attached internal qas for review. The informational bulletin is FYI ONLY. Thank you.

**Comments Due: 1:00 PM ET Thursday, January 5, 2023**

**All: For your review and input. Concurrent HHS/CMS review.**

**Title:** Internal Q&As for CMCS informational bulletin on health care related taxes and hold harmless arrangements.

**Agency/Office:** CMCS

**Subject/Description:** CMS will release an informational bulletin on health care related taxes and hold harmless arrangements involving the redistribution of Medicaid payments. This informational bulletin responds in part to questions CMS has received regarding the statutory and regulatory requirements applicable to health care-related taxes, including in connection with proposals to implement or renew Medicaid managed care state directed payments (SDPs). There will be a reactive statement, listserv message, and internal questions-and-answers for this item.

**COMMs Materials for Rollout:** Internal Q&As

**Deadline for COMMS Clearance comments: Thursday, January 5 by 1:00 PM**

**Requested Release date:** 2/7/2023

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Message

**From:** Endelman (he/him), Jonathan (CMS/CMCS); (b)(6)  
(b)(6)

**Sent:** 2/6/2023 7:44:11 PM

**To:** Howe, Rory (CMS/CMCS); (b)(6)  
(b)(6); Maccarroll, Amber  
(CMS/CMCS); (b)(6)  
(b)(6); Silanskis, Jeremy  
(CMS/CMCS); (b)(6)

**CC:** Arnold, Charlie (CMS/CMCS); (b)(6)  
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(CMS/CMCS); (b)(6)  
(b)(6); Clark, Jennifer  
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(b)(6); Fan, Kristin  
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(CMS/FCHCO); (b)(6)  
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(b)(6); Schoonover, Matthew  
(CMS/CMCS); (b)(6)  
(b)(6)

**Subject:** FW: FW: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

**Attachments:** NC B1 B2 Test SFY 2023 Hospital Assessment 1.31.2023.xlsx; Questions- North Carolina Hospital Tax Statistical Test and Hold Harmless.docx

Dear Rory,

Please see the following responses from NC on their hospital tax. Regarding the hold harmless and the pooling and redistribution, they state that the state is not aware of any such arrangements. The state has not communicated with their hospitals or hospital associations regarding such arrangements. And the State is ready to answer any questions that CMS has concerning its health care-related taxes.

DMCP is eager to approve this SDP since it is now their oldest SDP. This is the sole issue precluding the SDP's approval. They would like concurrence from FMG to approve the SDP.

Thank you.

Best,

Jonathan

Jonathan Endelman, PhD  
Social Science Research Analyst  
Centers for Medicare & Medicaid Services (CMS)  
Center for Medicaid and CHIP Services (CMCS)  
Financial Management Group (FMG)  
Division of Financial Policy (DFP)



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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Thursday, February 2, 2023 1:19 PM  
**To:** Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Cc:** Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** FW: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good Afternoon FMG,

We wanted to make sure you received the email below from North Carolina. The state has submitted responses to FMG's questions. Please see the attached documents.

Please let us know if FMG has any concerns with these funding sources and/or has follow up questions that you'd like us to send the state by **February 9, 2023 if possible**. If DMCP does not receive a response by this deadline, we will assume that you have no questions for the state on the financing of this payment arrangement at this time.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Thursday, February 2, 2023 11:34 AM  
**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

Please see attached the requested information. Thanks again for the extension.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

# DON'T WAIT TO VACCINATE.

Find a vaccine location near you at  
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Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://www.yourshot.nc.gov).

**From:** Staton, Betty J

**Sent:** Monday, January 23, 2023 11:58 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks so much Lovie.

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile:

Office: 919-527-7093



**Vax Up** **OR** **Mask Up**

Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://www.yourshot.nc.gov).

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Monday, January 23, 2023 11:56 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

**CAUTION:** External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to Report Spam.

Hi Betty,

Thank you for your email. An extension until February 3, 2023 is fine.

Thanks,  
Lovie

**From:** Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Sent:** Saturday, January 21, 2023 4:49 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting extension until 2/3/23 as staff working on the answers will be out of office.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile (b)(6)

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**From:** Staton, Betty J

**Sent:** Wednesday, January 18, 2023 5:54 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>; Endelman (he/him), Jonathan (CMS/CMCS) <Jonathan.Endelman@cms.hhs.gov>; Goldstein, Stuart (CMS/CMCS) <STUART.GOLDSTEIN@cms.hhs.gov>; Bonelli, Anna (CMS/CMCS) <Anna.Bonelli@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Acknowledging receipt.

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile (b)(6)

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Wednesday, January 18, 2023 4:41 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; Endelman (he/him), Jonathan (CMS/CMCS) <[Jonathan.Endelman@cms.hhs.gov](mailto:Jonathan.Endelman@cms.hhs.gov)>; Goldstein, Stuart (CMS/CMCS) <[STUART.GOLDSTEIN@cms.hhs.gov](mailto:STUART.GOLDSTEIN@cms.hhs.gov)>; Bonelli, Anna (CMS/CMCS) <[Anna.Bonelli@cms.hhs.gov](mailto:Anna.Bonelli@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Cecilia and Betty,

Please find attached questions regarding North Carolina's tax statistical test and hold harmless arrangement. Please provide responses by January 30, 2023 if possible.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, December 15, 2022 11:16 AM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Thanks, Lovie!

This is update is appreciated.

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

[Twitter](#) | [Facebook](#) | [YouTube](#) | [LinkedIn](#)

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Thursday, December 15, 2022 11:13 AM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. Follow up questions regarding the preprint are being finalized and will be issued to the state. If you have any additional questions please let us know.

Thanks,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Tuesday, December 13, 2022 1:28 PM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graeves@cms.hhs.gov](mailto:Donald.Graeves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott,

Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

We hope all is well. Are there any updates on the Submission mentioned below or is there any additional information needed from the state at this time?

Thanks so much!

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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Mobile: (b)(6)

Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Sent:** Monday, November 28, 2022 11:25 AM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>; Snyder, Laura (CMS/CMCS) <Laura.Snyder1@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi Lovie,

Thanks for the acknowledgment.

**Betty Jenkins Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)  
Office: 919-527-7093



**Vax Up** **OR** **Mask Up**

Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://YourSpotYourShot.nc.gov).

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Sent:** Monday, November 28, 2022 11:23 AM  
**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Snyder, Laura (CMS/CMCS) <[Laura.Snyder1@cms.hhs.gov](mailto:Laura.Snyder1@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Betty,

Thank you for your email. The state's submission is being reviewed by the CMS Financial Management Group. We will check the status and follow up with the state.

Thank you,  
Lovie

**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>  
**Sent:** Tuesday, November 22, 2022 1:55 PM  
**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>  
**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good afternoon,

Does CMS need additional information regarding this submission?

Thanks,

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile (b)(6)

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Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://www.yourshot.nc.gov).

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Thursday, October 6, 2022 7:22 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good morning,

Attached are two submissions, recognizing different CMS areas of responsibility.

1. Standard submission to CMS for the Hospital Tax Waiver request. This is pursuant to CMS guidance in their communication on September 13, 2022 as part of this subject preprint. This submission should include:
  - a. Provider Tax Waiver Letter (pdf)
  - b. NC B1 / B2 Test (Excel)
  - c. NCGS 108a, Article 7B (pdf)
  
2. Secondly, the same three documents plus the response to the Round 4 Questions (Word) for the Preprint Team.

Thanks,

**Cecilia Williams**  
State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
[NC Department of Health and Human Services](https://www.nc.gov)



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Office: (919) 527-7105

[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, September 22, 2022 3:08 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia  
<[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush,  
Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie, we appreciate it.

**Betty J. Staton, MBA**

State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://www.yourshot.nc.gov).

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Thursday, September 22, 2022 2:33 PM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush,  
Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed  
Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon Betty,

An extension until October 3, 2022 is granted.

Thank you,

Lovie

**From:** Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Sent:** Thursday, September 22, 2022 12:59 PM

**To:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick (CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie,

We are requesting an extension until 10/3/22 to submit responses.

Thanks,

**Betty J. Staton, MBA**

State Plan and Amendments Manager

NC Medicaid (Benefits and Services)

Mobile: (b)(6)

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Find a vaccine location, get questions answered and more at [YourSpotYourShot.nc.gov](https://YourSpotYourShot.nc.gov).

**From:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>

**Sent:** Tuesday, September 13, 2022 1:52 PM

**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick (CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Abbott, Sarah (CMS/CMCS) <Sarah.Abbott@cms.hhs.gov>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Hi, Lovie!

This has been received and will be shared with the NC teams.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator

NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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[Cecilia.Williams@dhhs.nc.gov](mailto:Cecilia.Williams@dhhs.nc.gov)

820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Tuesday, September 13, 2022 1:49 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick (CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Abbott, Sarah (CMS/CMCS) <[Sarah.Abbott@cms.hhs.gov](mailto:Sarah.Abbott@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good Afternoon,

Please find attached CMS' Round 4 questions and corresponding documents regarding this preprint. Please provide responses by September 23, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Wednesday, August 31, 2022 1:13 PM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Good Afternoon Cecelia,

CMS acknowledges receipt of the state's responses and corresponding document.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Friday, August 26, 2022 10:48 AM

**To:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Davis, Lovie (CMS/CMCS) <[Lovie.Davis@cms.hhs.gov](mailto:Lovie.Davis@cms.hhs.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Good morning, everyone!

Please see the attached from the state. Once again, thanks for the extension.

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid

Division of Health Benefits

NC Department of Health and Human Services



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Office: (919) 527-7105

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820 S. Boylan Ave., McBryde Building  
1950 Mail Service Center  
Raleigh, NC 27699-1950

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**From:** Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Sent:** Thursday, August 18, 2022 3:46 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Williams, Cecilia

<cecilia.williams@dhhs.nc.gov>

**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

Thanks Lovie.

**Betty J. Staton, MBA**  
State Plan and Amendments Manager  
NC Medicaid (Benefits and Services)  
Mobile: (b)(6)

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**From:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Sent:** Thursday, August 18, 2022 3:41 PM  
**To:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>  
**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>; CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Thank you for your email. An extension until 8/26 is fine.

Thank you,  
Lovie

**From:** Williams, Cecilia <cecilia.williams@dhhs.nc.gov>  
**Sent:** Thursday, August 18, 2022 2:33 PM  
**To:** CMS State Directed Payment <StateDirectedPayment@cms.hhs.gov>; Staton, Betty J <Betty.J.Staton@dhhs.nc.gov>  
**Cc:** Graves, Donald (CMS/CMCS) <Donald.Graves@cms.hhs.gov>; Dawson, Rick D.(CMS/CMCS) <Rick.Dawson@cms.hhs.gov>; Sandoe, Emma <Emma.Sandoe@dhhs.nc.gov>; Bush, Melanie E <melanie.bush@dhhs.nc.gov>; Kahnowitz, Michael (CMS/CMCS) <Michael.Kahnowitz@cms.hhs.gov>  
**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Lovie!

Our team need additional time to submit the questions mentioned below and would like to request an extension until 8/26.

Please advise if this is acceptable.

Thanks,

**Cecilia Williams**

State Plan and Amendments Coordinator  
NC Medicaid  
Division of Health Benefits  
NC Department of Health and Human Services



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Raleigh, NC 27699-1950

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**From:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Sent:** Friday, August 12, 2022 11:31 AM

**To:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS) <[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E <[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>; CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>

**Subject:** RE: [External] NC\_Fee\_OPH\_Renewal\_20220701-20230630

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Hi Cecilia,

Please find attached CMS' Round 3 questions and corresponding documents regarding this preprint. Please provide responses by August 22, 2022 if possible. If you have any questions please let us know.

Thank you,  
Lovie

**From:** Williams, Cecilia <[cecilia.williams@dhhs.nc.gov](mailto:cecilia.williams@dhhs.nc.gov)>

**Sent:** Monday, July 18, 2022 1:41 PM

**To:** CMS State Directed Payment <[StateDirectedPayment@cms.hhs.gov](mailto:StateDirectedPayment@cms.hhs.gov)>; Staton, Betty J <[Betty.J.Staton@dhhs.nc.gov](mailto:Betty.J.Staton@dhhs.nc.gov)>

**Cc:** Graves, Donald (CMS/CMCS) <[Donald.Graves@cms.hhs.gov](mailto:Donald.Graves@cms.hhs.gov)>; Dawson, Rick D.(CMS/CMCS)

<[Rick.Dawson@cms.hhs.gov](mailto:Rick.Dawson@cms.hhs.gov)>; Sandoe, Emma <[Emma.Sandoe@dhhs.nc.gov](mailto:Emma.Sandoe@dhhs.nc.gov)>; Bush, Melanie E

<[melanie.bush@dhhs.nc.gov](mailto:melanie.bush@dhhs.nc.gov)>; Kahnowitz, Michael (CMS/CMCS) <[Michael.Kahnowitz@cms.hhs.gov](mailto:Michael.Kahnowitz@cms.hhs.gov)>

**Subject:** RE: [External] RE: NC\_Fee\_OPH\_Renewal\_20220701-20230630

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<b>Assessment Buildup</b>		
<p>The purpose of this tab is to demonstrate how quarterly assessment rates are developed. We have established an assessment methodology that varies each quarter based on actual Medicare rates.</p> <p><i>Please note, since only the Q1 assessment has been completed for SFY 2023, this model is based on historical data.</i></p> <p>View G.S. 108A 145-146 at <a href="https://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByChapterAndSection.xhtml?chapter=108A&amp;section=145">https://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByChapterAndSection.xhtml?chapter=108A&amp;section=145</a></p>		
<b>Inputs:</b> These figures are "inputs" into the quarterly assessment rate calculation and remain constant over time.		
<b>Input</b>	<b>Assessment Component</b>	<b>Value</b>
a	Market Basket Index & Medicare Economic Index	2.00%
b	Inpatient (IP) Hospital Financing Percentage	66.41%
c	Outpatient (OP) Hospital Financing Percentage	27.69%
d	Annual State Medicaid Payment	\$ 112,200,000
e	Public (QPH) Hospital Assessment Historical Share	19.75%
f	Private (NQPH) Hospital Assessment Historical Share	80.25%
<b>Assessment Build Up</b>		
<b>Step</b>	<b>Assessment Component</b>	<b>Calculation</b>
A	Annual State Medicaid Payment	d/4
B	Managed Care Component	<i>Based on Payments</i>
C	Fee For Service Component	<i>Based on Payments</i>
D	Graduate Medical Education Component	$\frac{[(\text{Annual GME Payments}) / 4] * (1 - \text{FMAP})}{1}$
E	Postpartum Coverage Component	$[\text{Legislatively Mandated Figures}] * (1 + a)$
F	Intergovernmental Transfer Adjustment Component	Legislatively Mandated Figure
G	Aggregate Assessment Collection Amount	Sum of A-F
H	Public (QPH) Hospital Tax Rate	H1 / H2



1	Public (QPH) Hospital Assessment Amount (Numerator)	G * e
2	Total Hospital Costs for Public Hospitals (Denominator)	2020 HCRIS Data
<b>R</b>	<b>Private (NQPH) Hospital Tax Rate</b>	<b>R1 / R2</b>
1	Private (NQPH) Hospital Assessment	G * f
2	Private (NQPH) Hospital Costs	2020 HCRIS Data
<b>Estimated Annual Tax Rates (Quarterly Rates Above)</b>		<b>Total</b>
<b>A</b>	<b>Public (QPH) Hospital Rate</b>	<b>1.88%</b>
1	Annual Assessment Amount (Numerator)	\$ 129,980,951
2	Total Hospital Costs (Denominator)	\$ 6,903,054,275
<b>B</b>	<b>Private (NQPH) Hospital Tax Rate</b>	<b>3.73%</b>
1	Annual Assessment Amount (Numerator)	\$ 528,150,448
2	Total Hospital Costs (Denominator)	\$ 14,170,923,406
<b>IP and OP Tax Proportion Estimates based on IP and OP Medicaid Costs</b>		
<b>A</b>	IP Medicaid Costs	\$ 14,835,696,587
<b>B</b>	OP Medicaid Costs	\$ 11,386,712,509
<b>C</b>	Total Medicaid Costs	\$ 26,222,409,096
<b>D</b>	<b>IP Cost Proportion (A/C)</b>	<b>56.58%</b>
<b>E</b>	<b>OP Cost Proportion (B/C)</b>	<b>43.42%</b>
<b>#</b>	<b>Hospital Type</b>	<b>Abbreviation</b>
1	1 = Non-Public CAH	NQPH CAH
3	3 = Non-Public Hospital	NQPH
4	4 = Public Hospital	QPH
5	5 = Public CAH	QPH CAH
6	6 = UNC Health Care System	UNCHCS
7	7 = LTAC	LTACH
8	8 = Psych	PSYCH
9	9 = Rehab	REHAB
10	10 = State IMD	IMD
11	11 = Primary Teaching Affiliated with ECU	VIDANT
12	12 = QPH Rehab	QPH REHAB

paid for public and private hospitals. The North Carolina General Assembly, under North Carolina law, has authorized the State to make certain health care related payments. The assessment rate is calculated based on total hospital costs.

uses projections for Q2 through Q4.

Chapter/Chapter\_108A.html

consistent for the entire state fiscal year (SFY).

Calculation (if applicable)	State Legislation	Description
N/A	NC G.S. § 108A-145.3(11)	The hospital inpatient prospective multifactor productivity adjustment
$(65.74\% + a)/(1 + a)$	§ 108A-145.3(8)	For the 2021-2022 State fiscal year, the assessment rate shall be sixty-five and seventy-four hundredths percent, and for each subsequent State fiscal year, the assessment rate shall be the assessment rate for the preceding State fiscal year plus the rate of change in the Consumer Price Index for All Urban Consumers, U.S. City Average, for the 12-month period ending on the first day of the State fiscal year.
N/A	§ 108A-145.3(13)	Twenty-seven and sixty-nine hundredths percent
$(\$110,000,000 + (1 + a) \times \text{CPI}) / (1 + a)$	§ 108A-145.3(23)	An annual amount equal to one percent of the total hospital costs for the period July 1, 2021, through June 30, 2022, plus the rate of change in the Consumer Price Index for All Urban Consumers, U.S. City Average, for the 12-month period ending on the first day of the State fiscal year.
N/A	§ 108A-145.3(21)	Nineteen and seventy-five hundredths percent
N/A	§ 108A-145.3(19)	Eighty and twenty-five hundredths percent

SFY 2023 Q1 - Actuals	SFY 2023 Q2 - Projections	SFY 2023 Q3 - Projections
\$ 28,050,000	\$ 28,050,000	\$ 28,050,000
\$ 89,619,009	\$ 92,142,666	\$ 93,132,575
\$ 61,656,684	\$ 57,487,518	\$ 55,496,794
\$ 13,514,372	\$ 13,382,371	\$ 13,382,371
\$ 12,762,500	\$ 3,349,731	\$ 11,004,424
\$ (45,041,758)	\$ (42,806,604)	\$ (44,623,429)
\$ 160,560,808	\$ 151,605,682	\$ 156,442,734
0.46%	0.43%	0.45%



<p>na General Statute (NC G.S.) 108A 145-146, has</p>	
<p>the payment system market basket, minus the  ent, established in rule by CMS and in effect on  ear, the inpatient hospital financing percentage is  redths percent (65.74%), expressed as a decimal. For  r, the inpatient hospital financing percentage is the  dredths percent (27.69%), expressed as a decimal.  undred ten million dollars (\$110,000,000) for the  e 30, 2022, increased each year over the prior year's  redths percent (19.75%), expressed as a decimal.  hs percent (80.25%), expressed as a decimal.</p>	
<p><b>SFY 2023 Q4 - Projections</b>      <b>State Legislation</b></p>	
\$                    28,050,000	§ 108A-145.3(23)
\$                    116,324,258	§ 108A-146.7
\$                    62,216,522	§ 108A-146.9
\$                    16,550,400	§ 108A-146.11
\$                    11,004,424	§ 108A-146.12
\$                    (44,623,429)	§ 108A-146.13
\$                    189,522,175	§ 108A-146.5
0.54%	§ 108A-146.1

\$	37,430,630	§ 108A-146.1
\$	6,903,054,275	§ 108A-145.3(7)
<b>1.07%</b>		<b>§ 108A-146.3</b>
\$	152,091,546	§ 108A-146.3
\$	14,170,923,406	§ 108A-145.3(7)

1	2	3
<b>Provider ID</b>	<b>Provider Name</b>	<b>CURRENT QUARTER Provider Type</b>
3400001	Atrium Health Cabarrus	4
3400002	Mission Hospital	3
3400003	Northern Regional Hospital	4
3400004	High Point Regional Health	3
3400008	Scotland Memorial Hospital	3
3400010	Wayne Memorial Hospital	3
3400013	Rutherford Regional Medical Center	3
3400014	Novant Health Forsyth Medical Center	3
3400015	Novant Health Rowan Medical Center	3
3400016	Harris Regional Hospital	3
3400017	Margaret R Pardee Mem Hospital	4
3400020	Central Carolina Hospital	3
3400021	Atrium Health Cleveland	4
3400023	AdventHealth Hendersonville	3
3400024	Sampson Regional Medical Center	4
3400027	UNC Lenoir Memorial Hospital	4
3400028	Cape Fear Valley Medical Center	4
3400030	Duke University Hospital	3
3400032	Caromont Regional Medical Center (Gaston)	4
3400039	Iredell Memorial Hospital	4
3400040	Vidant Medical Center - Pitt	11
3400041	Caldwell Memorial Hospital	6
3400042	Onslow Memorial Hospital	4
3400047	North Carolina Baptist Hospital	3
3400049	North Carolina Specialty	3
3400050	Southeastern Reg Medical Center	3
3400051	Watauga Medical Center	4
3400053	Novant Health Presbyterian Medical Center	3
3400060	UNC Rockingham	6
3400061	UNC Hospitals	6
3400064	Wilkes Regional Medical Center	3
3400068	Columbus Regional Healthcare	4
3400069	WakeMed - Raleigh Campus	3
3400070	Alamance Regional Medical Center	3
3400071	Betsy Johnson Hospital	4

3400073	Duke Raleigh Hospital	3
3400075	UNC Health Blue Ridge	3
3400084	Atrium Health Anson	4
3400085	Novant Health Thomasville Medical Center	3
3400087	The McDowell Hospital	3
3400090	Johnston Health	4
3400091	Cone Health	3
3400096	Lexington Medical Hospital	3
3400097	Hugh Chatham Memorial Hospital	3
3400098	Atrium Health Pineville	4
3400099	Vidant Roanoke-Chowan Hospital	4
3400107	Vidant Edgecombe Hospital	4
3400109	Sentara Albemarle Medical Center	3
3400113	Carolinas Medical Center	4
3400114	Rex Hospital	6
3400115	Firsthealth Moore Regional Hospital	3
3400116	Frye Regional Medical Center	3
3400119	Atrium Health Stanly	4
3400120	Vidant Duplin Hospital	4
3400123	Randolph Hospital	3
3400126	Wilson Medical Center	3
3400127	Granville Health System	4
3400129	Lake Norman Regional Medical	3
3400130	Atrium Health Union	4
3400131	Carolinaeast Medical Center	4
3400132	Maria Parham Medical Center	3
3400133	Martin General Hospital	3
3400141	Novant New Hanover Regional Medical	3
3400142	Carteret General Hospital	4
3400143	Catawba Valley Medical Center	4
3400144	Davis Regional Medical Center	3
3400145	Atrium Health Lincoln	4
3400147	Nash General Hospital	4
3400148	Novant Health Medical Park Hospital	3
3400151	Halifax Regional Medical Center	4
3400155	Duke Regional Hospital	3
3400158	Novant Health Brunswick Medical Center	3
3400159	Person Memorial Hospital	3
3400166	Atrium Health University	4
3400168	Wilmington Treatment Center	7
3400171	Novant Health Matthews Medical Center	3
3400173	WakeMed Cary Hospital	3
3400183	Novant Health Huntersville Medical Center	3
3400184	Haywood Regional Medical Center	3
3400186	Vidant Beaufort Hospital	11
3400187	Davie Medical Center	3
3400188	Cape Fear Valley Hoke Hospital	4

3400190	Novant Health Mint Hill Medical Center	3
3401303	Firsthealth Montgomery Memorial	1
3401304	Vidant Bertie Hospital	5
3401305	Swain County Hospital	1
3401307	Pender Memorial Hospital	5
3401311	Chatham Hospital	6
3401315	Cape Fear Valley-Bladen County	5
3401316	Highlands-Cashiers Hospital	1
3401317	LifeBrite Hospital Group of Stokes, LLC	1
3401318	Vidant Chowan Hospital	5
3401319	Transylvania Regional Hospital	1
3401320	Alleghany Memorial Hospital	1
3401322	Saint Luke's Hospital	1
3401323	Charles A Cannon Jr Memorial Hospital	1
3401324	The Outer Banks Hospital	5
3401325	Ashe Memorial Hospital	1
3401326	Angel Medical Center	1
3401327	J Arthur Doshier Memorial Hospital	5
3401328	Murphy Medical Center	1
3401329	Blue Ridge Regional Hospital	1
3402012	Kindred Hospital - Greensboro	7
3402013	New Lifecare Hospitals	7
3402014	Highsmith-Rainey Specialty Hospital	7
3402015	Carolinas Speciality Hospital	7
3402018	Select Specialty Hospital - Durham	7
3402020	Select Specialty Hospital - Greensboro	7
3402021	CONTINUECARE HOSPITAL AT UNIVERSITY	9
3403025	CarePartners Rehab Hospital	9
3403026	Charlotte Institute Of Rehabilitation	12
3404004	Central Regional Hospital	10
3404007	Old Vineyard Hospital - Keystone	8
3404014	Holly Hill Hospital	8
3404016	Brynn Marr Behavioral Healthcare	8
3404023	Julian F Keith ADATC	8
3404025	Broughton Hospital	10
3404026	Cherry Hospital	10
3404027	R.J. Blackley ADATC	10
3404029	GOOD HOPE HOSPITAL, INC.	10
3404028	Strategic Behavioral Center - Garner	10
3404030	Strategic Behavioral Health Wilmington	10
3404033	Walter B Jones	10



4	5	6	7	8
Background				
CURRENT QUARTER Provider Type Code	Q1 Provider Type	Q2 Provider Type	Q3 Provider Type	Q4 Provider Type
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
QPH	4	4	4	4
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
QPH	4	4	4	4
VIDANT	11	11	11	11
UNCHCS	6	6	6	6
QPH	4	4	4	4
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
UNCHCS	6	6	6	6
UNCHCS	6	6	6	6
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4

NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
QPH	4	4	4	4
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
UNCHCS	6	6	6	6
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
QPH	4	4	4	4
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
QPH	4	4	4	4
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
QPH	4	4	4	4
NQPH	3	3	3	3
QPH	4	4	4	4
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
QPH	4	4	4	4
LTACH	7	7	7	7
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
NQPH	3	3	3	3
VIDANT	11	11	11	11
NQPH	3	3	3	3
QPH	4	4	4	4

NQPH	3	3	3	3
NQPH CAH	1	1	1	1
QPH CAH	5	5	5	5
NQPH CAH	1	1	1	1
QPH CAH	5	5	5	5
UNCHCS	6	6	6	6
QPH CAH	5	5	5	5
NQPH CAH	1	1	1	1
NQPH CAH	1	1	1	1
QPH CAH	5	5	5	5
NQPH CAH	1	1	1	1
NQPH CAH	1	1	1	1
NQPH CAH	1	1	1	1
NQPH CAH	1	1	1	1
QPH CAH	5	5	5	5
NQPH CAH	1	1	1	1
NQPH CAH	1	1	1	1
QPH CAH	5	5	5	5
NQPH CAH	1	1	1	1
NQPH CAH	1	1	1	1
LTACH	7	7	7	7
LTACH	7	7	7	7
LTACH	7	7	7	7
LTACH	7	7	7	7
LTACH	7	7	7	7
LTACH	7	7	7	7
REHAB	9	9	9	9
REHAB	9	9	9	9
QPH REHAB	12	12	12	12
IMD	10	10	10	10
PSYCH	8	8	8	8
PSYCH	8	8	8	8
PSYCH	8	8	8	8
PSYCH	8	8	8	8
IMD	10	10	10	10
IMD	10	10	10	10
IMD	10	10	10	10
IMD	10	10	10	10
IMD	10	10	10	10
IMD	10	10	10	10
IMD	10	10	10	10

**SFY 23: Assessment Rates**

	<b>Q1</b>		<b>Q2</b>	
<b>Public (QPH)</b>	0.46%		0.43%	
<b>Private (NQPH)</b>	0.91%		0.86%	
9	10	11	12	13
<b>Total Hospital Costs</b>	<b>Q1 Rate</b>	<b>Q1 Tax</b>	<b>Q2 Rate</b>	<b>Q2 Tax</b>
\$ 477,900,026	0.46%	\$ 2,195,343	0.43%	\$ 2,072,900
\$ 836,266,378	0.91%	\$ 7,603,807	0.86%	\$ 7,179,712
\$ 73,615,009	0.46%	\$ 338,167	0.43%	\$ 319,306
\$ 253,290,983	0.91%	\$ 2,303,065	0.86%	\$ 2,174,614
\$ 111,446,167	0.91%	\$ 1,013,332	0.86%	\$ 956,814
\$ 220,467,350	0.91%	\$ 2,004,614	0.86%	\$ 1,892,808
\$ 47,414,048	0.91%	\$ 431,115	0.86%	\$ 407,070
\$ 1,104,116,284	0.91%	\$ 10,039,250	0.86%	\$ 9,479,320
\$ 207,216,434	0.91%	\$ 1,884,129	0.86%	\$ 1,779,043
\$ 62,084,268	0.91%	\$ 564,505	0.86%	\$ 533,021
\$ 200,059,276	0.46%	\$ 919,018	0.43%	\$ 867,761
\$ 49,417,778	0.91%	\$ 449,334	0.86%	\$ 424,273
\$ 246,880,092	0.46%	\$ 1,134,100	0.43%	\$ 1,070,847
\$ 146,965,042	0.91%	\$ 1,336,289	0.86%	\$ 1,261,759
\$ 40,843,665	0.46%	\$ 187,625	0.43%	\$ 177,160
\$ 96,291,851	0.46%	\$ 442,339	0.43%	\$ 417,668
\$ 530,050,281	0.46%	\$ 2,434,907	0.43%	\$ 2,299,103
\$ 2,075,414,257	0.91%	\$ 18,870,840	0.86%	\$ 17,818,337
\$ 421,148,122	0.46%	\$ 1,934,640	0.43%	\$ 1,826,738
\$ 128,256,817	0.46%	\$ 589,177	0.43%	\$ 556,316
\$ 1,017,300,127	0.00%	\$ -	0.00%	\$ -
\$ 95,240,605	0.00%	\$ -	0.00%	\$ -
\$ 111,846,381	0.46%	\$ 513,792	0.43%	\$ 485,136
\$ 1,599,821,586	0.91%	\$ 14,546,482	0.86%	\$ 13,735,166
\$ 51,093,628	0.91%	\$ 464,572	0.86%	\$ 438,661
\$ 223,880,825	0.91%	\$ 2,035,651	0.86%	\$ 1,922,115
\$ 117,002,648	0.46%	\$ 537,478	0.43%	\$ 507,501
\$ 867,377,989	0.91%	\$ 7,886,691	0.86%	\$ 7,446,818
\$ 44,119,398	0.00%	\$ -	0.00%	\$ -
\$ 1,877,808,204	0.00%	\$ -	0.00%	\$ -
\$ 68,009,470	0.91%	\$ 618,381	0.86%	\$ 583,891
\$ 70,759,636	0.46%	\$ 325,051	0.43%	\$ 306,921
\$ 812,878,498	0.91%	\$ 7,391,151	0.86%	\$ 6,978,917
\$ 217,817,723	0.91%	\$ 1,980,522	0.86%	\$ 1,870,060
\$ 83,094,640	0.46%	\$ 381,714	0.43%	\$ 360,424

\$ 432,401,421	0.91%	\$ 3,931,638	0.86%	\$ 3,712,355
\$ 146,434,460	0.91%	\$ 1,331,465	0.86%	\$ 1,257,204
\$ 17,415,351	0.46%	\$ 80,001	0.43%	\$ 75,539
\$ 79,670,578	0.91%	\$ 724,410	0.86%	\$ 684,007
\$ 40,877,712	0.91%	\$ 371,683	0.86%	\$ 350,953
\$ 193,956,556	0.46%	\$ 890,984	0.43%	\$ 841,290
\$ 1,053,063,155	0.91%	\$ 9,575,046	0.86%	\$ 9,041,007
\$ 93,454,604	0.91%	\$ 849,742	0.86%	\$ 802,349
\$ 68,982,085	0.91%	\$ 627,224	0.86%	\$ 592,241
\$ 304,149,589	0.46%	\$ 1,397,181	0.43%	\$ 1,319,254
\$ 68,217,448	0.46%	\$ 313,372	0.43%	\$ 295,894
\$ 64,479,101	0.46%	\$ 296,200	0.43%	\$ 279,679
\$ 125,612,029	0.91%	\$ 1,142,136	0.86%	\$ 1,078,434
\$ 2,119,391,275	0.46%	\$ 9,735,909	0.43%	\$ 9,192,898
\$ 745,264,848	0.00%	\$ -	0.00%	\$ -
\$ 459,951,508	0.91%	\$ 4,182,139	0.86%	\$ 3,948,884
\$ 170,861,091	0.91%	\$ 1,553,566	0.86%	\$ 1,466,917
\$ 77,417,638	0.46%	\$ 355,636	0.43%	\$ 335,800
\$ 46,472,037	0.46%	\$ 213,480	0.43%	\$ 201,573
\$ 88,543,609	0.91%	\$ 805,089	0.86%	\$ 760,186
\$ 87,304,753	0.91%	\$ 793,824	0.86%	\$ 749,549
\$ 36,230,987	0.46%	\$ 166,435	0.43%	\$ 157,153
\$ 83,314,005	0.91%	\$ 757,538	0.86%	\$ 715,287
\$ 189,511,689	0.46%	\$ 870,565	0.43%	\$ 822,010
\$ 266,245,020	0.46%	\$ 1,223,057	0.43%	\$ 1,154,843
\$ 91,397,521	0.91%	\$ 831,038	0.86%	\$ 784,688
\$ 23,084,355	0.91%	\$ 209,896	0.86%	\$ 198,189
\$ 895,469,125	0.91%	\$ 8,142,112	0.86%	\$ 7,687,993
\$ 127,501,626	0.46%	\$ 585,708	0.43%	\$ 553,041
\$ 218,107,179	0.46%	\$ 1,001,925	0.43%	\$ 946,044
\$ 47,790,704	0.91%	\$ 434,540	0.86%	\$ 410,304
\$ 107,195,461	0.46%	\$ 492,427	0.43%	\$ 464,962
\$ 203,345,437	0.46%	\$ 934,114	0.43%	\$ 882,014
\$ 58,903,387	0.91%	\$ 535,583	0.86%	\$ 505,711
\$ 84,872,653	0.46%	\$ 389,882	0.43%	\$ 368,137
\$ 316,009,329	0.91%	\$ 2,873,336	0.86%	\$ 2,713,078
\$ 87,767,906	0.91%	\$ 798,035	0.86%	\$ 753,526
\$ 17,846,278	0.91%	\$ 162,268	0.86%	\$ 153,218
\$ 147,492,599	0.46%	\$ 677,541	0.43%	\$ 639,752
\$ 16,757,588	0.00%	\$ -	0.00%	\$ -
\$ 165,807,488	0.91%	\$ 1,507,615	0.86%	\$ 1,423,530
\$ 217,472,857	0.91%	\$ 1,977,386	0.86%	\$ 1,867,099
\$ 150,108,540	0.91%	\$ 1,364,872	0.86%	\$ 1,288,747
\$ 91,177,979	0.91%	\$ 829,042	0.86%	\$ 782,803
\$ 72,803,283	0.00%	\$ -	0.00%	\$ -
\$ 60,503,366	0.91%	\$ 550,131	0.86%	\$ 519,448
\$ 33,304,185	0.46%	\$ 152,990	0.43%	\$ 144,458

\$	62,134,853	0.91%	\$	564,965	0.86%	\$	533,455
\$	9,912,963	0.00%	\$	-	0.00%	\$	-
\$	15,209,257	0.00%	\$	-	0.00%	\$	-
\$	10,902,081	0.00%	\$	-	0.00%	\$	-
\$	18,848,355	0.00%	\$	-	0.00%	\$	-
\$	20,548,669	0.00%	\$	-	0.00%	\$	-
\$	15,816,043	0.00%	\$	-	0.00%	\$	-
\$	12,599,520	0.00%	\$	-	0.00%	\$	-
\$	6,946,504	0.00%	\$	-	0.00%	\$	-
\$	45,322,310	0.00%	\$	-	0.00%	\$	-
\$	39,504,013	0.00%	\$	-	0.00%	\$	-
\$	9,173,457	0.00%	\$	-	0.00%	\$	-
\$	29,452,999	0.00%	\$	-	0.00%	\$	-
\$	20,741,318	0.00%	\$	-	0.00%	\$	-
\$	53,565,480	0.00%	\$	-	0.00%	\$	-
\$	23,846,587	0.00%	\$	-	0.00%	\$	-
\$	31,911,551	0.00%	\$	-	0.00%	\$	-
\$	34,555,527	0.00%	\$	-	0.00%	\$	-
\$	47,283,785	0.00%	\$	-	0.00%	\$	-
\$	28,460,916	0.00%	\$	-	0.00%	\$	-
\$	23,152,100	0.00%	\$	-	0.00%	\$	-
\$	21,971,162	0.00%	\$	-	0.00%	\$	-
\$	45,802,895	0.00%	\$	-	0.00%	\$	-
\$	14,693,475	0.00%	\$	-	0.00%	\$	-
\$	16,826,905	0.00%	\$	-	0.00%	\$	-
\$	14,380,722	0.00%	\$	-	0.00%	\$	-
\$	8,109,144	0.00%	\$	-	0.00%	\$	-
\$	28,264,351	0.00%	\$	-	0.00%	\$	-
\$	91,069,417	0.00%	\$	-	0.00%	\$	-
\$	140,019,303	0.00%	\$	-	0.00%	\$	-
\$	24,884,842	0.00%	\$	-	0.00%	\$	-
\$	36,569,406	0.00%	\$	-	0.00%	\$	-
\$	10,646,052	0.00%	\$	-	0.00%	\$	-
\$	20,257,511	0.00%	\$	-	0.00%	\$	-
\$	119,764,903	0.00%	\$	-	0.00%	\$	-
\$	112,863,160	0.00%	\$	-	0.00%	\$	-
\$	16,183,003	0.00%	\$	-	0.00%	\$	-
\$	3,272,336	0.00%	\$	-	0.00%	\$	-
\$	19,927,968	0.00%	\$	-	0.00%	\$	-
\$	17,418,377	0.00%	\$	-	0.00%	\$	-
\$	18,458,995	0.00%	\$	-	0.00%	\$	-
	<b>Sum</b>		<b>\$</b>	<b>160,560,808</b>		<b>\$</b>	<b>151,605,682</b>
	<i>QA Check</i>		<b>\$</b>	<b>-</b>		<b>\$</b>	<b>-</b>

Q3		Q4		
0.45%		0.54%		
0.89%		1.07%		
14	15	16	17	18
Assessment				
Q3 Rate	Q3 Tax	Q4 Rate	Q4 Tax	SFY 2023 Total Tax
0.45%	\$ 2,139,037	0.54%	\$ 2,591,331	\$ 8,998,611
0.89%	\$ 7,408,784	1.07%	\$ 8,975,353	\$ 31,167,656
0.45%	\$ 329,494	0.54%	\$ 399,165	\$ 1,386,133
0.89%	\$ 2,243,996	1.07%	\$ 2,718,483	\$ 9,440,157
0.89%	\$ 987,342	1.07%	\$ 1,196,113	\$ 4,153,600
0.89%	\$ 1,953,199	1.07%	\$ 2,366,199	\$ 8,216,820
0.89%	\$ 420,058	1.07%	\$ 508,878	\$ 1,767,122
0.89%	\$ 9,781,762	1.07%	\$ 11,850,092	\$ 41,150,424
0.89%	\$ 1,835,805	1.07%	\$ 2,223,981	\$ 7,722,958
0.89%	\$ 550,027	1.07%	\$ 666,329	\$ 2,313,881
0.45%	\$ 895,447	0.54%	\$ 1,084,787	\$ 3,767,013
0.89%	\$ 437,810	1.07%	\$ 530,384	\$ 1,841,801
0.45%	\$ 1,105,013	0.54%	\$ 1,338,665	\$ 4,648,625
0.89%	\$ 1,302,016	1.07%	\$ 1,577,324	\$ 5,477,388
0.45%	\$ 182,813	0.54%	\$ 221,468	\$ 769,065
0.45%	\$ 430,994	0.54%	\$ 522,126	\$ 1,813,126
0.45%	\$ 2,372,457	0.54%	\$ 2,874,107	\$ 9,980,573
0.89%	\$ 18,386,839	1.07%	\$ 22,274,693	\$ 77,350,709
0.45%	\$ 1,885,021	0.54%	\$ 2,283,604	\$ 7,930,002
0.45%	\$ 574,066	0.54%	\$ 695,451	\$ 2,415,010
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.45%	\$ 500,614	0.54%	\$ 606,468	\$ 2,106,010
0.89%	\$ 14,173,393	1.07%	\$ 17,170,323	\$ 59,625,366
0.89%	\$ 452,657	1.07%	\$ 548,370	\$ 1,904,260
0.89%	\$ 1,983,441	1.07%	\$ 2,402,834	\$ 8,344,040
0.45%	\$ 523,693	0.54%	\$ 634,427	\$ 2,203,100
0.89%	\$ 7,684,413	1.07%	\$ 9,309,263	\$ 32,327,186
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.89%	\$ 602,520	1.07%	\$ 729,922	\$ 2,534,714
0.45%	\$ 316,714	0.54%	\$ 383,682	\$ 1,332,367
0.89%	\$ 7,201,582	1.07%	\$ 8,724,340	\$ 30,295,989
0.89%	\$ 1,929,725	1.07%	\$ 2,337,761	\$ 8,118,069
0.45%	\$ 371,924	0.54%	\$ 450,566	\$ 1,564,629

0.89%	\$ 3,830,799	1.07%	\$ 4,640,813	\$ 16,115,605
0.89%	\$ 1,297,315	1.07%	\$ 1,571,630	\$ 5,457,614
0.45%	\$ 77,950	0.54%	\$ 94,432	\$ 327,922
0.89%	\$ 705,830	1.07%	\$ 855,076	\$ 2,969,323
0.89%	\$ 362,150	1.07%	\$ 438,726	\$ 1,523,513
0.45%	\$ 868,132	0.54%	\$ 1,051,696	\$ 3,652,102
0.89%	\$ 9,329,464	1.07%	\$ 11,302,157	\$ 39,247,674
0.89%	\$ 827,948	1.07%	\$ 1,003,015	\$ 3,483,054
0.89%	\$ 611,137	1.07%	\$ 740,361	\$ 2,570,963
0.45%	\$ 1,361,346	0.54%	\$ 1,649,199	\$ 5,726,980
0.45%	\$ 305,335	0.54%	\$ 369,897	\$ 1,284,499
0.45%	\$ 288,603	0.54%	\$ 349,627	\$ 1,214,108
0.89%	\$ 1,112,842	1.07%	\$ 1,348,150	\$ 4,681,562
0.45%	\$ 9,486,202	0.54%	\$ 11,492,036	\$ 39,907,045
0.00%	\$ -	0.00%	\$ -	\$ -
0.89%	\$ 4,074,875	1.07%	\$ 4,936,498	\$ 17,142,397
0.89%	\$ 1,513,720	1.07%	\$ 1,833,792	\$ 6,367,994
0.45%	\$ 346,514	0.54%	\$ 419,784	\$ 1,457,734
0.45%	\$ 208,005	0.54%	\$ 251,987	\$ 875,044
0.89%	\$ 784,440	1.07%	\$ 950,307	\$ 3,300,021
0.89%	\$ 773,464	1.07%	\$ 937,011	\$ 3,253,849
0.45%	\$ 162,167	0.54%	\$ 196,456	\$ 682,211
0.89%	\$ 738,109	1.07%	\$ 894,180	\$ 3,105,114
0.45%	\$ 848,237	0.54%	\$ 1,027,595	\$ 3,568,407
0.45%	\$ 1,191,688	0.54%	\$ 1,443,668	\$ 5,013,256
0.89%	\$ 809,723	1.07%	\$ 980,938	\$ 3,406,386
0.89%	\$ 204,513	1.07%	\$ 247,756	\$ 860,354
0.89%	\$ 7,933,282	1.07%	\$ 9,610,756	\$ 33,374,143
0.45%	\$ 570,686	0.54%	\$ 691,356	\$ 2,400,790
0.45%	\$ 976,228	0.54%	\$ 1,182,649	\$ 4,106,846
0.89%	\$ 423,395	1.07%	\$ 512,921	\$ 1,781,160
0.45%	\$ 479,797	0.54%	\$ 581,249	\$ 2,018,435
0.45%	\$ 910,156	0.54%	\$ 1,102,606	\$ 3,828,890
0.89%	\$ 521,846	1.07%	\$ 632,189	\$ 2,195,330
0.45%	\$ 379,882	0.54%	\$ 460,207	\$ 1,598,108
0.89%	\$ 2,799,640	1.07%	\$ 3,391,617	\$ 11,777,671
0.89%	\$ 777,567	1.07%	\$ 941,982	\$ 3,271,111
0.89%	\$ 158,107	1.07%	\$ 191,538	\$ 665,131
0.45%	\$ 660,163	0.54%	\$ 799,753	\$ 2,777,210
0.00%	\$ -	0.00%	\$ -	\$ -
0.89%	\$ 1,468,948	1.07%	\$ 1,779,554	\$ 6,179,647
0.89%	\$ 1,926,670	1.07%	\$ 2,334,060	\$ 8,105,215
0.89%	\$ 1,329,865	1.07%	\$ 1,611,062	\$ 5,594,547
0.89%	\$ 807,778	1.07%	\$ 978,581	\$ 3,398,204
0.00%	\$ -	0.00%	\$ -	\$ -
0.89%	\$ 536,021	1.07%	\$ 649,361	\$ 2,254,961
0.45%	\$ 149,066	0.54%	\$ 180,586	\$ 627,101



0.89%	\$ 550,475	1.07%	\$ 666,872	\$ 2,315,767
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
0.00%	\$ -	0.00%	\$ -	\$ -
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	<b>\$ 156,442,734</b>		<b>\$ 189,522,175</b>	<b>\$ 658,131,400</b>
	\$ -		\$ -	\$ -

19	20
<b>Estimated Assessment Associated with Inpatient</b>	<b>Estimated Assessment Associated with Outpatient</b>
\$ 5,091,091	\$ 3,907,520
\$ 17,633,539	\$ 13,534,116
\$ 784,224	\$ 601,909
\$ 5,340,902	\$ 4,099,256
\$ 2,349,957	\$ 1,803,642
\$ 4,648,782	\$ 3,568,039
\$ 999,774	\$ 767,348
\$ 23,281,431	\$ 17,868,993
\$ 4,369,372	\$ 3,353,586
\$ 1,309,111	\$ 1,004,770
\$ 2,131,241	\$ 1,635,772
\$ 1,042,025	\$ 799,776
\$ 2,630,025	\$ 2,018,600
\$ 3,098,910	\$ 2,378,479
\$ 435,109	\$ 333,956
\$ 1,025,801	\$ 787,324
\$ 5,646,650	\$ 4,333,924
\$ 43,762,251	\$ 33,588,458
\$ 4,486,510	\$ 3,443,492
\$ 1,366,326	\$ 1,048,684
\$ -	\$ -
\$ -	\$ -
\$ 1,191,505	\$ 914,505
\$ 33,733,889	\$ 25,891,477
\$ 1,077,362	\$ 826,898
\$ 4,720,758	\$ 3,623,282
\$ 1,246,435	\$ 956,665
\$ 18,289,560	\$ 14,037,626
\$ -	\$ -
\$ -	\$ -
\$ 1,434,050	\$ 1,100,664
\$ 753,806	\$ 578,562
\$ 17,140,382	\$ 13,155,607
\$ 4,592,911	\$ 3,525,157
\$ 885,211	\$ 679,418

\$ 9,117,630	\$ 6,997,975
\$ 3,087,722	\$ 2,369,892
\$ 185,527	\$ 142,396
\$ 1,679,936	\$ 1,289,387
\$ 861,949	\$ 661,564
\$ 2,066,228	\$ 1,585,874
\$ 22,204,923	\$ 17,042,751
\$ 1,970,587	\$ 1,512,467
\$ 1,454,558	\$ 1,116,405
\$ 3,240,119	\$ 2,486,861
\$ 726,724	\$ 557,776
\$ 686,899	\$ 527,209
\$ 2,648,659	\$ 2,032,902
\$ 22,577,971	\$ 17,329,073
\$ -	\$ -
\$ 9,698,552	\$ 7,443,845
\$ 3,602,782	\$ 2,765,212
\$ 824,734	\$ 633,001
\$ 495,069	\$ 379,976
\$ 1,867,033	\$ 1,432,988
\$ 1,840,911	\$ 1,412,938
\$ 385,970	\$ 296,240
\$ 1,756,762	\$ 1,348,352
\$ 2,018,877	\$ 1,549,531
\$ 2,836,320	\$ 2,176,936
\$ 1,927,211	\$ 1,479,175
\$ 486,757	\$ 373,597
\$ 18,881,890	\$ 14,492,252
\$ 1,358,281	\$ 1,042,509
\$ 2,323,506	\$ 1,783,340
\$ 1,007,716	\$ 773,444
\$ 1,141,958	\$ 876,477
\$ 2,166,248	\$ 1,662,642
\$ 1,242,039	\$ 953,291
\$ 904,152	\$ 693,956
\$ 6,663,383	\$ 5,114,288
\$ 1,850,677	\$ 1,420,434
\$ 376,307	\$ 288,824
\$ 1,571,245	\$ 1,205,964
\$ -	\$ -
\$ 3,496,222	\$ 2,683,425
\$ 4,585,640	\$ 3,519,576
\$ 3,165,193	\$ 2,429,353
\$ 1,922,582	\$ 1,475,622
\$ -	\$ -
\$ 1,275,776	\$ 979,185
\$ 354,791	\$ 272,310



<b>Tax Waiver Calculation</b>		
As noted, the assessment rate is calculated based on total hospital costs. For purposes of this demonstration is broken down by inpatient and outpatient separately in the final two tabs (IP B1-B2, OP B1-B2) based		
<b>Ideal Assessment Rate Calculation</b>	<b>Total</b>	<b>IP</b>
1 Estimated Annual Assessment Collected	\$ 658,131,400	\$ 372,347,092
2 Hospital Costs	\$ 26,222,409,096	\$ 14,835,696,587
3 Ideal Assessment Rate	2.5%	2.5%

ration, this analysis on CMS's request.
<b>OP</b>
\$ 285,784,308
\$ 11,386,712,509
2.5%

**DOC-00006247.xlsx  
IP and OP B1-B2**

1	2	3	4	5	6	7	8	9
						Total Tax Collected	658,131,400	
<b>Medicaid Provider Tax Test for Waiver of Broad-Based and Uniform Requirements</b>								
						<b>Ideal Tax</b>		
						<b>B1 =</b>	<b>0.0000000021</b>	
			<b>Annual Inpatient and Outpatient Medicaid Costs Adjusted for Inflation</b>	<b>Total Inpatient and Outpatient Hospital Service Costs</b>				
<b>Provider Number</b>	<b>Hospital Name</b>	<b>Current Quarter Provider Type</b>	<b>A</b>	<b>B</b>		<b>C = All Pay the 2.51% rate Times Col B</b>	<b>D = Hospital Percent of Total in Col C</b>	
3400001	Atrium Health Cabarrus	QPH	74,107,686	477,900,026	-	11,994,360	0.01822487	
3400002	Mission Hospital	NQPH	139,150,407	836,266,378	-	20,988,657	0.03189129	
3400003	Northern Regional Hospital	QPH	9,215,847	73,615,009	-	1,847,593	0.00280733	
3400004	High Point Regional Health	NQPH	34,138,470	253,290,983	-	6,357,110	0.00965933	
3400008	Scotland Memorial Hospital	NQPH	20,012,579	111,446,167	-	2,797,082	0.00425004	
3400010	Wayne Memorial Hospital	NQPH	37,829,384	220,467,350	-	5,533,301	0.00840759	
3400013	Rutherford Regional Medical Center	NQPH	6,545,600	47,414,048	-	1,190,000	0.00180815	
3400014	Novant Health Forsyth Medical Center	NQPH	104,850,546	1,104,116,284	-	27,711,168	0.04210583	
3400015	Novant Health Rowan Medical Center	NQPH	25,644,840	207,216,434	-	5,200,729	0.00790227	
3400016	Harris Regional Hospital	NQPH	19,048,346	62,084,268	-	1,558,194	0.00236760	
3400017	Margaret R Pardee Mem Hospital	QPH	15,637,249	200,059,276	-	5,021,098	0.00762932	
3400020	Central Carolina Hospital	NQPH	18,344,576	49,417,778	-	1,240,290	0.00188456	
3400021	Atrium Health Cleveland	QPH	42,569,503	246,880,092	-	6,196,210	0.00941485	
3400023	AdventHealth Hendersonville	NQPH	12,036,033	146,965,042	-	3,688,536	0.00560456	
3400024	Sampson Regional Medical Center	QPH	7,267,477	40,843,665	-	1,025,096	0.00155759	
3400027	UNC Lenoir Memorial Hospital	QPH	20,327,841	96,291,851	-	2,416,738	0.00367212	
3400028	Cape Fear Valley Medical Center	QPH	119,178,465	530,050,281	-	13,303,230	0.02021364	
3400030	Duke University Hospital	NQPH	297,052,232	2,075,414,257	-	52,088,856	0.07914659	
3400032	Caromont Regional Medical Center (Gaston)	QPH	64,404,362	421,148,122	-	10,569,998	0.01606062	
3400039	Iredell Memorial Hospital	QPH	13,248,759	128,256,817	-	3,218,996	0.00489111	
3400040	Vidant Medical Center - Pitt	VIDANT	185,639,526	1,017,300,127	-	25,532,252	0.03879507	
3400041	Caldwell Memorial Hospital	UNCHCS	15,122,145	95,240,605	-	2,390,354	0.00363203	
3400042	Onslow Memorial Hospital	QPH	25,325,009	111,846,381	-	2,807,126	0.00426530	
3400047	North Carolina Baptist Hospital	NQPH	278,457,149	1,599,821,586	-	40,152,406	0.06100971	
3400049	North Carolina Specialty	NQPH	1,699,973	51,093,628	-	1,282,351	0.00194847	
3400050	Southeastern Reg Medical Center	NQPH	44,124,965	223,880,825	-	5,618,973	0.00853777	
3400051	Watauga Medical Center	QPH	8,552,534	117,002,648	-	2,936,539	0.00446193	
3400053	Novant Health Presbyterian Medical Center	NQPH	101,162,927	867,377,989	-	21,769,498	0.03307774	
3400060	UNC Rockingham	UNCHCS	13,860,661	44,119,398	-	1,107,311	0.00168251	
3400061	UNC Hospitals	UNCHCS	375,785,937	1,877,808,204	-	47,129,329	0.07161082	
3400064	Wilkes Regional Medical Center	NQPH	10,809,943	68,009,470	-	1,706,905	0.00259356	
3400068	Columbus Regional Healthcare	QPH	12,597,867	70,759,636	-	1,775,929	0.00269844	
3400069	WakeMed - Raleigh Campus	NQPH	172,823,175	812,878,498	-	20,401,667	0.03099938	
3400070	Alamance Regional Medical Center	NQPH	30,424,440	217,817,723	-	5,466,801	0.00830655	
3400071	Betsy Johnson Hospital	QPH	16,583,040	83,094,640	-	2,085,514	0.00316884	
3400073	Duke Raleigh Hospital	NQPH	26,865,460	432,401,421	-	10,852,434	0.01648977	
3400075	UNC Health Blue Ridge	NQPH	23,490,794	146,434,460	-	3,675,220	0.00558433	
3400084	Atrium Health Anson	QPH	3,691,821	17,415,351	-	437,091	0.00066414	
3400085	Novant Health Thomasville Medical Center	NQPH	15,197,742	79,670,578	-	1,999,576	0.00303826	
3400087	The McDowell Hospital	NQPH	7,899,339	40,877,712	-	1,025,951	0.00155888	
3400090	Johnston Health	QPH	39,601,010	193,956,556	-	4,867,932	0.00739660	
3400091	Cone Health	NQPH	154,633,399	1,053,063,155	-	26,429,834	0.04015890	
3400096	Lexington Medical Hospital	NQPH	12,477,940	93,454,604	-	2,345,529	0.00356392	
3400097	Hugh Chatham Memorial Hospital	NQPH	11,019,799	68,982,085	-	1,731,316	0.00263065	
3400098	Atrium Health Pineville	QPH	18,221,162	304,149,589	-	7,633,562	0.01159884	
3400099	Vidant Roanoke-Chowan Hospital	QPH	10,925,024	68,217,448	-	1,712,125	0.00260149	
3400107	Vidant Edgecombe Hospital	QPH	11,640,742	64,479,101	-	1,618,300	0.00245893	
3400109	Sentara Albemarle Medical Center	NQPH	15,116,424	125,612,029	-	3,152,617	0.00479026	
3400113	Carolinas Medical Center	QPH	412,098,099	2,119,391,275	-	53,192,593	0.08082367	
3400114	Rex Hospital	UNCHCS	46,379,285	745,264,848	-	18,704,696	0.02842091	
3400115	Firsthealth Moore Regional Hospital	NQPH	51,551,794	459,951,508	-	11,543,887	0.01754040	
3400116	Frye Regional Medical Center	NQPH	17,943,539	170,861,091	-	4,288,281	0.00651584	
3400119	Atrium Health Stanly	QPH	15,146,323	77,417,638	-	1,943,032	0.00295235	
3400120	Vidant Duplin Hospital	QPH	10,325,125	46,472,037	-	1,166,358	0.00177223	
3400123	Randolph Hospital	NQPH	14,817,755	88,543,609	-	2,222,272	0.00337664	
3400126	Wilson Medical Center	NQPH	18,036,896	87,304,753	-	2,191,179	0.00332939	
3400127	Granville Health System	QPH	6,429,989	36,230,987	-	909,327	0.00138168	
3400129	Lake Norman Regional Medical	NQPH	6,398,561	83,314,005	-	2,091,019	0.00317721	
3400130	Atrium Health Union	QPH	55,244,442	189,511,689	-	4,756,374	0.00722709	
3400131	Carolinaeast Medical Center	QPH	23,707,971	266,245,020	-	6,682,231	0.01015334	
3400132	Maria Parham Medical Center	NQPH	17,801,662	91,397,521	-	2,293,900	0.00348547	
3400133	Martin General Hospital	NQPH	4,082,015	23,084,355	-	579,372	0.00088033	
3400141	Novant New Hanover Regional Medical	NQPH	120,259,417	895,869,125	-	28,414,999	0.03171170	
3400142	Carteret General Hospital	QPH	10,026,078	127,501,626	-	3,200,043	0.00486232	

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**IP and OP B1-B2**

3400143	Catawba Valley Medical Center	QPH	38,164,207	218,107,179	-	5,474,065	0.00831759
3400144	Davis Regional Medical Center	NQPH	10,675,173	47,790,704	-	1,199,454	0.00182251
3400145	Atrium Health Lincoln	QPH	17,242,632	107,195,461	-	2,690,397	0.00408793
3400147	Nash General Hospital	QPH	43,235,273	203,345,437	-	5,103,574	0.00775464
3400148	Novant Health Medical Park Hospital	NQPH	2,614,525	58,903,387	-	1,478,360	0.00224630
3400151	Halifax Regional Medical Center	QPH	15,407,337	84,872,653	-	2,130,138	0.00323665
3400155	Duke Regional Hospital	NQPH	35,679,412	316,009,329	-	7,931,219	0.01205112
3400158	Novant Health Brunswick Medical Center	NQPH	11,813,042	87,767,906	-	2,202,804	0.00334706
3400159	Person Memorial Hospital	NQPH	2,294,456	17,846,278	-	447,907	0.00068057
3400166	Atrium Health University	QPH	24,485,261	147,492,599	-	3,701,777	0.00562468



**DOC-00006247.xlsx  
IP and OP B1-B2**

3400168	Wilmington Treatment Center	LTACH	-	16,757,588	-	420,583	0.00063906
3400171	Novant Health Matthews Medical Center	NQPH	14,038,275	165,807,488	-	4,161,445	0.00632312
3400173	WakeMed Cary Hospital	NQPH	14,254,845	217,472,857	-	5,458,145	0.00829340
3400183	Novant Health Huntersville Medical Center	NQPH	11,500,275	150,108,540	-	3,767,432	0.00572444
3400184	Haywood Regional Medical Center	NQPH	10,278,857	91,177,979	-	2,288,390	0.00347710
3400186	Vidant Beaufort Hospital	VIDANT	10,632,461	72,803,283	-	1,827,221	0.00277638
3400187	Davie Medical Center	NQPH	2,804,974	60,503,366	-	1,518,517	0.00230732
3400188	Cape Fear Valley Hoke Hospital	QPH	5,195,888	33,304,185	-	835,870	0.00127007
3400190	Novant Health Mint Hill Medical Center	NQPH	8,305,618	62,134,853	-	1,559,464	0.00236953
3401303	Firsthealth Montgomery Memorial	NQPH CAH	1,639,406	9,912,963	-	248,796	0.00037803
3401304	Vidant Bertie Hospital	QPH CAH	1,967,100	15,209,257	-	381,723	0.00058001
3401305	Swain County Hospital	NQPH CAH	3,169,591	10,902,081	-	273,621	0.00041575
3401307	Pender Memorial Hospital	QPH CAH	1,950,078	18,848,355	-	473,057	0.00071879
3401311	Chatham Hospital	UNCHCS	2,991,325	20,548,669	-	515,732	0.00078363
3401315	Cape Fear Valley-Bladen County	QPH CAH	2,835,012	15,816,043	-	396,952	0.00060315
3401316	Highlands-Cashiers Hospital	NQPH CAH	572,293	12,599,520	-	316,223	0.00048049
3401317	LifeBrite Hospital Group of Stokes, LLC	NQPH CAH	671,467	6,946,504	-	174,344	0.00026491
3401318	Vidant Chowan Hospital	QPH CAH	7,357,603	45,322,310	-	1,137,502	0.00128338
3401319	Transylvania Regional Hospital	NQPH CAH	3,421,187	39,504,013	-	991,474	0.00150650
3401320	Alleghany Memorial Hospital	NQPH CAH	1,083,981	9,173,457	-	230,236	0.00034983
3401322	Saint Luke's Hospital	NQPH CAH	1,055,722	29,452,999	-	739,213	0.00112320
3401323	Charles A Cannon Jr Memorial Hospital	NQPH CAH	3,823,880	20,741,318	-	520,567	0.00079098
3401324	The Outer Banks Hospital	QPH CAH	5,237,499	53,565,480	-	1,344,389	0.00204274
3401325	Ashe Memorial Hospital	NQPH CAH	3,775,903	23,846,587	-	598,503	0.00090940
3401326	Angel Medical Center	NQPH CAH	2,981,364	31,911,551	-	800,918	0.00121696
3401327	J Arthur Doshier Memorial Hospital	QPH CAH	1,521,426	34,555,527	-	867,276	0.00131779
3401328	Murphy Medical Center	NQPH CAH	6,451,189	47,283,785	-	1,186,731	0.00180318
3401329	Blue Ridge Regional Hospital	NQPH CAH	79,287	28,460,916	-	714,314	0.00108537
3402012	Kindred Hospital - Greensboro	LTACH	371,152	23,152,100	-	581,073	0.00088291
3402013	New Lifecare Hospitals	LTACH	-	21,971,162	-	551,433	0.00083788
3402014	Highsmith-Rainey Specialty Hospital	LTACH	12,158,277	45,802,895	-	1,149,563	0.00174671
3402015	Carolinas Speciality Hospital	LTACH	347,260	14,693,475	-	368,778	0.00056034
3402018	Select Specialty Hospital - Durham	LTACH	-	16,826,905	-	422,323	0.00064170
3402020	Select Specialty Hospital - Greensboro	LTACH	10,677	14,380,722	-	360,928	0.00054841
3402021	CONTINUECARE HOSPITAL AT UNIVERSITY	REHAB	-	8,109,144	-	203,524	0.00030924
3403025	CarePartners Rehab Hospital	REHAB	2,580,595	28,264,351	-	709,380	0.00107787
3403026	Charlotte Institute Of Rehabilitation	QPH REHAB	15,220,416	91,069,417	-	2,285,665	0.00347296
3404004	Central Regional Hospital	IMD	-	140,019,303	-	3,514,212	0.00533968
3404007	Old Vineyard Hospital - Keystone	PSYCH	-	24,884,842	-	624,561	0.00094899
3404014	Holly Hill Hospital	PSYCH	18,392,900	36,569,406	-	917,821	0.00139459
3404016	Brynn Marr Behavioral Healthcare	PSYCH	7,488	10,646,052	-	267,195	0.00040599
3404023	Julian F Keith ADATC	PSYCH	-	20,257,511	-	508,424	0.00077253
3404025	Broughton Hospital	IMD	-	119,764,903	-	3,005,866	0.00456727
3404026	Cherry Hospital	IMD	-	112,863,160	-	2,832,646	0.00430407
3404027	R.J. Blackley ADATC	IMD	-	16,183,003	-	406,162	0.00061714
3404028	Strategic Behavioral Center - Garner	IMD	-	19,927,968	-	500,153	0.00075996
3404029	GOOD HOPE HOSPITAL, INC.	IMD	-	3,272,336	-	82,129	0.00012479
3404030	Strategic Behavioral Health Wilmington	IMD	-	17,418,377	-	437,167	0.00066426
3404033	Walter B Jones	IMD	-	18,458,995	-	463,285	0.00070394
	Totals			26,222,409,096		658,131,400	

**DOC-000006247.xlsx  
IP and OP B1-B2**

10	11
Total Tax Collected	658,131,400
<b>Actual Tax</b>	
<b>B2 =</b>	<b>0.0000000019</b>
<b>B1/B2 =</b>	<b>1.0990737</b>
<b>E = Total Estimated Taxes</b>	<b>F = Hospital Percent of Total in Col E</b>
8,998,611	0.01367297
31,167,656	0.04735780
1,386,133	0.00210616
9,440,157	0.01434388
4,153,600	0.00631120
8,216,820	0.01248508
1,767,122	0.00268506
41,150,424	0.06252615
7,722,958	0.01173468
2,313,881	0.00351583
3,767,013	0.00572380
1,841,801	0.00279853
4,648,625	0.00706337
5,477,388	0.00832264
769,065	0.00116856
1,813,126	0.00275496
9,980,573	0.01516502
77,350,709	0.11753080
7,930,002	0.01204927
2,415,010	0.00366949
-	-
-	-
2,106,010	0.00319998
59,625,366	0.09059797
1,904,260	0.00289343
8,344,040	0.01267838
2,203,100	0.00334751
32,327,186	0.04911965
-	-
-	-
2,534,714	0.00385138
1,332,367	0.00202447
30,295,989	0.04603334
8,118,069	0.01233503
1,564,629	0.00237738
16,115,605	0.02448691
5,457,614	0.00829259
327,922	0.00049826
2,969,323	0.00451175
1,523,513	0.00231491
3,652,102	0.00554920
39,247,674	0.05963501
3,483,054	0.00529234
2,570,963	0.00390646
5,726,980	0.00870188
1,284,499	0.00195174
1,214,108	0.00184478
4,681,562	0.00711341
39,907,045	0.06063689
-	-
17,142,397	0.02604707
6,367,994	0.00967587
1,457,734	0.00221496
875,044	0.00132959
3,300,021	0.00501423
3,253,849	0.00494407
682,211	0.00103659
3,105,114	0.00471808
3,568,407	0.00542203
5,013,256	0.00761741
3,406,386	0.00517585
860,354	0.00130727
Prepared: 3,374,143	0.005071045
Printed: 2,400,790	0.00364789

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**IP and OP B1-B2**

4,106,846	0.00624016
1,781,160	0.00270639
2,018,435	0.00306692
3,828,890	0.00581782
2,195,330	0.00333570
1,598,108	0.00242825
11,777,671	0.01789562
3,271,111	0.00497030
665,131	0.00101064
2,777,210	0.00421984

**DOC-00006247.xlsx**  
**IP and OP B1-B2**

-	-
6,179,647	0.00938969
8,105,215	0.01231550
5,594,547	0.00850065
3,398,204	0.00516341
-	-
2,254,961	0.00342631
627,101	0.00095285
2,315,767	0.00351870
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658,131,400	-

**DOC-00006247.xlsx**  
**IP B1-B2**

1	2	3	4	5	6	7	8	9
						Total Tax Collected	372,347,092	
<b>Medicaid Provider Tax Test for Waiver of Broad-Based and Uniform Requirements</b>								
						<b>Ideal Tax</b>		
						<b>B1 =</b>	<b>0.0000000032</b>	
			<b>Annual Inpatient Medicaid Costs Adjusted for Inflation</b>	<b>Total Inpatient Hospital Service Costs</b>				
<b>Provider Number</b>	<b>Hospital Name</b>	<b>Current Quarter Provider Type</b>	<b>A</b>	<b>B</b>		<b>C = All Pay the 2.51% rate Times Col B</b>	<b>D = Hospital Percent of Total in Col C</b>	
3400001	Atrium Health Cabarrus	QPH	53,971,839	313,302,042	-	7,863,271	0.02111812	
3400002	Mission Hospital	NQPH	106,337,820	569,421,270	-	14,291,365	0.03838184	
3400003	Northern Regional Hospital	QPH	3,434,504	30,109,904	-	755,700	0.00202956	
3400004	High Point Regional Health	NQPH	22,942,328	155,652,203	-	3,906,567	0.01049174	
3400008	Scotland Memorial Hospital	NQPH	10,396,478	52,805,730	-	1,325,321	0.00355937	
3400010	Wayne Memorial Hospital	NQPH	22,554,828	114,569,263	-	2,875,465	0.00772254	
3400013	Rutherford Regional Medical Center	NQPH	2,868,472	23,854,340	-	598,697	0.00160790	
3400014	Novant Health Forsyth Medical Center	NQPH	77,008,435	697,177,140	-	17,497,788	0.04699322	
3400015	Novant Health Rowan Medical Center	NQPH	14,871,719	124,992,782	-	3,137,075	0.00842514	
3400016	Harris Regional Hospital	NQPH	9,917,103	26,009,219	-	652,781	0.00175315	
3400017	Margaret R Pardee Mem Hospital	QPH	8,120,197	75,086,053	-	1,884,514	0.00506117	
3400020	Central Carolina Hospital	NQPH	10,499,746	27,009,385	-	677,883	0.00182057	
3400021	Atrium Health Cleveland	QPH	20,798,730	121,058,865	-	3,038,342	0.00815997	
3400023	AdventHealth Hendersonville	NQPH	4,922,766	58,338,677	-	1,464,187	0.00393232	
3400024	Sampson Regional Medical Center	QPH	3,599,842	19,088,965	-	479,096	0.00128669	
3400027	UNC Lenoir Memorial Hospital	QPH	10,563,608	51,750,163	-	1,298,828	0.00348822	
3400028	Cape Fear Valley Medical Center	QPH	78,821,323	346,092,979	-	8,686,260	0.02332839	
3400030	Duke University Hospital	NQPH	207,433,734	1,042,105,913	-	26,154,829	0.07024314	
3400032	Caromont Regional Medical Center (Gaston)	QPH	44,962,334	250,306,312	-	6,282,201	0.01687189	
3400039	Iredell Memorial Hospital	QPH	8,165,444	79,708,052	-	2,000,517	0.00537272	
3400040	Vidant Medical Center - Pitt	VIDANT	149,887,661	755,336,497	-	18,957,475	0.05091345	
3400041	Caldwell Memorial Hospital	UNCHCS	5,556,548	40,504,829	-	1,016,592	0.00273023	
3400042	Onslow Memorial Hospital	QPH	14,278,525	51,843,455	-	1,301,170	0.00349451	
3400047	North Carolina Baptist Hospital	NQPH	165,957,004	897,676,723	-	22,529,938	0.06050789	
3400049	North Carolina Specialty	NQPH	502,466	21,859,955	-	548,642	0.00147347	
3400050	Southeastern Reg Medical Center	NQPH	27,035,529	131,842,409	-	3,308,988	0.00888684	
3400051	Watauga Medical Center	QPH	3,945,936	42,494,339	-	1,066,525	0.00286433	
3400053	Novant Health Presbyterian Medical Center	NQPH	73,699,043	571,569,896	-	14,345,291	0.03852666	
3400060	UNC Rockingham	UNCHCS	7,515,975	20,908,638	-	524,766	0.00140935	
3400061	UNC Hospitals	UNCHCS	255,261,506	971,283,997	-	24,377,337	0.06546939	
3400064	Wilkes Regional Medical Center	NQPH	5,662,721	31,766,070	-	797,266	0.00214119	
3400068	Columbus Regional Healthcare	QPH	5,481,750	33,949,328	-	852,602	0.00228835	
3400069	WakeMed - Raleigh Campus	NQPH	122,734,773	527,913,638	-	13,249,604	0.03558401	
3400070	Alamance Regional Medical Center	NQPH	17,028,898	101,011,974	-	2,535,204	0.00680871	
3400071	Betsy Johnson Hospital	QPH	8,512,951	42,369,726	-	1,063,398	0.00285593	
3400073	Duke Raleigh Hospital	NQPH	9,999,393	151,229,537	-	3,795,567	0.01019363	
3400075	UNC Health Blue Ridge	NQPH	12,304,165	60,668,594	-	1,522,664	0.00408937	
3400084	Atrium Health Anson	QPH	577,666	4,294,611	-	107,786	0.00028948	
3400085	Novant Health Thomasville Medical Center	NQPH	9,159,311	44,578,148	-	1,118,825	0.00300479	
3400087	The McDowell Hospital	NQPH	3,766,386	13,221,892	-	331,844	0.00089122	
3400090	Johnston Health	QPH	24,839,036	96,369,338	-	2,418,683	0.00649577	
3400091	Cone Health	NQPH	100,260,421	604,952,445	-	15,183,128	0.04077681	
3400096	Lexington Medical Hospital	NQPH	4,462,978	34,985,454	-	878,067	0.00235819	
3400097	Hugh Chatham Memorial Hospital	NQPH	4,188,798	28,317,474	-	710,713	0.00190874	
3400098	Atrium Health Pineville	QPH	12,902,093	192,051,944	-	4,820,130	0.01294526	
3400099	Vidant Roanoke-Chowan Hospital	QPH	5,957,662	39,844,808	-	1,000,027	0.00268574	
3400107	Vidant Edgecombe Hospital	QPH	7,093,170	34,148,195	-	857,053	0.00230176	
3400109	Sentara Albemarle Medical Center	NQPH	6,889,721	59,576,354	-	1,495,250	0.00401574	
3400113	Carolinas Medical Center	QPH	251,732,118	1,209,769,146	-	30,362,850	0.08154448	
3400114	Rex Hospital	UNCHCS	31,657,522	380,741,789	-	9,555,877	0.02566390	
3400115	Firsthealth Moore Regional Hospital	NQPH	30,235,907	253,469,368	-	6,361,588	0.01708510	
3400116	Frye Regional Medical Center	NQPH	10,815,035	97,062,810	-	2,436,088	0.00654252	
3400119	Atrium Health Stanly	QPH	9,314,248	42,083,118	-	1,056,204	0.00283661	
3400120	Vidant Duplin Hospital	QPH	6,034,923	27,011,878	-	677,946	0.00182074	
3400123	Randolph Hospital	NQPH	7,224,788	35,381,837	-	888,015	0.00238491	
3400126	Wilson Medical Center	NQPH	10,899,099	46,257,098	-	1,160,963	0.00311796	
3400127	Granville Health System	QPH	2,510,884	13,529,839	-	339,573	0.00091198	
3400129	Lake Norman Regional Medical	NQPH	4,303,864	42,810,124	-	1,074,451	0.00288562	
3400130	Atrium Health Union	QPH	34,308,089	101,974,560	-	2,559,363	0.00687359	
3400131	Carolinaeast Medical Center	QPH	14,681,457	141,300,504	-	3,546,367	0.00952436	
3400132	Maria Parham Medical Center	NQPH	7,925,322	42,505,691	-	1,066,810	0.00286510	
3400133	Martin General Hospital	NQPH	2,396,385	11,800,758	-	296,176	0.00079543	
3400141	Novant New Hanover Regional Medical	NQPH	77,895,659	520,047,834	-	12,136,320	0.02332839	
3400142	Carteret General Hospital	QPH	2,017,984	51,100,657	-	1,282,527	0.00344444	

Prepared:

Printed: 1/23/2024 10:14 AM

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**IP B1-B2**

3400143	Catawba Valley Medical Center	QPH	27,215,708	108,172,884	-	2,714,929	0.00729139
3400144	Davis Regional Medical Center	NQPH	7,204,283	25,479,553	-	639,487	0.00171745
3400145	Atrium Health Lincoln	QPH	7,882,920	51,071,900	-	1,281,805	0.00344250
3400147	Nash General Hospital	QPH	25,718,895	110,557,081	-	2,774,767	0.00745210
3400148	Novant Health Medical Park Hospital	NQPH	720,488	16,444,737	-	412,731	0.00110846
3400151	Halifax Regional Medical Center	QPH	9,992,049	52,026,079	-	1,305,753	0.00350682
3400155	Duke Regional Hospital	NQPH	26,479,396	187,646,679	-	4,709,566	0.01264832
3400158	Novant Health Brunswick Medical Center	NQPH	6,332,414	44,273,396	-	1,111,176	0.00298425
3400159	Person Memorial Hospital	NQPH	697,957	7,038,851	-	176,661	0.00047445
3400166	Atrium Health University	QPH	12,869,891	68,208,212	-	1,711,893	0.00459757

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IP B1-B2**

3400168	Wilmington Treatment Center	LTACH	-	12,549,230	-	314,961	0.00084588
3400171	Novant Health Matthews Medical Center	NQPH	10,457,420	101,074,801	-	2,536,781	0.00681295
3400173	WakeMed Cary Hospital	NQPH	8,717,796	130,905,735	-	3,285,479	0.00882370
3400183	Novant Health Huntersville Medical Center	NQPH	8,233,361	83,785,029	-	2,102,841	0.00564753
3400184	Haywood Regional Medical Center	NQPH	5,443,155	39,182,720	-	983,410	0.00264111
3400186	Vidant Beaufort Hospital	VIDANT	5,360,428	30,287,112	-	760,148	0.00204150
3400187	Davie Medical Center	NQPH	607,390	25,162,379	-	631,527	0.00169607
3400188	Cape Fear Valley Hoke Hospital	QPH	1,292,711	11,271,617	-	282,896	0.00075976
3400190	Novant Health Mint Hill Medical Center	NQPH	4,742,088	27,233,823	-	683,516	0.00183570
3401303	Firsthealth Montgomery Memorial	NQPH CAH	79,222	1,545,744	-	38,795	0.00010419
3401304	Vidant Bertie Hospital	QPH CAH	159,055	3,327,038	-	83,502	0.00022426
3401305	Swain County Hospital	NQPH CAH	146,809	1,786,486	-	44,837	0.00012042
3401307	Pender Memorial Hospital	QPH CAH	142,162	2,668,770	-	66,981	0.00017989
3401311	Chatham Hospital	UNCHCS	542,651	6,326,511	-	158,783	0.00042644
3401315	Cape Fear Valley-Bladen County	QPH CAH	335,696	3,453,425	-	86,674	0.00023278
3401316	Highlands-Cashiers Hospital	NQPH CAH	106,591	1,681,620	-	42,205	0.00011335
3401317	LifeBrite Hospital Group of Stokes, LLC	NQPH CAH	75,223	1,365,623	-	34,274	0.00009205
3401318	Vidant Chowan Hospital	QPH CAH	3,352,066	19,433,191	-	487,735	0.00130989
3401319	Transylvania Regional Hospital	NQPH CAH	733,916	10,055,821	-	252,382	0.00067781
3401320	Alleghany Memorial Hospital	NQPH CAH	96,596	2,118,680	-	53,175	0.00014281
3401322	Saint Luke's Hospital	NQPH CAH	260,123	12,098,999	-	303,661	0.00081553
3401323	Charles A Cannon Jr Memorial Hospital	NQPH CAH	2,389,517	7,222,226	-	181,264	0.00048681
3401324	The Outer Banks Hospital	QPH CAH	2,108,533	11,597,703	-	291,080	0.00078174
3401325	Ashe Memorial Hospital	NQPH CAH	1,912,069	7,236,787	-	181,629	0.00048780
3401326	Angel Medical Center	NQPH CAH	629,330	6,857,588	-	172,112	0.00046224
3401327	J Arthur Doshier Memorial Hospital	QPH CAH	194,010	7,383,957	-	185,233	0.00049772
3401328	Murphy Medical Center	NQPH CAH	3,015,640	15,152,808	-	380,306	0.00102137
3401329	Blue Ridge Regional Hospital	NQPH CAH	-	6,835,479	-	171,557	0.00046075
3402012	Kindred Hospital - Greensboro	LTACH	371,152	22,807,597	-	572,426	0.00153735
3402013	New Lifecare Hospitals	LTACH	-	21,950,644	-	550,918	0.00147958
3402014	Highsmith-Rainey Specialty Hospital	LTACH	10,777,503	36,898,569	-	926,082	0.00248715
3402015	Carolinas Speciality Hospital	LTACH	347,260	14,693,475	-	368,778	0.00099041
3402018	Select Specialty Hospital - Durham	LTACH	-	16,775,553	-	421,034	0.00113076
3402020	Select Specialty Hospital - Greensboro	LTACH	10,677	14,380,722	-	360,928	0.00096933
3402021	CONTINUECARE HOSPITAL AT UNIVERSITY	REHAB	-	8,109,144	-	203,524	0.00054660
3403025	CarePartners Rehab Hospital	REHAB	2,511,403	25,036,224	-	628,360	0.00168757
3403026	Charlotte Institute Of Rehabilitation	QPH REHAB	11,600,217	74,583,032	-	1,871,889	0.00502727
3404004	Central Regional Hospital	IMD	-	140,019,303	-	3,514,212	0.00943800
3404007	Old Vineyard Hospital - Keystone	PSYCH	-	24,369,912	-	611,637	0.00164265
3404014	Holly Hill Hospital	PSYCH	18,392,900	35,091,805	-	880,736	0.00236536
3404016	Brynn Marr Behavioral Healthcare	PSYCH	7,488	10,646,052	-	267,195	0.00071760
3404023	Julian F Keith ADATC	PSYCH	-	20,257,511	-	508,424	0.00136546
3404025	Broughton Hospital	IMD	-	119,764,903	-	3,005,866	0.00807275
3404026	Cherry Hospital	IMD	-	112,863,160	-	2,832,646	0.00760754
3404027	R.J. Blackley ADATC	IMD	-	16,183,003	-	406,162	0.00109082
3404028	Strategic Behavioral Center - Garner	IMD	-	19,927,968	-	500,153	0.00134324
3404029	GOOD HOPE HOSPITAL, INC.	IMD	-	3,088,828	-	77,524	0.00020820
3404030	Strategic Behavioral Health Wilmington	IMD	-	17,418,377	-	437,167	0.00117409
3404033	Walter B Jones	IMD	-	18,458,995	-	463,285	0.00124423
	Totals			14,835,696,587		372,347,092	

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**IP B1-B2**

10	11
Total Tax Collected	372,347,092
<b>Actual Tax</b>	
<b>B2 =</b>	<b>0.0000000029</b>
<b>B1/B2 =</b>	<b>1.1213864</b>
<b>E = Total Estimated Taxes</b>	<b>F = Hospital Percent of Total in Col E</b>
5,091,091	0.01367297
17,633,539	0.04735780
784,224	0.00210616
5,340,902	0.01434388
2,349,957	0.00631120
4,648,782	0.01248508
999,774	0.00268506
23,281,431	0.06252615
4,369,372	0.01173468
1,309,111	0.00351583
2,131,241	0.00572380
1,042,025	0.00279853
2,630,025	0.00706337
3,098,910	0.00832264
435,109	0.00116856
1,025,801	0.00275496
5,646,650	0.01516502
43,762,251	0.11753080
4,486,510	0.01204927
1,366,326	0.00366949
-	-
-	-
1,191,505	0.00319998
33,733,889	0.09059797
1,077,362	0.00289343
4,720,758	0.01267838
1,246,435	0.00334751
18,289,560	0.04911965
-	-
-	-
1,434,050	0.00385138
753,806	0.00202447
17,140,382	0.04603334
4,592,911	0.01233503
885,211	0.00237738
9,117,630	0.02448691
3,087,722	0.00829259
185,527	0.00049826
1,679,936	0.00451175
861,949	0.00231491
2,066,228	0.00554920
22,204,923	0.05963501
1,970,587	0.00529234
1,454,558	0.00390646
3,240,119	0.00870188
726,724	0.00195174
686,899	0.00184478
2,648,659	0.00711341
22,577,971	0.06063689
-	-
9,698,552	0.02604707
3,602,782	0.00967587
824,734	0.00221496
495,069	0.00132959
1,867,033	0.00501423
1,840,911	0.00494407
385,970	0.00103659
1,756,762	0.00471808
2,018,877	0.00542203
2,836,320	0.00761741
1,927,211	0.00517585
486,757	0.00130727
Prepared: 18,881,890	0.05071045
Printed: 1,257,124	0.00364789



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**IP B1-B2**

2,323,506	0.00624016
1,007,716	0.00270639
1,141,958	0.00306692
2,166,248	0.00581782
1,242,039	0.00333570
904,152	0.00242825
6,663,383	0.01789562
1,850,677	0.00497030
376,307	0.00101064
1,571,245	0.00421984



**DOC-00006247.xlsx**  
**OP B1-B2**

1	2	3	4	5	6	7	8	9
						Total Tax Collected	285,784,308	
<b>Medicaid Provider Tax Test for Waiver of Broad-Based and Uniform Requirements</b>								
						<b>Ideal Tax</b>		
						<b>B1 =</b>	<b>0.0000000062</b>	
			<b>Annual Outpatient Medicaid Costs Adjusted for Inflation</b>	<b>Total Outpatient Hospital Service Costs</b>				
<b>Provider Number</b>	<b>Hospital Name</b>	<b>Current Quarter Provider Type</b>	<b>A</b>	<b>B</b>		<b>C = All Pay the 2.51% rate Times Col B</b>	<b>D = Hospital Percent of Total in Col C</b>	
3400001	Atrium Health Cabarrus	QPH	20,135,847	164,597,984	-	4,131,089	0.01445527	
3400002	Mission Hospital	NQPH	32,812,587	266,845,108	-	6,697,293	0.02343478	
3400003	Northern Regional Hospital	QPH	5,781,344	43,505,105	-	1,091,993	0.00382069	
3400004	High Point Regional Health	NQPH	11,196,142	97,638,780	-	2,450,543	0.00857480	
3400008	Scotland Memorial Hospital	NQPH	9,616,101	58,640,437	-	1,471,761	0.00514990	
3400010	Wayne Memorial Hospital	NQPH	15,274,556	105,898,087	-	2,657,836	0.00930015	
3400013	Rutherford Regional Medical Center	NQPH	3,677,128	23,559,708	-	591,303	0.00206905	
3400014	Novant Health Forsyth Medical Center	NQPH	27,842,111	406,939,144	-	10,213,380	0.03573807	
3400015	Novant Health Rowan Medical Center	NQPH	10,773,120	82,223,652	-	2,063,654	0.00722102	
3400016	Harris Regional Hospital	NQPH	9,131,243	36,075,049	-	905,413	0.00316817	
3400017	Margaret R Pardee Mem Hospital	QPH	7,517,052	124,973,223	-	3,136,585	0.01097536	
3400020	Central Carolina Hospital	NQPH	7,844,830	22,408,393	-	562,407	0.00196794	
3400021	Atrium Health Cleveland	QPH	21,770,773	125,821,227	-	3,157,868	0.01104983	
3400023	AdventHealth Hendersonville	NQPH	7,113,267	88,626,365	-	2,224,349	0.00778331	
3400024	Sampson Regional Medical Center	QPH	3,667,635	21,754,700	-	546,001	0.00191053	
3400027	UNC Lenoir Memorial Hospital	QPH	9,764,233	44,541,688	-	1,117,910	0.00391173	
3400028	Cape Fear Valley Medical Center	QPH	40,357,142	183,957,302	-	4,616,970	0.01615544	
3400030	Duke University Hospital	NQPH	89,618,498	1,033,308,344	-	25,934,027	0.09074685	
3400032	Caromont Regional Medical Center (Gaston)	QPH	19,442,028	170,841,810	-	4,287,797	0.01500361	
3400039	Iredell Memorial Hospital	QPH	5,083,315	48,548,765	-	1,218,479	0.00426363	
3400040	Vidant Medical Center - Pitt	VIDANT	35,751,865	261,963,630	-	6,574,777	0.02300608	
3400041	Caldwell Memorial Hospital	UNCHCS	9,565,596	54,735,776	-	1,373,761	0.00480699	
3400042	Onslow Memorial Hospital	QPH	11,046,485	60,002,926	-	1,505,957	0.00526956	
3400047	North Carolina Baptist Hospital	NQPH	112,500,145	702,144,863	-	17,622,469	0.06166353	
3400049	North Carolina Specialty	NQPH	1,197,507	29,233,673	-	733,708	0.00256735	
3400050	Southeastern Reg Medical Center	NQPH	17,089,436	92,038,416	-	2,309,985	0.00808297	
3400051	Watauga Medical Center	QPH	4,606,597	74,508,309	-	1,870,013	0.00654344	
3400053	Novant Health Presbyterian Medical Center	NQPH	27,463,884	295,808,093	-	7,424,207	0.02597836	
3400060	UNC Rockingham	UNCHCS	6,344,686	23,210,760	-	582,545	0.00203841	
3400061	UNC Hospitals	UNCHCS	120,524,431	906,524,207	-	22,751,992	0.07961246	
3400064	Wilkes Regional Medical Center	NQPH	5,147,223	36,243,400	-	909,639	0.00318296	
3400068	Columbus Regional Healthcare	QPH	7,116,117	36,810,308	-	923,867	0.00323274	
3400069	WakeMed - Raleigh Campus	NQPH	50,088,401	284,964,860	-	7,152,063	0.02502609	
3400070	Alamance Regional Medical Center	NQPH	13,395,541	116,805,749	-	2,931,597	0.01025807	
3400071	Betsy Johnson Hospital	QPH	8,070,089	40,724,914	-	1,022,116	0.00357653	
3400073	Duke Raleigh Hospital	NQPH	16,866,066	281,171,884	-	7,056,867	0.02469298	
3400075	UNC Health Blue Ridge	NQPH	11,186,629	85,765,866	-	2,152,556	0.00753210	
3400084	Atrium Health Anson	QPH	3,114,154	13,120,740	-	329,305	0.00115229	
3400085	Novant Health Thomasville Medical Center	NQPH	6,038,431	35,092,430	-	880,752	0.00308188	
3400087	The McDowell Hospital	NQPH	4,132,953	27,655,820	-	694,107	0.00242878	
3400090	Johnston Health	QPH	14,761,974	97,587,218	-	2,449,249	0.00857027	
3400091	Cone Health	NQPH	54,372,978	448,110,710	-	11,246,706	0.03935383	
3400096	Lexington Medical Hospital	NQPH	8,014,961	58,469,150	-	1,467,462	0.00513486	
3400097	Hugh Chatham Memorial Hospital	NQPH	6,831,001	40,664,611	-	1,020,603	0.00357123	
3400098	Atrium Health Pineville	QPH	5,319,069	112,097,645	-	2,813,433	0.00984460	
3400099	Vidant Roanoke-Chowan Hospital	QPH	4,967,362	28,372,640	-	712,098	0.00249173	
3400107	Vidant Edgecombe Hospital	QPH	4,547,572	30,330,906	-	761,247	0.00266371	
3400109	Sentara Albemarle Medical Center	NQPH	8,226,703	66,035,675	-	1,657,367	0.00579936	
3400113	Carolinas Medical Center	QPH	160,365,981	909,622,129	-	22,829,744	0.07988453	
3400114	Rex Hospital	UNCHCS	14,721,762	364,523,059	-	9,148,819	0.03201302	
3400115	FirstHealth Moore Regional Hospital	NQPH	21,315,886	206,482,140	-	5,182,300	0.01813360	
3400116	Frye Regional Medical Center	NQPH	7,128,504	73,798,281	-	1,852,193	0.00648109	
3400119	Atrium Health Stanly	QPH	5,832,075	35,334,520	-	886,828	0.00310314	
3400120	Vidant Duplin Hospital	QPH	4,290,202	19,460,159	-	488,412	0.00170902	
3400123	Randolph Hospital	NQPH	7,592,967	53,161,772	-	1,334,257	0.00466876	
3400126	Wilson Medical Center	NQPH	7,137,797	41,047,655	-	1,030,216	0.00360487	
3400127	Granville Health System	QPH	3,919,105	22,701,148	-	569,755	0.00199365	
3400129	Lake Norman Regional Medical	NQPH	2,094,696	40,503,881	-	1,016,569	0.00355712	
3400130	Atrium Health Union	QPH	20,936,353	87,537,129	-	2,197,011	0.00768766	
3400131	Carolinaeast Medical Center	QPH	9,026,514	124,944,516	-	3,135,864	0.01097283	
3400132	Maria Parham Medical Center	NQPH	9,876,340	48,891,830	-	1,227,090	0.00429376	
3400133	Martin General Hospital	NQPH	1,685,630	11,283,597	-	283,196	0.00099094	
3400141	Novant New Hanover Regional Medical	NQPH	42,257,658	375,426,791	-	10,327,650	0.03227050	
3400142	Carter General Hospital	QPH	6,008,094	76,400,969	-	1,917,516	0.00670966	

Prepared:

Printed: 1/23/2024 11:14 AM

Page 36 of 98

**DOC-00006247.xlsx**  
**OP B1-B2**

3400143	Catawba Valley Medical Center	QPH	10,948,499	109,934,295	-	2,759,137	0.00965461
3400144	Davis Regional Medical Center	NQPH	3,470,890	22,311,151	-	559,966	0.00195940
3400145	Atrium Health Lincoln	QPH	9,359,712	56,123,561	-	1,408,592	0.00492886
3400147	Nash General Hospital	QPH	17,516,378	92,788,356	-	2,328,807	0.00814883
3400148	Novant Health Medical Park Hospital	NQPH	1,894,037	42,458,650	-	1,065,629	0.00372879
3400151	Halifax Regional Medical Center	QPH	5,415,288	32,846,574	-	824,385	0.00288464
3400155	Duke Regional Hospital	NQPH	9,200,016	128,362,650	-	3,221,653	0.01127302
3400158	Novant Health Brunswick Medical Center	NQPH	5,480,629	43,494,510	-	1,091,627	0.00381976
3400159	Person Memorial Hospital	NQPH	1,596,499	10,807,427	-	271,245	0.00094913
3400166	Atrium Health University	QPH	11,615,369	79,284,387	-	1,989,884	0.00696289

**DOC-00006247.xlsx**  
**OP B1-B2**

3400168	Wilmington Treatment Center	LTACH	-	4,208,358	-	105,622	0.00036958
3400171	Novant Health Matthews Medical Center	NQPH	3,580,855	64,732,687	-	1,624,664	0.00568493
3400173	WakeMed Cary Hospital	NQPH	5,537,048	86,567,122	-	2,172,666	0.00760247
3400183	Novant Health Huntersville Medical Center	NQPH	3,266,914	66,323,511	-	1,664,591	0.00582464
3400184	Haywood Regional Medical Center	NQPH	4,835,702	51,995,259	-	1,304,980	0.00456631
3400186	Vidant Beaufort Hospital	VIDANT	5,272,033	42,516,171	-	1,067,073	0.00373384
3400187	Davie Medical Center	NQPH	2,197,584	35,340,987	-	886,990	0.00310370
3400188	Cape Fear Valley Hoke Hospital	QPH	3,903,177	22,032,568	-	552,975	0.00193494
3400190	Novant Health Mint Hill Medical Center	NQPH	3,563,530	34,901,030	-	875,948	0.00306507
3401303	Firsthealth Montgomery Memorial	NQPH CAH	1,560,184	8,367,219	-	210,001	0.00073482
3401304	Vidant Bertie Hospital	QPH CAH	1,808,045	11,882,219	-	298,221	0.00104352
3401305	Swain County Hospital	NQPH CAH	3,022,782	9,115,595	-	228,784	0.00080055
3401307	Pender Memorial Hospital	QPH CAH	1,807,916	16,179,585	-	406,076	0.00142092
3401311	Chatham Hospital	UNCHCS	2,448,675	14,222,158	-	356,948	0.00124901
3401315	Cape Fear Valley-Bladen County	QPH CAH	2,499,316	12,362,618	-	310,278	0.00108571
3401316	Highlands-Cashiers Hospital	NQPH CAH	465,701	10,917,900	-	274,018	0.00095883
3401317	LifeBrite Hospital Group of Stokes, LLC	NQPH CAH	596,245	5,580,881	-	140,069	0.00049012
3401318	Vidant Chowan Hospital	QPH CAH	4,005,537	25,889,119	-	649,766	0.00227363
3401319	Transylvania Regional Hospital	NQPH CAH	2,687,271	29,448,192	-	739,092	0.00258619
3401320	Alleghany Memorial Hospital	NQPH CAH	987,384	7,054,777	-	177,061	0.00061956
3401322	Saint Luke's Hospital	NQPH CAH	795,599	17,354,000	-	435,552	0.00152406
3401323	Charles A Cannon Jr Memorial Hospital	NQPH CAH	1,434,363	13,519,092	-	339,303	0.00118727
3401324	The Outer Banks Hospital	QPH CAH	3,128,966	41,967,777	-	1,053,309	0.00368568
3401325	Ashe Memorial Hospital	NQPH CAH	1,863,834	16,609,800	-	416,874	0.00145870
3401326	Angel Medical Center	NQPH CAH	2,352,034	25,053,963	-	628,806	0.00220028
3401327	J Arthur Doshier Memorial Hospital	QPH CAH	1,327,416	27,171,570	-	681,953	0.00238625
3401328	Murphy Medical Center	NQPH CAH	3,435,549	32,130,977	-	806,425	0.00282180
3401329	Blue Ridge Regional Hospital	NQPH CAH	79,287	21,625,437	-	542,756	0.00189918
3402012	Kindred Hospital - Greensboro	LTACH	-	344,503	-	8,646	0.00003025
3402013	New Lifecare Hospitals	LTACH	-	20,518	-	515	0.00000180
3402014	Highsmith-Rainey Specialty Hospital	LTACH	1,380,773	8,904,326	-	223,481	0.00078199
3402015	Carolinas Speciality Hospital	LTACH	-	-	-	-	-
3402018	Select Specialty Hospital - Durham	LTACH	-	51,352	-	1,289	0.00000451
3402020	Select Specialty Hospital - Greensboro	LTACH	-	-	-	-	-
3402021	CONTINUECARE HOSPITAL AT UNIVERSITY	REHAB	-	-	-	-	-
3403025	CarePartners Rehab Hospital	REHAB	69,192	3,228,127	-	81,020	0.00028350
3403026	Charlotte Institute Of Rehabilitation	QPH REHAB	3,620,199	16,486,385	-	413,776	0.00144786
3404004	Central Regional Hospital	IMD	-	-	-	-	-
3404007	Old Vineyard Hospital - Keystone	PSYCH	-	514,930	-	12,924	0.00004522
3404014	Holly Hill Hospital	PSYCH	-	1,477,601	-	37,085	0.00012977
3404016	Brynn Marr Behavioral Healthcare	PSYCH	-	-	-	-	-
3404023	Julian F Keith ADATC	PSYCH	-	-	-	-	-
3404025	Broughton Hospital	IMD	-	-	-	-	-
3404026	Cherry Hospital	IMD	-	-	-	-	-
3404027	R.J. Blackley ADATC	IMD	-	-	-	-	-
3404028	Strategic Behavioral Center - Garner	IMD	-	-	-	-	-
3404029	GOOD HOPE HOSPITAL, INC.	IMD	-	183,508	-	4,606	0.00001612
3404030	Strategic Behavioral Health Wilmington	IMD	-	-	-	-	-
3404033	Walter B Jones	IMD	-	-	-	-	-
	Totals			11,386,712,509		285,784,308	

**DOC-000006247.xlsx  
OP B1-B2**

10	11
Total Tax Collected	285,784,308
<b>Actual Tax</b>	
<b>B2 =</b>	<b>0.0000000057</b>
<b>B1/B2 =</b>	<b>1.0924584</b>
<b>E = Total Estimated Taxes</b>	<b>F = Hospital Percent of Total in Col E</b>
3,907,520	0.01367297
13,534,116	0.04735780
601,909	0.00210616
4,099,256	0.01434388
1,803,642	0.00631120
3,568,039	0.01248508
767,348	0.00268506
17,868,993	0.06252615
3,353,586	0.01173468
1,004,770	0.00351583
1,635,772	0.00572380
799,776	0.00279853
2,018,600	0.00706337
2,378,479	0.00832264
333,956	0.00116856
787,324	0.00275496
4,333,924	0.01516502
33,588,458	0.11753080
3,443,492	0.01204927
1,048,684	0.00366949
-	-
-	-
914,505	0.00319998
25,891,477	0.09059797
826,898	0.00289343
3,623,282	0.01267838
956,665	0.00334751
14,037,626	0.04911965
-	-
-	-
1,100,664	0.00385138
578,562	0.00202447
13,155,607	0.04603334
3,525,157	0.01233503
679,418	0.00237738
6,997,975	0.02448691
2,369,892	0.00829259
142,396	0.00049826
1,289,387	0.00451175
661,564	0.00231491
1,585,874	0.00554920
17,042,751	0.05963501
1,512,467	0.00529234
1,116,405	0.00390646
2,486,861	0.00870188
557,776	0.00195174
527,209	0.00184478
2,032,902	0.00711341
17,329,073	0.06063689
-	-
7,443,845	0.02604707
2,765,212	0.00967587
633,001	0.00221496
379,976	0.00132959
1,432,988	0.00501423
1,412,938	0.00494407
296,240	0.00103659
1,348,352	0.00471808
1,549,531	0.00542203
2,176,936	0.00761741
1,479,175	0.00517585
373,597	0.00130727
Prepared: 4,492,252	0.05071045
Printed: 1,042,509	0.00364789

**DOC-000006247.xlsx**  
**OP B1-B2**

1,783,340	0.00624016
773,444	0.00270639
876,477	0.00306692
1,662,642	0.00581782
953,291	0.00333570
693,956	0.00242825
5,114,288	0.01789562
1,420,434	0.00497030
288,824	0.00101064
1,205,964	0.00421984





<b>6% Test Calculation</b>			
As noted, the assessment rate is calculated based on total hospital costs. For purposes of this demonstration, the assessment is broken down by inpatient and outpatient separately based on estimated inpatient and outpatient assessment rates per CMS's request.			
<b>Step</b>	<b>6% Test Calculation</b>	<b>Total</b>	<b>IP Proportion</b>
1	Estimated Annual Assessment	\$ 658,131,400	\$ 372,347,092
2	Net Patient Revenue (NPR)*	\$ 32,822,990,768	\$ 15,093,011,118
3	Assessment to NPR Ratio	2.0%	2.5%
<b>4</b>	<b>6% Test Result</b>	<b>PASS</b>	<b>PASS</b>
*NOTE: Net Patient Revenue is based on 2020 data inflated to 2022 by the CMS Inpatient Hospital market basket update.			

ration, this analysis is	
ssment proportions, per	
<b>OP Proportion</b>	
\$	285,784,308
\$	17,729,979,649
	1.6%
<b>PASS</b>	
<i>ket basket.</i>	

**Cell:** A1

**Comment:** [Threaded comment]

Your version of Excel allows you to read this threaded comment; however, any edits to it will get removed if the file is opened in a newer version of Excel. Learn more: <https://go.microsoft.com/fwlink/?linkid=870924>

Comment:

New tab

<b>Average Medicaid Inpatient Utilization Rate (MIUR)</b>			
	<b>Hospital Type</b>	<b>Abbreviation</b>	<b>Subject to Assessment?</b>
	1 = Non-Public CAH	NQPH CAH	No
	<b>3 = Non-Public Hospital</b>	<b>NQPH</b>	<b>Yes</b>
	<b>4 = Public Hospital</b>	<b>QPH</b>	<b>Yes</b>
	5 = Public CAH	QPH CAH	No
	6 = UNC Health Care System	UNCHCS	No
	7 = LTAC	LTACH	No
	8 = Psych	PSYCH	No
	9 = Rehab	REHAB	No
	10 = State IMD	IMD	No
	11 = Primary Teaching Affiliated with	VIDANT	No
	12 = QPH Rehab	QPH REHAB	No

<b>Average MIUR (based on 2019 DSH Reporting Requirements)</b>
5.53%
24.49%
31.62%
27.32%
27.59%
9.21%
4.68%
15.47%
25.36%
31.11%
27.31%

**Cell:** A1

**Comment:** [Threaded comment]

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Comment:

New Tab

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
From "Draft FFY2022 DSH Model - 04.19.2022", tab "8_Cos				
Line	Provider Number	Provider Name	Schedule B Cost Report Period Ending	3
<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
1	3400001	Atrium Health Cabarrus	12/31/2020	4
2	3400002	Mission Hospital	9/30/2020	3
3	3400003	Northern Hospital of Surry County	9/30/2020	4
4	3400004	High Point Regional Health	6/30/2020	3
5	3400008	Scotland Memorial Hospital	9/30/2020	3
6	3400010	Wayne Memorial Hospital	6/30/2020	3
7	3400013	Rutherford Regional Medical Center	5/31/2020	3
8	3400014	Novant Health Forsyth Medical Center	12/31/2020	3
9	3400015	Novant Health Rowan Medical Center	12/31/2020	3
10	3400016	Harris Regional Hospital	7/31/2020	3
11	3400017	Margaret R Pardee Mem Hospital	6/30/2020	4
12	3400020	Central Carolina Hospital	12/31/2020	3
13	3400021	Atrium Health Cleveland	12/31/2020	4
14	3400023	AdventHealth Hendersonville	12/31/2020	3
15	3400024	Sampson Regional Medical Center	9/30/2020	4
16	3400027	UNC Lenoir Memorial Hospital	6/30/2020	4
17	3400028	Cape Fear Valley Medical Center	9/30/2020	4
18	3400030	Duke University Hospital	6/30/2020	3
19	3400032	Caromont Regional Medical Center (Gaston)	6/30/2020	4
20	3400039	Iredell Memorial Hospital	9/30/2020	4
21	3400040	Vidant Medical Center - Pitt	9/30/2020	4
22	3400041	Caldwell Memorial Hospital	6/30/2020	7
23	3400042	Onslow Memorial Hospital	9/30/2020	4
24	3400047	North Carolina Baptist Hospital	6/30/2020	3
25	3400049	North Carolina Specialty	12/31/2020	3
26	3400050	Southeastern Reg Medical Center	9/30/2020	3
27	3400051	Watauga Medical Center	9/30/2020	4
28	3400053	Novant Health Presbyterian Medical Center	12/31/2020	3
29	3400060	UNC Rockingham	6/30/2020	7
30	3400061	UNC Hospitals	6/30/2020	7
31	3400064	Wilkes Regional Medical Center	6/30/2020	3
32	3400068	Columbus Regional Healthcare	9/30/2020	4
33	3400069	WakeMed - Raleigh Campus	9/30/2020	3
34	3400070	Alamance Regional Medical Center	9/30/2020	3
35	3400071	Betsy Johnson Hospital	9/30/2020	4

36	3400073	Duke Raleigh Hospital	6/30/2020	3
37	3400075	Atrium Health Blue Ridge	12/31/2020	3
38	3400084	Atrium Health Anson	12/31/2020	4
39	3400085	Novant Health Thomasville Medical Center	12/31/2020	3
40	3400087	The McDowell Hospital	1/31/2020	3
41	3400090	Johnston Health	6/30/2020	4
42	3400091	Cone Health	9/30/2020	3
43	3400096	Lexington Medical Hospital	6/30/2020	3
44	3400097	Hugh Chatham Memorial Hospital	9/30/2020	3
45	3400098	Atrium Health Pineville	12/31/2020	4
46	3400099	Vidant Roanoke-Chowan Hospital	9/30/2020	4
47	3400107	Vidant Edgecombe Hospital	9/30/2020	4
48	3400109	Sentara Albemarle Medical Center	12/31/2020	3
49	3400113	Carolinas Medical Center	12/31/2020	4
50	3400114	Rex Hospital	6/30/2020	7
51	3400115	Firsthealth Moore Regional Hospital	9/30/2020	3
52	3400116	Frye Regional Medical Center	9/30/2020	3
53	3400119	Atrium Health Stanly	12/31/2020	4
54	3400120	Vidant Duplin Hospital	9/30/2020	4
55	3400123	Randolph Hospital	9/30/2020	3
56	3400126	Wilson Medical Center	2/28/2020	3
57	3400127	Granville Health System	9/30/2020	4
58	3400129	Lake Norman Regional Medical	9/30/2020	3
59	3400130	Atrium Health Union	12/31/2020	4
60	3400131	Carolinaeast Medical Center	9/30/2020	4
61	3400132	Maria Parham Medical Center	10/31/2020	3
62	3400133	Martin General Hospital	4/30/2020	3
63	3400141	New Hanover Regional Medical	9/30/2020	3
64	3400142	Carteret General Hospital	9/30/2020	4
65	3400143	Catawba Valley Medical Center	6/30/2020	4
66	3400144	Davis Regional Medical Center	9/30/2020	3
67	3400145	Atrium Health Lincoln	12/31/2020	4
68	3400147	Nash General Hospital	6/30/2020	4
69	3400148	Novant Health Medical Park Hospital	12/31/2020	3
70	3400151	Halifax Regional Medical Center	9/30/2020	4
71	3400155	Duke Regional Hospital	6/30/2020	3
72	3400158	Novant Health Brunswick Medical Center	12/31/2020	3
73	3400159	Person Memorial Hospital	6/30/2020	3
74	3400166	Atrium Health University	12/31/2020	4
75	3400168	Wilmington Treatment Center	12/31/2020	7
76	3400171	Novant Health Matthews Medical Center	12/31/2020	3
77	3400173	WakeMed Cary Hospital	9/30/2020	3
78	3400183	Novant Health Huntersville Medical Center	12/31/2020	3
79	3400184	Haywood Regional Medical Center	7/31/2020	3
80	3400186	Vidant Beaufort Hospital	9/30/2020	4
81	3400187	Davie Medical Center	6/30/2020	3
82	3400188	Cape Fear Valley Hoke Hospital	9/30/2020	4



83	3400190	Novant Health Mint Hill Medical Center	12/31/2020	3
84	3401303	Firsthealth Montgomery Memorial	9/30/2020	1
85	3401304	Vidant Bertie Hospital	9/30/2020	5
86	3401305	Swain County Hospital	7/31/2020	1
87	3401307	Pender Memorial Hospital	9/30/2020	5
88	3401311	Chatham Hospital	6/30/2020	7
89	3401314	Washington County Hospital	9/30/2020	1
90	3401315	Cape Fear Valley-Bladen County	9/30/2020	5
91	3401316	Highlands-Cashiers Hospital	11/30/2020	1
92	3401317	LifeBrite Hospital Group of Stokes, LLC	9/30/2020	1
93	3401318	Vidant Chowan Hospital	9/30/2020	5
94	3401319	Transylvania Regional Hospital	10/31/2020	1
95	3401320	Alleghany Memorial Hospital	9/30/2020	1
96	3401322	Saint Luke's Hospital	9/30/2020	1
97	3401323	Charles A Cannon Jr Memorial Hospital	9/30/2020	1
98	3401324	The Outer Banks Hospital	9/30/2020	5
99	3401325	Ashe Memorial Hospital	12/31/2020	1
100	3401326	Angel Medical Center	10/31/2020	1
101	3401327	J Arthur Doshier Memorial Hospital	9/30/2020	5
102	3401328	Murphy Medical Center	6/30/2020	1
103	3401329	Blue Ridge Regional Hospital	10/31/2020	1
104	3402012	Kindred Hospital - Greensboro	8/31/2020	0
105	3402013	New Lifecare Hospitals	1/0/1900	0
106	3402014	Highsmith-Rainey Specialty Hospital	9/30/2020	0
107	3402015	Carolinas Speciality Hospital	7/31/2020	0
108	3402018	Select Specialty Hospital - Durham	1/31/2020	0
109	3402020	Select Specialty Hospital - Greensboro	4/30/2020	0
110	3403025	CarePartners Rehab Hospital	11/30/2020	3
111	3403026	Charlotte Institute Of Rehabilitation	12/31/2020	4
112	3403027	Novant Health Rehabilitation Hospital	9/30/2020	3
113	3404004	Central Regional Hospital	6/30/2020	6
114	3404007	Old Vineyard Hospital - Keystone	12/31/2020	3
115	3404014	Holly Hill Hospital	12/31/2020	3
116	3404016	Brynn Marr Behavioral Healthcare	1/0/1900	3
117	3404023	Julian F Keith ADATC	6/30/2020	6
118	3404025	Broughton Hospital	6/30/2020	6
119	3404026	Cherry Hospital	6/30/2020	6
120	3404027	R.J. Blackley ADATC	6/30/2020	6
121	3404028	Strategic Behavioral Center - Garner	NA	6
122	3404029	GOOD HOPE HOSPITAL, INC.	NA	6
123	3404033	Walter B Jones	1/0/1900	6
124				
125				
			NQPH CAH	
			NQPH	

			QPH	
			PCAH	
			SH	
			LTAC	
			Psych	
			Rehab	
			SA	
			PATUNC	
			QPH Rehab	
			Excluded	
			<b>Total</b>	
			Public Hospital Subtotal	
			Public CAH Subtotal	
			<b>Total Public</b>	
			Non-Public Hospital Subt	
			Non-Public CAH Subtotal	
			<b>Total Non-Public</b>	

<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
<b>Cost &amp; Payments"</b>				
1 = Non-Public CAH 2 = Non-Public Hospital 3 = Public Hospital 4 = Public CAH 5 = Public CAH 6 = State IMD 7 = UNC 8 = LTACH	<b>PS&amp;R Inpatient Charges</b>	<b>HMO Charges (Schedule C)</b>	<b>Medicaid Inpatient Cost-to-Charge Ratios</b>	<b>Volume Adj</b>
<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>	<u>J</u>
QPH	182,233,066	395,400	0.277088	-
NQPH	344,543,424	16,171,243	0.274951	-
QPH	5,045,033	-	0.634938	-
NQPH	65,876,448	3,211,302	0.308628	-
NQPH	32,064,736	152,006	0.300979	-
NQPH	37,130,879	80,693	0.563327	-
NQPH	13,714,248	470,848	0.187441	-
NQPH	207,912,979	7,116,289	0.335784	-
NQPH	44,060,725	3,153,017	0.295333	-
NQPH	35,820,138	-	0.257765	-
QPH	17,727,187	7,559,651	0.298450	-
NQPH	50,287,125	122,943	0.195290	-
QPH	63,207,923	3,968,710	0.290294	-
NQPH	6,226,492	1,817,926	0.573764	-
QPH	7,927,301	-	0.423535	-
QPH	17,317,548	85,758	0.564130	-
QPH	239,925,106	3,712,037	0.301739	-
NQPH	572,502,969	5,817,783	0.333357	-
QPH	124,919,283	10,624,833	0.308296	-
QPH	22,531,838	42,801	0.337357	-
PATUNC	409,186,827	11,574,997	0.332247	-
SH	14,778,310	138,032	0.346212	-
QPH	24,002,325	34,914	0.554026	-
NQPH	479,551,022	10,306,218	0.314866	-
NQPH	1,088,037	-	0.432994	-
NQPH	68,425,356	6,224,467	0.337783	-
QPH	8,469,441	21,868	0.433418	-
NQPH	215,999,498	14,095,482	0.300313	-
SH	13,392,132	-	0.521596	-
SH	587,752,877	33,720,440	0.381735	-
NQPH	11,663,096	-	0.451243	-
QPH	16,616,913	-	0.307680	-
NQPH	390,751,206	1,898,819	0.291537	-
NQPH	39,583,544	2,509,108	0.377321	-
QPH	21,369,917	390,409	0.364876	-

NQPH	28,158,144	249,167	0.327147	-
NQPH	39,483,329	9,105,631	0.237429	-
QPH	1,524,264	-	0.355333	-
NQPH	22,705,476	1,593,683	0.353419	-
NQPH	7,765,672	-	0.446778	-
QPH	64,358,600	11,095,315	0.305951	-
NQPH	222,595,536	10,336,241	0.401450	-
NQPH	11,119,956	-	0.373010	-
NQPH	11,475,696	-	0.340441	-
QPH	48,542,749	-	0.249204	-
QPH	11,057,782	4,217,143	0.363771	-
QPH	13,431,183	123,710	0.488062	-
NQPH	13,189,042	-	0.489787	-
QPH	873,019,041	51,699,839	0.255239	-
SH	73,502,763	610,400	0.396991	-
NQPH	121,727,874	5,766,610	0.221189	-
NQPH	34,684,131	16,944,009	0.195377	-
QPH	19,972,586	6,420,338	0.330886	-
QPH	10,207,534	4,205,450	0.390525	-
NQPH	12,830,565	71,601	0.522268	-
NQPH	45,483,817	2,166,509	0.210703	-
QPH	6,734,477	-	0.347739	-
NQPH	17,307,250	-	0.231932	-
QPH	92,902,081	-	0.346250	-
QPH	32,512,239	3,109,131	0.384406	-
NQPH	25,483,776	1,371,994	0.275482	-
NQPH	9,275,627	-	0.239051	-
NQPH	239,604,107	8,033,164	0.293420	-
QPH	8,621,965	-	0.434643	-
QPH	52,014,334	5,394,093	0.440598	-
NQPH	19,213,898	6,882,920	0.257475	-
QPH	26,219,995	-	0.281886	-
QPH	57,845,716	11,421,315	0.345084	-
NQPH	1,785,371	-	0.378370	-
QPH	15,344,855	3,696,302	0.489432	-
NQPH	61,249,785	4,339,280	0.375211	-
NQPH	17,300,390	-	0.343188	-
NQPH	3,271,086	-	0.198306	-
QPH	42,029,435	-	0.287105	-
LTAC	-	-	-	-
NQPH	30,712,572	-	0.319247	-
NQPH	28,705,365	126,683	0.282009	-
NQPH	22,446,442	-	0.343913	-
NQPH	16,501,385	2,297,351	0.269580	-
QPH	8,308,639	75,857	0.596285	-
NQPH	2,108,226	-	0.267762	-
QPH	3,024,531	-	0.398634	-

NQPH	9,486,342	-	0.468694	-
NQPH CAH	180,142	-	0.410171	-
PCAH	272,830	-	0.543734	-
NQPH CAH	282,473	-	0.483885	-
PCAH	297,086	-	0.446306	-
SH	1,101,497	117,298	0.413798	-
NQPH CAH	549,900	-	-	-
PCAH	1,258,798	-	0.248726	-
NQPH CAH	131,710	-	0.756799	-
NQPH CAH	188,441	-	0.372309	-
PCAH	6,051,976	-	0.516591	-
NQPH CAH	2,143,775	-	0.319581	-
NQPH CAH	108,069	-	0.833660	-
NQPH CAH	654,246	-	0.370825	-
NQPH CAH	244,443	2,918,114	0.704698	-
PCAH	3,081,223	18,708	0.634395	-
NQPH CAH	2,091,323	29,693	0.845237	-
NQPH CAH	1,598,798	-	0.367450	-
PCAH	365,772	-	0.494704	-
NQPH CAH	2,776,216	26,496	1.000000	-
NQPH CAH	-	-	0.412327	-
LTAC	1,235,239	-	0.279994	-
LTAC	-	-	-	-
LTAC	33,332,812	-	0.301562	-
LTAC	1,862,997	-	0.173544	-
LTAC	-	-	0.307916	-
LTAC	76,581	-	0.129008	-
Rehab	4,347,599	-	0.540186	-
QPH Rehab	31,973,505	-	0.340169	-
Rehab	2,487,047	181,703	0.512283	-
SH	77,941	-	-	-
Psych	169,600	-	-	-
Psych	59,200	61,128,000	0.281844	-
Psych	24,500	-	0.305613	-
SH	-	-	-	-
SH	-	-	-	-
SH	-	-	-	-
SH	-	-	-	-
SH	-	-	-	-
SH	-	-	-	-
SH	-	-	-	-
	<b>7,029,476,316</b>	<b>381,191,742</b>		
	10,949,535	2,974,303		
	3,692,872,781	142,432,987		

	2,138,964,890	128,294,874		
	11,327,683	18,708		
	690,605,520	34,586,170		
	36,507,629	-		
	253,300	61,128,000		
	6,834,646	181,703		
	-	-		
	409,186,827	11,574,997		
	31,973,505	-		
	-	-		
	7,029,476,316	381,191,742		
	0	-		
	2,580,125,222	139,869,871		
	11,327,683	18,708		
	<b>2,591,452,905</b>	<b>139,888,579</b>		
total	3,699,960,727	203,742,690		
	10,949,535	2,974,303		
	<b>3,710,910,262</b>	<b>206,716,993</b>		

<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>
Payments					
Inpatient Charges Times Cost-to-Charge ratio Times Volume Adj	IP Cost Inflation Factor	Annual Inpatient Medicaid Costs Adjusted for Inflation	PS&R Inpatient Gross Payment Allowed Less Recoupments and Excluding DSH	IP Medicaid Rate Change Factor	Legacy IP GME Removal
$K = (G + H) * I * J$	$L$	$M = K * L$	$N$	$O$	$P$
50,604,133.44	1.06655	53,971,839	19,477,170	3.367145	0.965299
99,178,796.91	1.07218	106,337,820	45,152,549	3.643111	0.948801
3,203,281.17	1.07218	3,434,504	1,489,795	2.863073	1.000000
21,322,421.45	1.07597	22,942,328	8,979,657	3.190190	1.000000
9,696,552.25	1.07218	10,396,478	4,656,979	3.201510	1.000000
20,962,281.39	1.07597	22,554,828	7,655,207	4.215991	1.000000
2,658,870.43	1.07883	2,868,472	1,509,514	2.427449	1.000000
72,203,304.90	1.06655	77,008,435	26,958,976	3.267496	0.984601
13,943,762.08	1.06655	14,871,719	5,492,588	3.523721	1.000000
9,233,165.88	1.07407	9,917,103	4,866,028	2.532257	1.000000
7,546,847.67	1.07597	8,120,197	2,793,342	3.874946	0.965002
9,844,588.42	1.06655	10,499,746	4,964,428	2.769942	1.000000
19,500,942.23	1.06655	20,798,730	7,302,132	3.220466	1.000000
4,615,597.93	1.06655	4,922,766	1,405,268	2.836911	1.000000
3,357,488.76	1.07218	3,599,842	2,192,389	2.182152	0.815500
9,817,734.58	1.07597	10,563,608	3,611,245	4.230834	1.000000
73,514,803.91	1.07218	78,821,323	37,073,096	3.071023	0.941502
192,787,297.59	1.07597	207,433,734	85,051,209	3.280687	0.664222
41,787,643.55	1.07597	44,962,334	15,051,701	3.607475	1.000000
7,615,718.39	1.07218	8,165,444	2,889,161	4.253252	1.000000
139,796,714.51	1.07218	149,887,661	90,021,189	2.853024	0.578648
5,164,212.71	1.07597	5,556,548	2,776,949	2.843710	1.000000
13,317,245.83	1.07218	14,278,525	5,721,475	3.730085	1.000000
154,239,147.38	1.07597	165,957,004	72,133,296	3.261670	0.631337
471,113.48	1.06655	502,466	199,935	2.741697	1.000000
25,215,405.23	1.07218	27,035,529	11,233,507	3.197834	0.823900
3,680,282.53	1.07218	3,945,936	1,671,870	3.295819	1.000000
69,100,411.04	1.06655	73,699,043	27,514,878	3.578522	1.000000
6,985,288.65	1.07597	7,515,975	2,880,850	4.205375	1.000000
237,238,056.31	1.07597	255,261,506	107,846,640	2.628477	0.617624
5,262,888.54	1.07597	5,662,721	1,768,220	4.887923	1.000000
5,112,699.67	1.07218	5,481,750	2,577,554	2.576171	1.000000
114,471,851.81	1.07218	122,734,773	45,585,891	3.629053	0.947300
15,882,455.16	1.07218	17,028,898	6,941,086	3.265635	1.000000
7,939,829.85	1.07218	8,512,951	3,944,827	2.733527	0.951418

9,293,358.44	1.07597	9,999,393	3,260,165	5.114998	1.000000
11,536,416.52	1.06655	12,304,165	4,707,840	3.598630	0.933695
541,621.50	1.06655	577,666	223,831	3.852438	1.000000
8,587,793.65	1.06655	9,159,311	3,145,976	3.795893	1.000000
3,469,529.69	1.08556	3,766,386	1,599,187	3.497227	1.000000
23,085,206.22	1.07597	24,839,036	7,755,759	3.285677	1.000000
93,510,549.31	1.07218	100,260,421	36,554,654	3.442530	0.959800
4,147,857.15	1.07597	4,462,978	1,883,495	3.408619	1.000000
3,906,794.23	1.07218	4,188,798	2,132,674	2.212110	1.000000
12,097,035.28	1.06655	12,902,093	5,339,252	4.286477	0.999219
5,556,571.88	1.07218	5,957,662	1,952,401	3.194764	1.000000
6,615,633.75	1.07218	7,093,170	2,157,765	3.931747	1.000000
6,459,819.53	1.06655	6,889,721	2,243,603	4.207820	1.000000
236,024,675.98	1.06655	251,732,118	88,833,295	3.206022	0.868100
29,422,254.74	1.07597	31,657,522	12,322,633	3.136119	1.000000
28,200,323.28	1.07218	30,235,907	13,657,242	2.839292	1.000000
10,086,930.47	1.07218	10,815,035	3,048,586	4.791687	1.000000
8,733,062.28	1.06655	9,314,248	2,299,910	3.950569	1.000000
5,628,631.45	1.07218	6,034,923	2,405,987	3.057146	1.000000
6,738,390.68	1.07218	7,224,788	2,679,518	3.357384	1.000000
10,040,061.40	1.08556	10,899,099	4,378,228	3.016532	1.000000
2,341,843.05	1.07218	2,510,884	1,445,284	2.506020	1.000000
4,014,113.59	1.07218	4,303,864	1,797,016	4.824838	1.000000
32,167,352.01	1.06655	34,308,089	12,010,630	3.582737	0.983900
13,693,051.18	1.07218	14,681,457	5,538,444	4.019122	1.000000
7,398,269.71	1.07124	7,925,322	3,758,595	2.541897	1.000000
2,217,345.71	1.08075	2,396,385	948,171	3.888354	1.000000
72,661,718.12	1.07218	77,906,659	32,039,552	3.301178	0.941501
3,747,479.72	1.07218	4,017,984	1,973,350	3.382963	1.000000
25,294,066.78	1.07597	27,215,708	9,792,601	3.457198	1.000000
6,719,266.04	1.07218	7,204,283	2,152,464	3.758505	1.000000
7,391,045.97	1.06655	7,882,920	2,831,551	3.929583	1.000000
23,902,941.12	1.07597	25,718,895	8,972,325	4.017612	1.000000
675,531.23	1.06655	720,488	242,018	5.253622	1.000000
9,319,350.50	1.07218	9,992,049	3,219,272	2.365054	1.000000
24,609,744.12	1.07597	26,479,396	9,898,289	3.715672	0.939669
5,937,287.27	1.06655	6,332,414	2,307,646	3.651864	1.000000
648,675.56	1.07597	697,957	311,681	3.113556	1.000000
12,066,842.87	1.06655	12,869,891	4,707,619	3.959989	1.000000
-	1.00000	-	-	1.000000	1.000000
9,804,903.57	1.06655	10,457,420	4,456,130	4.304939	1.000000
8,130,884.82	1.07218	8,717,796	3,213,888	5.264278	1.000000
7,719,620.66	1.06655	8,233,361	3,402,549	3.298086	0.909600
5,067,765.24	1.07407	5,443,155	2,117,697	2.764040	1.000000
4,999,545.91	1.07218	5,360,428	1,831,814	4.337716	1.000000
564,503.40	1.07597	607,390	277,547	3.383077	1.000000
1,205,681.56	1.07218	1,292,711	471,715	4.957668	1.000000



4,446,193.51	1.06655	4,742,088	1,923,651	4.009954	1.000000
73,888.79	1.07218	79,222	26,077	7.182075	1.000000
148,346.69	1.07218	159,055	47,151	4.039868	1.000000
136,684.50	1.07407	146,809	70,139	4.087539	1.000000
132,591.26	1.07218	142,162	75,265	3.264722	1.000000
504,335.32	1.07597	542,651	199,172	2.406916	1.000000
-	1.00000	-	95,016	3.523976	1.000000
313,095.72	1.07218	335,696	156,815	5.324248	1.000000
99,677.70	1.06936	106,591	40,552	3.364975	1.000000
70,158.32	1.07218	75,223	31,473	3.688265	1.000000
3,126,393.25	1.07218	3,352,066	1,024,505	4.644969	1.000000
685,108.79	1.07124	733,916	318,574	3.242904	1.000000
90,092.98	1.07218	96,596	14,693	3.523976	1.000000
242,610.70	1.07218	260,123	80,153	2.971056	1.000000
2,228,647.03	1.07218	2,389,517	44,033	5.080711	1.000000
1,966,579.82	1.07218	2,108,533	666,995	4.670227	1.000000
1,792,760.94	1.06655	1,912,069	490,371	3.446360	1.000000
587,478.44	1.07124	629,330	262,248	2.991797	1.000000
180,948.88	1.07218	194,010	63,929	3.467401	1.000000
2,802,712.00	1.07597	3,015,640	525,550	3.935973	1.000000
-	1.00000	-	-	1.000000	1.000000
345,859.56	1.07313	371,152	192,617	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
10,051,925.19	1.07218	10,777,503	4,407,635	1.000000	1.000000
323,311.08	1.07407	347,260	155,665	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
9,879.55	1.08075	10,677	6,254	1.000000	1.000000
2,348,512.48	1.06936	2,511,403	1,225,903	0.963786	1.000000
10,876,392.72	1.06655	11,600,217	3,890,544	0.959874	0.948100
1,367,155.21	1.07218	1,465,841	617,284	0.971591	1.000000
-	1.00000	-	78,403	1.000000	1.000000
-	1.00000	-	53,622	0.959873	1.000000
17,245,229.90	1.06655	18,392,900	16,924	0.959876	1.000000
7,487.53	1.00000	7,488	6,099	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
-	1.00000	-	-	1.000000	1.000000
<b>2,355,458,241</b>		<b>2,525,349,623</b>	<b>1,010,497,757</b>		
8,809,820		9,445,037	1,998,878		
1,197,683,559		1,284,747,847	510,207,274		

681,410,291		728,958,914	269,558,562		
5,867,956		6,291,522	2,034,659		
279,314,148		300,534,202	126,104,647		
10,730,975		11,506,592	4,762,171		
17,252,717		18,400,387	76,644		
3,715,668		3,977,244	1,843,187		
-		-	-		
139,796,715		149,887,661	90,021,189		
10,876,393		11,600,217	3,890,544		
-		-	-		
2,355,458,241		2,525,349,623	1,010,497,757		
-		-	-		
832,083,398		890,446,791	363,470,296		
5,867,956		6,291,522	2,034,659		
<b>837,951,353</b>		<b>896,738,314</b>	<b>365,504,955</b>		
1,218,651,944		1,307,125,478	512,127,106		
8,809,820		9,445,037	1,998,878		
<b>1,227,461,764</b>		<b>1,316,570,515</b>	<b>514,125,984</b>		

<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>
<b>IP Medicaid MMIS Payments Adjusted for Inflation and Vol Adjustment</b>	<b>Total Payments</b>		<b>Outpatient Charges</b>	<b>HMO Charges</b>	<b>Medicaid Outpatient Cost-to-Charge Ratios</b>
<b><math>Q = N * O * P *</math> <math>(1+J)</math></b>	<b><math>R = Q</math></b>		<b><math>T</math></b>	<b><math>U</math></b>	<b><math>V</math></b>
63,306,702	63,306,702		130,099,101	4,181,022	0.140597
156,073,705	156,073,705		152,278,351	3,365,051	0.192465
4,265,391	4,265,391		13,404,725	-	0.402255
28,646,810	28,646,810		67,685,315	1,170,174	0.148597
14,909,366	14,909,366		54,358,481	805,078	0.160245
32,274,282	32,274,282		45,693,051	850,867	0.299528
3,664,268	3,664,268		27,840,532	159,804	0.121038
86,731,833	86,731,833		130,116,712	3,828,958	0.189475
19,354,346	19,354,346		54,183,221	1,322,179	0.177747
12,322,035	12,322,035		66,058,292	-	0.128697
10,445,230	10,445,230		31,905,687	437,028	0.213128
13,751,175	13,751,175		71,328,262	1,614,954	0.098652
23,516,269	23,516,269		121,371,180	2,341,305	0.161934
3,986,619	3,986,619		27,972,672	314,368	0.233185
3,901,455	3,901,455		16,269,708	407,541	0.200220
15,278,579	15,278,579		30,233,407	778,414	0.285459
107,192,137	107,192,137		182,787,101	3,571,537	0.198179
185,335,417	185,335,417		356,214,860	4,075,895	0.228590
54,298,640	54,298,640		108,116,243	2,416,577	0.159977
12,288,331	12,288,331		30,049,521	248,797	0.155206
148,615,732	148,615,732		134,935,990	1,901,077	0.240344
7,896,839	7,896,839		33,305,541	410,250	0.260510
21,341,591	21,341,591		43,852,475	934,747	0.225336
148,537,725	148,537,725		434,654,380	4,459,589	0.235715
548,161	548,161		3,132,897	-	0.358386
29,596,851	29,596,851		67,887,214	1,689,872	0.223651
5,510,182	5,510,182		16,447,935	106,731	0.257869
98,462,593	98,462,593		132,422,469	2,368,709	0.187739
12,115,054	12,115,054		25,514,982	335,022	0.225194
175,079,214	175,079,214		302,212,381	29,957,413	0.309324
8,642,924	8,642,924		25,651,902	299,146	0.182238
6,640,221	6,640,221		29,823,074	642,386	0.213356
156,715,290	156,715,290		282,528,014	6,632,855	0.157935
22,667,053	22,667,053		49,335,242	2,299,014	0.231651
10,259,420	10,259,420		40,181,352	1,837,594	0.171623

16,675,741	16,675,741	82,425,911	449,707	0.188120
15,818,445	15,818,445	73,612,373	1,923,856	0.135407
862,295	862,295	16,744,668	954,897	0.156522
11,941,786	11,941,786	27,479,343	902,794	0.193330
5,592,721	5,592,721	21,328,619	-	0.178502
25,482,917	25,482,917	87,443,320	1,499,909	0.151694
120,781,633	120,781,633	174,695,317	5,554,411	0.272935
6,420,117	6,420,117	38,627,401	554,856	0.187458
4,717,708	4,717,708	18,976,075	-	0.335745
22,868,709	22,868,709	36,515,490	1,410,701	0.126781
6,237,459	6,237,459	16,963,780	354,473	0.262152
8,483,787	8,483,787	21,858,307	485,320	0.185791
9,440,677	9,440,677	26,141,637	-	0.295061
247,236,298	247,236,298	486,557,498	49,108,431	0.257124
38,645,245	38,645,245	57,160,397	837,879	0.232549
38,776,903	38,776,903	130,415,554	2,232,631	0.147396
14,607,868	14,607,868	60,417,296	818,999	0.107140
9,085,951	9,085,951	34,337,116	1,213,633	0.148735
7,355,454	7,355,454	14,876,008	322,652	0.257799
8,996,172	8,996,172	23,456,509	626,984	0.286590
13,207,064	13,207,064	53,004,760	1,057,699	0.119289
3,621,911	3,621,911	19,246,313	202,699	0.186002
8,670,311	8,670,311	21,390,366	-	0.091334
42,338,128	42,338,128	124,788,147	2,209,451	0.151927
22,259,683	22,259,683	45,209,706	1,155,805	0.177159
9,553,962	9,553,962	59,444,970	1,537,383	0.147466
3,686,824	3,686,824	16,152,781	-	0.096559
99,580,978	99,580,978	173,273,514	3,745,348	0.218523
6,675,770	6,675,770	23,627,582	-	0.237164
33,854,956	33,854,956	60,113,934	815,402	0.164799
8,090,048	8,090,048	30,573,010	-	0.105885
11,126,815	11,126,815	62,541,391	1,038,966	0.135806
36,047,319	36,047,319	97,571,325	1,725,225	0.161149
1,271,472	1,271,472	7,041,050	-	0.252214
7,613,750	7,613,750	18,078,556	649,214	0.260655
34,559,884	34,559,884	47,232,050	781,269	0.175233
8,427,208	8,427,208	32,306,442	758,952	0.151922
970,436	970,436	14,065,803	-	0.105488
18,642,116	18,642,116	85,679,187	3,184,043	0.118315
-	-	-	-	-
19,183,369	19,183,369	22,385,468	651,538	0.141732
16,918,797	16,918,797	37,338,648	726,148	0.133131
10,207,444	10,207,444	21,311,027	362,807	0.138999
5,853,400	5,853,400	29,186,507	901,481	0.145282
7,945,889	7,945,889	18,063,098	520,344	0.257389
938,963	938,963	12,224,614	73,131	0.165099
2,338,605	2,338,605	26,737,267	-	0.136155

7,713,751	7,713,751	17,638,785	295,589	0.183279
187,285	187,285	6,730,745	295,772	0.198728
190,485	190,485	3,981,078	71,796	0.408838
286,694	286,694	8,327,008	-	0.337974
245,719	245,719	7,784,145	-	0.216620
479,390	479,390	7,800,115	214,055	0.276582
334,832	334,832	1,766,976	-	-
834,920	834,920	9,095,676	-	0.256281
136,458	136,458	939,393	10,434	0.453518
116,079	116,079	2,027,062	-	0.274340
4,758,792	4,758,792	11,525,211	253,457	0.310491
1,033,105	1,033,105	11,582,852	415,273	0.202085
51,777	51,777	2,001,048	118,265	0.411566
238,138	238,138	3,321,851	-	0.223381
223,721	223,721	2,999,036	104,772	0.416943
3,115,019	3,115,019	7,813,990	236,275	0.352175
1,689,996	1,689,996	4,882,520	159,683	0.335943
784,594	784,594	11,290,108	412,319	0.181235
221,667	221,667	3,852,228	-	0.321385
2,068,551	2,068,551	11,207,863	1,328,072	0.230307
-	-	10,154	177,985	0.202156
192,617	192,617	1,475	-	-
-	-	-	-	-
4,407,635	4,407,635	4,874,820	-	0.264177
155,665	155,665	-	-	-
-	-	-	-	-
6,254	6,254	-	-	-
1,181,509	1,181,509	138,768	-	0.466277
3,540,615	3,540,615	8,650,928	95,789	0.383863
599,747	599,747	-	-	-
78,403	78,403	-	-	-
51,470	51,470	-	-	-
16,245	16,245	-	-	-
6,099	6,099	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>2,792,731,656</b>	<b>2,792,731,656</b>	<b>6,098,716,238</b>	<b>181,302,528</b>	
7,151,230	7,151,230	67,086,617	3,022,575	
1,524,824,134	1,524,824,134	3,321,487,695	59,212,096	

858,321,960	858,321,960		2,091,494,201	84,754,844	
9,366,600	9,366,600		44,052,327	561,528	
234,294,145	234,294,145		425,993,416	31,754,619	
4,762,171	4,762,171		4,876,295	-	
73,814	73,814		-	-	
1,781,256	1,781,256		138,768	-	
-	-		-	-	
148,615,732	148,615,732		134,935,990	1,901,077	
3,540,615	3,540,615		8,650,928	95,789	
-	-		-	-	
<b>2,792,731,656</b>	<b>2,792,731,656</b>	<b>#</b>	<b>6,098,716,238</b>	<b>181,302,528</b>	
-	-	<b>#</b>	-	-	
1,010,478,307	1,010,478,307	<b>#</b>	2,235,081,120	86,751,710	
9,366,600	9,366,600	<b>#</b>	44,052,327	561,528	
<b>1,019,844,907</b>	<b>1,019,844,907</b>	<b>#</b>	<b>2,279,133,447</b>	<b>87,313,238</b>	
1,526,679,204	1,526,679,204	<b>#</b>	3,321,626,463	59,212,096	
7,151,230	7,151,230	<b>#</b>	67,086,617	3,022,575	
<b>1,533,830,433</b>	<b>1,533,830,433</b>	<b>#</b>	<b>3,388,713,079</b>	<b>62,234,671</b>	

<u>22</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>
<b>Estimated Annual Outpatient Medicaid Cost Deficit &amp; Claims Payments</b>					
<b>Medicaid Outpatient Volume Adjustment</b>	<b>PS&amp;R Outpatient Charges Times Medicaid Outpatient CCR &amp; Volume Adj</b>	<b>Schedule C HMO Charges times Medicaid Outpatient CCR &amp; Volume Adj.</b>	<b>Inflation Factor</b>	<b>Inflated PS&amp;R OP Costs</b>	<b>Inflated Schedule C HMO OP Costs</b>
<b><u>W</u></b>	<b><u>X = T * V * W</u></b>	<b><u>Y = U * V * W</u></b>	<b><u>Z</u></b>	<b><u>AA = X * Z</u></b>	<b><u>AB = Y * Z</u></b>
-	18,291,581.35	587,840.37	1.06655	19,508,886	626,961
-	29,955,878	647,653.91	1.07218	32,118,183	694,404
-	5,392,124	-	1.07218	5,781,344	-
-	10,231,723	173,884.41	1.07597	11,009,047	187,095
-	8,839,702	129,009.98	1.07218	9,477,779	138,322
-	13,941,195	254,858.28	1.07597	15,000,336	274,220
-	3,389,095	19,342.30	1.07883	3,656,261	20,867
-	25,379,343	725,491.44	1.06655	27,068,338	773,773
-	9,865,892	235,012.73	1.06655	10,522,467	250,653
-	8,501,502	-	1.07407	9,131,243	-
-	6,893,147	93,143.02	1.07597	7,416,833	100,219
-	7,196,014	159,318.88	1.06655	7,674,908	169,922
-	20,033,197	379,135.73	1.06655	21,366,406	404,367
-	6,596,112	73,305.88	1.06655	7,035,083	78,184
-	3,339,119	81,597.86	1.07218	3,580,147	87,488
-	8,852,597	222,205.13	1.07597	9,525,147	239,086
-	36,932,359	707,803.45	1.07218	39,598,247	758,895
-	82,359,024	931,710.65	1.07597	88,616,004	1,002,495
-	17,682,673	386,595.96	1.07597	19,026,061	415,966
-	4,702,474	38,614.73	1.07218	5,041,913	41,402
-	32,888,015	456,913.10	1.07218	35,261,971	489,894
-	8,783,316	106,874.42	1.07597	9,450,602	114,994
-	10,092,166	210,631.99	1.07218	10,820,649	225,836
-	103,505,569	1,051,190.19	1.07597	111,369,094	1,131,051
-	1,122,786	-	1.06655	1,197,507	-
-	15,560,976	377,941.35	1.07218	16,684,214	405,222
-	4,268,943	27,522.67	1.07218	4,577,088	29,509
-	25,305,510	444,698.15	1.06655	26,989,591	474,293
-	5,821,257	75,444.83	1.07597	6,263,509	81,177
-	102,747,935	9,266,532.90	1.07597	110,553,901	9,970,530
-	4,729,273	54,515.84	1.07597	5,088,565	58,658
-	6,499,979	137,056.71	1.07218	6,969,167	146,950
-	45,668,718	1,047,562.15	1.07218	48,965,223	1,123,178
-	11,961,139	532,569.40	1.07218	12,824,529	571,012
-	7,211,410	315,373.08	1.07218	7,731,952	338,138

-	15,590,592	84,599.05	1.07597	16,775,040	91,026
-	10,228,109	260,502.92	1.06655	10,908,789	277,839
-	2,770,377	149,462.67	1.06655	2,954,745	159,409
-	5,487,111	174,536.93	1.06655	5,852,278	186,152
-	3,807,205	-	1.08556	4,132,953	-
-	13,492,137	227,526.91	1.07597	14,517,162	244,813
-	49,196,413	1,515,991.73	1.07218	52,747,557	1,625,421
-	7,345,030	104,012.24	1.07597	7,903,047	111,914
-	6,371,115	-	1.07218	6,831,001	-
-	4,808,322	178,850.14	1.06655	5,128,316	190,753
-	4,540,016	92,925.84	1.07218	4,867,728	99,634
-	4,151,246	90,168.11	1.07218	4,450,895	96,677
-	7,713,378	-	1.06655	8,226,703	-
-	137,732,594	12,626,958.73	1.06655	146,898,698	13,467,283
-	13,487,443	194,847.95	1.07597	14,512,111	209,651
-	19,551,749	329,079.81	1.07218	20,963,053	352,834
-	6,560,841	87,747.35	1.07218	7,034,423	94,081
-	5,287,658	180,510.30	1.06655	5,639,552	192,523
-	3,918,192	83,179.21	1.07218	4,201,019	89,183
-	6,902,095	179,687.52	1.07218	7,400,309	192,658
-	6,449,043	126,171.59	1.08556	7,000,830	136,967
-	3,617,555	37,702.42	1.07218	3,878,681	40,424
-	1,953,674	-	1.07218	2,094,696	-
-	19,294,304	335,674.21	1.06655	20,578,339	358,013
-	8,214,058	204,761.01	1.07218	8,806,973	219,541
-	8,992,828	226,711.83	1.07124	9,633,477	242,863
-	1,559,692	-	1.08075	1,685,630	-
-	38,682,702	818,444.88	1.07218	41,474,935	877,523
-	5,603,609	-	1.07218	6,008,094	-
-	10,041,073	134,377.15	1.07597	10,803,913	144,586
-	3,237,218	-	1.07218	3,470,890	-
-	8,634,592	141,097.78	1.06655	9,209,224	150,488
-	16,001,567	278,018.75	1.07597	17,217,238	299,140
-	1,775,854	-	1.06655	1,894,037	-
-	4,881,491	169,221.02	1.07218	5,233,852	181,436
-	8,413,519	136,904.13	1.07597	9,052,711	147,305
-	5,023,350	115,301.26	1.06655	5,357,654	122,975
-	1,483,774	-	1.07597	1,596,499	-
-	10,513,879	376,720.98	1.06655	11,213,578	401,792
-	-	-	1.00000	-	-
-	3,265,076	92,343.63	1.06655	3,482,366	98,489
-	5,067,603	96,672.78	1.07218	5,433,398	103,651
-	3,012,637	50,429.74	1.06655	3,213,128	53,786
-	4,371,237	130,968.77	1.07407	4,695,032	140,670
-	4,783,171	133,930.75	1.07218	5,128,435	143,598
-	2,030,344	12,073.85	1.07597	2,184,593	12,991
-	3,640,402	-	1.07218	3,903,177	-





	422,118,011				
	13,404,551				
	133,056,527				
	1,287,815				
	-				
	64,704				
	-				
	32,888,015				
	3,357,538				
	-				
	1,274,916,299				
	-		-		
	458,363,564				
	13,404,551				
	<b>471,768,115</b>				
	651,533,341				
	17,270,501				
	<b>668,803,842</b>				

<u>28</u>	<u>29</u>
<b>Annual Outpatient Medicaid Costs Adjusted for Inflation</b>	Annual Inpatient and Outpatient Medicaid Costs Adjusted for Inflation
<b><u>AC = AA + AB</u></b>	
20,135,847	74,107,686
32,812,587	139,150,407
5,781,344	9,215,847
11,196,142	34,138,470
9,616,101	20,012,579
15,274,556	37,829,384
3,677,128	6,545,600
27,842,111	104,850,546
10,773,120	25,644,840
9,131,243	19,048,346
7,517,052	15,637,249
7,844,830	18,344,576
21,770,773	42,569,503
7,113,267	12,036,033
3,667,635	7,267,477
9,764,233	20,327,841
40,357,142	119,178,465
89,618,498	297,052,232
19,442,028	64,404,362
5,083,315	13,248,759
35,751,865	185,639,526
9,565,596	15,122,145
11,046,485	25,325,009
112,500,145	278,457,149
1,197,507	1,699,973
17,089,436	44,124,965
4,606,597	8,552,534
27,463,884	101,162,927
6,344,686	13,860,661
120,524,431	375,785,937
5,147,223	10,809,943
7,116,117	12,597,867
50,088,401	172,823,175
13,395,541	30,424,440
8,070,089	16,583,040

16,866,066	26,865,460
11,186,629	23,490,794
3,114,154	3,691,821
6,038,431	15,197,742
4,132,953	7,899,339
14,761,974	39,601,010
54,372,978	154,633,399
8,014,961	12,477,940
6,831,001	11,019,799
5,319,069	18,221,162
4,967,362	10,925,024
4,547,572	11,640,742
8,226,703	15,116,424
160,365,981	412,098,099
14,721,762	46,379,285
21,315,886	51,551,794
7,128,504	17,943,539
5,832,075	15,146,323
4,290,202	10,325,125
7,592,967	14,817,755
7,137,797	18,036,896
3,919,105	6,429,989
2,094,696	6,398,561
20,936,353	55,244,442
9,026,514	23,707,971
9,876,340	17,801,662
1,685,630	4,082,015
42,352,458	120,259,117
6,008,094	10,026,078
10,948,499	38,164,207
3,470,890	10,675,173
9,359,712	17,242,632
17,516,378	43,235,273
1,894,037	2,614,525
5,415,288	15,407,337
9,200,016	35,679,412
5,480,629	11,813,042
1,596,499	2,294,456
11,615,369	24,485,261
-	-
3,580,855	14,038,275
5,537,048	14,254,845
3,266,914	11,500,275
4,835,702	10,278,857
5,272,033	10,632,461
2,197,584	2,804,974
3,903,177	5,195,888

3,563,530	8,305,618
1,560,184	1,639,406
1,808,045	1,967,100
3,022,782	3,169,591
1,807,916	1,950,078
2,448,675	2,991,325
-	-
2,499,316	2,835,012
465,701	572,293
596,245	671,467
4,005,537	7,357,603
2,687,271	3,421,187
987,384	1,083,981
795,599	1,055,722
1,434,363	3,823,880
3,128,966	5,237,499
1,863,834	3,775,903
2,352,034	2,981,364
1,327,416	1,521,426
3,435,549	6,451,189
79,287	79,287
-	371,152
-	-
1,380,773	12,158,277
-	347,260
-	-
-	10,677
69,192	2,580,595
3,620,199	15,220,416
-	1,465,841
-	-
-	-
-	18,392,900
-	7,488
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<b>1,411,021,603</b>	
19,280,233	
711,259,425	

471,477,569	
14,577,197	
153,605,150	
1,380,773	
-	
69,192	
-	
35,751,865	
3,620,199	
-	
<b>1,411,021,603</b>	
-	
510,849,633	
14,577,197	
<b>525,426,830</b>	
711,328,617	
19,280,233	
<b>730,608,850</b>	

1	2	3	4	5	6	7	8	9
Medicaid Provider Number	Facility Name:	Medicare Provider Number:	Cost Report Start Date:	Cost Report End Date:	Period Covered	Extrapolat ion Factor to a 12 Month Cost Report Period		
3400001	ATRIUM HEALTH CABARRU S	340001	1/1/2020	12/31/2020	366	1.0000		
3400002	MISSION HOSPITAL INC	340002	10/1/2019	9/30/2020	366	1.0000		
3400003	NORTHER N HOSP OF SURRY CO	340003	10/1/2019	9/30/2020	366	1.0000		
3400004	HIGH POINT MEDICAL CENTER	340004	7/1/2019	6/30/2020	366	1.0000		
3400008	SCOTLAN D MEMORIA L HOSPITAL	340008	10/1/2019	9/30/2020	366	1.0000		
3400010	WAYNE MEMORIA L HOSPITAL	340010	7/1/2019	6/30/2020	366	1.0000		
3400013	RUTHERF ORD HOSPITAL INC.	340013	6/1/2019	5/31/2020	366	1.0000		
3400014	FORSYTH MEMORIA L HOSPITAL INC	340014	1/1/2020	12/31/2020	366	1.0000		
3400015	ROWAN REGIONA L HOSPITAL	340015	1/1/2020	12/31/2020	366	1.0000		

3400016	HARRIS REGIONAL HOSPITAL	340016	8/1/2019	7/31/2020	366	1.0000		
3400017	MARGARET R. PARDEE MEMORIAL HOSPITAL	340017	7/1/2019	6/30/2020	366	1.0000		
3400020	CENTRAL CAROLINA HOSPITAL	340020	1/1/2020	12/31/2020	366	1.0000		
3400021	ATRIUM HEALTH CLEVELAND	340021	1/1/2020	12/31/2020	366	1.0000		
3400023	ADVENTHEALTH HENDERS ONVILLE	340023	1/1/2020	12/31/2020	366	1.0000		
3400024	SAMPSON REGIONAL MEDICAL CENTER	340024	10/1/2019	9/30/2020	366	1.0000		
3400027	LENOIR MEMORIAL HOSPITAL	340027	7/1/2019	6/30/2020	366	1.0000		
3400028	CAPE FEAR VALLEY MEDICAL CENTER	340028	10/1/2019	9/30/2020	366	1.0000		
3400030	DUKE UNIVERSITY HOSPITAL	340030	7/1/2019	6/30/2020	366	1.0000		
3400032	GASTON MEMORIAL HOSPITAL	340032	7/1/2019	6/30/2020	366	1.0000		



3400039	IREDELL MEMORIAL HOSPITAL	340039	10/1/2019	9/30/2020	366	1.0000		
3400040	PITT COUNTY MEMORIAL HOSPITAL	340040	10/1/2019	9/30/2020	366	1.0000		
3400041	CALDWELL MEMORIAL HOSPITAL	340041	7/1/2019	6/30/2020	366	1.0000		
3400042	ONslow MEMORIAL HOSPITAL	340042	10/1/2019	9/30/2020	366	1.0000		
3400047	NORTH CAROLINA BAPTIST HOSPITAL	340047	7/1/2019	6/30/2020	366	1.0000		
3400049	NORTH CAROLINA SPECIALTY HOSPITAL	340049	1/1/2020	12/31/2020	366	1.0000		
3400050	S.E. REGL MEDICAL CENTER	340050	10/1/2019	9/30/2020	366	1.0000		
3400051	WATAUGA MEDICAL CENTER	340051	10/1/2019	9/30/2020	366	1.0000		
3400053	PRESBYTERIAN HOSPITAL	340053	1/1/2020	12/31/2020	366	1.0000		
3400060	UNC ROCKINGHAM HOSPITAL	340060	7/1/2019	6/30/2020	366	1.0000		

3400061	UNIVERSITY OF NORTH CAROLINA HOSP.	340061	7/1/2019	6/30/2020	366	1.0000		
3400064	WRMC HOSPITAL OPERATING CORPORATION	340064	7/1/2019	6/30/2020	366	1.0000		
3400068	COLUMBUS REGIONAL HEALTHCARE SYSTEM	340068	10/1/2019	9/30/2020	366	1.0000		
3400069	WAKEMED RALEIGH CAMPUS	340069	10/1/2019	9/30/2020	366	1.0000		
3400070	ALAMANCE REGIONAL MEDICAL CENTER	340070	10/1/2019	9/30/2020	366	1.0000		
3400071	HARNETT HEALTH SYSTEM	340071	10/1/2019	9/30/2020	366	1.0000		
3400073	DUKE RALEIGH HOSPITAL	340073	7/1/2019	6/30/2020	366	1.0000		
3400075	BLUE RIDGE HEALTHCARE HOSPITALS	340075	1/1/2020	12/31/2020	366	1.0000		
3400084	ATRIUM HEALTH ANSON	340084	1/1/2020	12/31/2020	366	1.0000		
3400085	THOMASVILLE MEDICAL CENTER	340085	1/1/2020	12/31/2020	366	1.0000		

3400087	THE MCDOWE LL HOSPITAL	340087	2/1/2019	1/31/2020	365	1.0000		
3400090	JOHNSTO N HEALTH	340090	7/1/2019	6/30/2020	366	1.0000		
3400091	THE MOSES H. CONE MEMORIA L HOSPITAL	340091	10/1/2019	9/30/2020	366	1.0000		
3400096	LEXINGT ON MEMORIA L HOSPITAL INC.	340096	7/1/2019	6/30/2020	366	1.0000		
3400097	HUGH CHATHAM MEMORIA L HOSPITAL	340097	10/1/2019	9/30/2020	366	1.0000		
3400098	ATRIUM HEALTH PINEVILL E	340098	1/1/2020	12/31/2020	366	1.0000		
3400099	VIDANT ROANOK E CHOWAN HOSPITAL	340099	10/1/2019	9/30/2020	366	1.0000		
3400107	VIDANT EDGECO MBE HOSPITAL	340107	10/1/2019	9/30/2020	366	1.0000		
3400109	SENTARA ALBEMAR LE REGL MED CTR LLC	340109	1/1/2020	12/31/2020	366	1.0000		

3400113	CAROLIN AS MEDICAL CENTER	340113	1/1/2020	12/31/2020	366	1.0000		
3400114	REX HOSPITAL	340114	7/1/2019	6/30/2020	366	1.0000		
3400115	FIRSTHEA LTH MOORE REGIONA L HOSPITAL	340115	10/1/2019	9/30/2020	366	1.0000		
3400116	FRYE REGIONA L MEDICAL CENTER	340116	10/1/2019	9/30/2020	366	1.0000		
3400119	ATRIUM HEALTH STANLY	340119	1/1/2020	12/31/2020	366	1.0000		
3400120	DUPLIN GENERAL HOSPITAL	340120	10/1/2019	9/30/2020	366	1.0000		
3400123	RANDOLP H HOSPITAL	340123	10/1/2019	9/30/2020	366	1.0000		
3400126	WILSON MEDICAL CENTER	340126	3/1/2019	2/29/2020	366	1.0000		
3400127	GRANVILL E MEDICAL CENTER	340127	10/1/2019	9/30/2020	366	1.0000		
3400129	LAKE NORMAN REGIONA L MEDICAL CENTER	340129	10/1/2019	9/30/2020	366	1.0000		
3400130	ATRIUM HEALTH UNION	340130	1/1/2020	12/31/2020	366	1.0000		
3400131	CAROLIN AEAST MEDICAL CENTER	340131	10/1/2019	9/30/2020	366	1.0000		

3400132	MARIA PARHAM MEDICAL CENTER	340132	11/1/2019	10/31/2020	366	1.0000		
3400133	MARTIN GENERAL HOSPITAL	340133	5/1/2019	4/30/2020	366	1.0000		
3400141	NEW HANOVER REGIONA L MEDICAL CENTER	340141	10/1/2019	9/30/2020	366	1.0000		
3400142	CARTERE T COUNTY GENERAL HOSPITAL COM	340142	10/1/2019	9/30/2020	366	1.0000		
3400143	CATAWB A VALLEY MEDICAL CENTER	340143	7/1/2019	6/30/2020	366	1.0000		
3400144	DAVIS REGIONA L MEDICAL CENTER	340144	10/1/2019	9/30/2020	366	1.0000		
3400145	ATRIUM HEALTH LINCOLN	340145	1/1/2020	12/31/2020	366	1.0000		
3400147	NASH HOSPITAL S INC	340147	7/1/2019	6/30/2020	366	1.0000		
3400148	MEDICAL PARK HOSPITAL	340148	1/1/2020	12/31/2020	366	1.0000		
3400151	HALIFAX REGIONA L MEDICAL CENTER	340151	10/1/2019	9/30/2020	366	1.0000		
3400155	DUKE REGIONA L HOSPITAL	340155	7/1/2019	6/30/2020	366	1.0000		

3400156	CHEROKEE INDIAN HOSPITAL AUTHORITY	340156	10/1/2019	9/30/2020	366	1.0000		
3400158	BRUNSWICK COMMUNITY HOSPITAL	340158	1/1/2020	12/31/2020	366	1.0000		
3400159	PERSON MEMORIAL HOSPITAL INC	340159	7/1/2019	6/30/2020	366	1.0000		
3400166	ATRIUM HEALTH UNIVERSITY CITY	340166	1/1/2020	12/31/2020	366	1.0000		
3400168	WILMINGTON TREATMENT CENTER INC	340168	1/1/2020	12/31/2020	366	1.0000		
3400171	PRESBYTERIAN HOSPITAL MATTHEWS	340171	1/1/2020	12/31/2020	366	1.0000		
3400173	WAKE MEDCARY HOSPITAL	340173	10/1/2019	9/30/2020	366	1.0000		
3400183	PRESBYTERIAN HOSPITAL HUNTERSVILLE	340183	1/1/2020	12/31/2020	366	1.0000		
3400184	HAYWOOD REGIONAL MEDICAL CENTER	340184	8/1/2019	7/31/2020	366	1.0000		

3400186	VIDANT BEAUFORT HOSPITAL	340186	10/1/2019	9/30/2020	366	1.0000		
3400187	DAVIE MEDICAL CENTER	340187	7/1/2019	6/30/2020	366	1.0000		
3400188	CAPE FEAR VALLEY HOKE HOSPITAL	340188	10/1/2019	9/30/2020	366	1.0000		
3400190	NOVANT HEALTH MINT HILL MEDICAL CTR	340190	1/1/2020	12/31/2020	366	1.0000		
3401303	FIRSTHEA LTH MONTGO MERY MEMORIA L CAH	341303	10/1/2019	9/30/2020	366	1.0000		
3401304	BERTIE MEMORIA L HOSPITAL	341304	10/1/2019	9/30/2020	366	1.0000		
3401305	SWAIN COUNTY HOSPITAL	341305	8/1/2019	7/31/2020	366	1.0000		
3401307	PENDER MEMORIA L HOSPITAL	341307	10/1/2019	9/30/2020	366	1.0000		
3401311	CHATHAM HOSPITAL INC	341311	7/1/2019	6/30/2020	366	1.0000		
3401314	CAH #1 - WASHING TON	341314	10/1/2019	9/30/2020	366	1.0000		
3401315	BLADEN COUNTY HOSPITAL	341315	10/1/2019	9/30/2020	366	1.0000		

3401316	HIGHLANDS CASHIERS HOSPITAL	341316	12/1/2019	11/30/2020	366	1.0000		
3401317	LIFEBRITE COMMUNITY HOPITAL OF STOK	341317	10/1/2019	9/30/2020	366	1.0000		
3401318	CHOWAN HOSPITAL INC.	341318	10/1/2019	9/30/2020	366	1.0000		
3401319	TRANSYLVANIA COMMUNITY HOSPITAL	341319	11/1/2019	10/31/2020	366	1.0000		
3401320	ALLEGHANY MEMORIAL HOSPITAL	341320	10/1/2019	9/30/2020	366	1.0000		
3401322	ST LUKES HOSPITAL	341322	10/1/2019	9/30/2020	366	1.0000		
3401323	CHARLES A. CANNON MEMORIAL HOSPITAL	341323	10/1/2019	9/30/2020	366	1.0000		
3401324	THE OUTER BANKS HOSPITAL	341324	10/1/2019	9/30/2020	366	1.0000		
3401325	ASHE MEMORIAL HOSPITAL	341325	1/1/2020	12/31/2020	366	1.0000		
3401326	MH ANGEL MEDICAL CENTER LLP	341326	11/1/2019	10/31/2020	366	1.0000		



3401327	J ARTHUR DOSHER MEMORIA L HOSPITAL	341327	10/1/2019	9/30/2020	366	1.0000		
3401328	MURPHY MEDICAL CENTER	341328	7/1/2019	6/30/2020	366	1.0000		
3401329	BLUE RIDGE REGIONA L HOSPITAL	341329	11/1/2019	10/31/2020	366	1.0000		
3402012	KINDRED HOSPITAL GREENSB ORO	342012	9/1/2019	8/31/2020	366	1.0000		
3402013	PAM SPECIALT Y HOSP. OF ROCKY MOUNT	342013	9/30/2019	8/31/2020	337	0.9208		
3402014	HIGHSMIT H RAINEY MEMORIA L HOSPITAL	342014	10/1/2019	9/30/2020	366	1.0000		
3402015	CAROLIN AS CONTINU ECARE PINEVILL E	342015	8/1/2019	7/31/2020	366	1.0000		
3402017	ASHEVILL E SPECIALT Y HOSPITAL LLC	342017	10/1/2019	9/30/2020	366	1.0000		
3402018	SSH - DURHAM	342018	2/1/2019	1/31/2020	365	1.0000		
3402020	SSH - GREENSB ORO	342020	5/1/2019	4/30/2020	366	1.0000		

3402021	CONTINU ECARE HOSPITAL AT UNIVERSI TY	342021	7/1/2019	6/30/2020	366	1.0000		
3403025	CAREPAR TNER'S REHAB HOSPITAL	343025	12/1/2019	11/30/2020	366	1.0000		
3403026	CAROLIN AS REHABILI TATION	343026	1/1/2020	12/31/2020	366	1.0000		
3403027	NOVANT HEALTH REHABILI TATION HOSPITA	343027	10/1/2019	9/30/2020	366	1.0000		
3404004	CENTRAL REGIONA L HOSPITAL	344004	7/1/2019	6/30/2020	366	1.0000		
3404007	OLD VINEYAR D	344007	1/1/2020	12/31/2020	366	1.0000		
3404014	HOLLY HILLS HOSPITAL	344014	1/1/2020	12/31/2020	366	1.0000		
3404016	BRYNN MARR HOSPITAL	344016	7/1/2019	6/30/2020	366	1.0000		
3404023	JULIAN F KEITH - ADATC	344023	7/1/2019	6/30/2020	366	1.0000		
3404025	BROUGH TON HOSPITAL	344025	7/1/2019	6/30/2020	366	1.0000		
3404026	CHERRY HOSPITAL	344026	7/1/2019	6/30/2020	366	1.0000		
3404027	RJ BLACKLE Y ADATC	344027	7/1/2019	6/30/2020	366	1.0000		

3404028	STRATEG IC BEHAVIO RAL HEALTH- RALEIGH	344028	1/1/2020	12/31/2020	366	1.0000		
3404029	GOOD HOPE HOSPITAL INC	344029	1/1/2020	12/31/2020	366	1.0000		
3404030	STRATEG IC BEHAVIO RAL CENTER LELAND	344030	1/1/2020	12/31/2020	366	1.0000		
3404032	TRIANGL E SPRINGS	344032	1/1/2020	12/31/2020	366	1.0000		
3404033	WALTER B JONES LAKESIDE	344033	7/1/2019	6/30/2020	366	1.0000		

10	11	12	13	14	15	16	17	18
Total Hospital Days		Hospital Adult & Peds	Hospital OBS Patient Days			Swing Bed - SNF	Swing Bed - NF	
113,679		95,770	10,840	106,610		-	-	-
203,900		127,594	8,123	135,717		-	-	-
14,362		11,369	1,549	12,918		31	29	60
60,019		50,747	5,344	56,091		-	-	-
23,015		18,662	3,808	22,470		-	-	-
43,830		36,724	3,709	40,433		-	-	-
10,487		8,918	1,392	10,310		-	-	-
232,187		187,199	24,370	211,569		-	-	-
46,828		40,123	6,439	46,562		-	-	-

10,717		8,309	780	9,089		-	-	-
30,317		27,473	2,506	29,979		-	-	-
12,152		9,087	1,350	10,437		-	-	-
53,130		35,644	5,155	40,799		-	-	-
12,614		10,759	1,408	12,167		-	-	-
9,464		7,063	1,175	8,238		-	-	-
22,452		19,027	3,062	22,089		-	-	-
178,544		146,224	10,103	156,327		-	-	-
301,091		205,207	9,826	215,033		-	-	-
103,221		87,882	7,470	95,352		-	-	-

32,366		27,227	3,267	30,494		-	-	-
232,381		181,623	8,662	190,285		-	-	-
17,875		13,846	1,234	15,080		-	-	-
30,983		25,042	2,788	27,830		-	-	-
225,321		109,725	8,650	118,375		-	-	-
2,214		2,214	1,113	3,327		-	-	-
56,818		48,921	8,566	57,487		-	-	-
13,427		10,276	3,110	13,386		-	-	-
163,029		132,872	13,003	145,875		-	-	-
9,724		7,192	1,315	8,507		-	-	-

243,573		197,503	10,556	208,059		-	-	-
10,346		7,923	616	8,539		-	-	-
17,074		15,258	1,681	16,939		-	-	-
177,430		127,110	27,754	154,864		-	-	-
40,250		32,771	3,881	36,652		-	-	-
20,916		16,715	3,809	20,524		-	-	-
48,880		37,596	6,393	43,989		-	-	-
27,149		22,840	3,779	26,619		-	-	-
1,309		1,309	483	1,792		-	-	-
13,873		10,048	2,622	12,670		-	-	-

8,179		7,513	781	8,294		-	-	-
37,854		31,572	4,479	36,051		-	-	-
200,040		147,951	18,592	166,543		-	-	-
12,315		9,031	1,876	10,907		-	-	-
12,773		11,964	2,880	14,844		1	-	1
70,617		59,813	7,748	67,561		-	-	-
14,136		11,336	1,988	13,324		-	-	-
13,783		10,735	319	11,054		-	-	-
17,154		14,061	3,926	17,987		-	-	-



314,549		193,882	32,480	226,362		-	-	-
120,301		89,370	15,087	104,457		-	-	-
101,081		70,057	7,222	77,279		-	-	-
27,133		21,703	3,343	25,046		-	-	-
13,165		9,844	2,852	12,696		-	-	-
11,202		8,071	974	9,045		-	-	-
11,992		10,038	3,368	13,406		-	-	-
25,054		21,742	2,200	23,942		-	-	-
6,285		4,850	1,628	6,478		-	-	-
14,063		9,603	2,712	12,315		-	-	-
38,320		31,596	5,283	36,879		-	-	-
62,612		43,359	3,592	46,951		-	-	-

17,815		11,269	1,606	12,875		-	-	-
4,909		3,503	441	3,944		-	-	-
185,912		147,838	6,834	154,672		-	-	-
22,341		19,285	1,863	21,148		-	-	-
36,550		23,643	1,215	24,858		-	-	-
12,012		9,423	1,272	10,695		-	-	-
19,779		16,329	2,934	19,263		-	-	-
52,232		44,552	4,190	48,742		-	-	-
2,980		2,980	1,206	4,186		-	-	-
21,217		18,464	2,188	20,652		-	-	-
69,847		54,558	7,104	61,662		-	-	-

2,041		2,041	-	2,041		-	-	-
14,783		10,115	4,186	14,301		-	-	-
3,290		2,233	544	2,777		-	-	-
30,558		23,327	4,270	27,597		-	-	-
17,879		17,879	-	17,879		-	-	-
43,284		34,707	6,071	40,778		-	-	-
50,644		40,174	7,702	47,876		-	-	-
29,747		20,879	5,754	26,633		-	-	-
15,080		12,619	2,311	14,930		-	-	-

13,427		11,977	1,478	13,455		-	-	-
4,767		4,767	1,010	5,777		-	-	-
2,785		2,641	1,151	3,792		6	-	6
8,921		6,517	1,779	8,296		-	-	-
997		997	227	1,224		716	11	727
1,340		1,340	143	1,483		-	-	-
3,705		3,705	37	3,742		2,090	1,259	3,349
4,145		4,145	99	4,244		2,615	723	3,338
4,840		4,045	444	4,489		1,868	812	2,680
2,059		2,059	232	2,291		487	299	786
4,354		4,354	398	4,752		2,861	470	3,331

2,699		2,699	85	2,784		2,281	-	2,281
1,697		1,697	192	1,889		1,171	-	1,171
5,464		3,814	279	4,093		-	-	-
4,994		4,627	458	5,085		604	-	604
718		718	410	1,128		28	38	66
4,102		3,941	363	4,304		711	65	776
1,311		1,311	296	1,607		143	162	305
2,986		2,352	1,067	3,419		-	-	-
4,332		4,160	788	4,948		343	-	343
4,258		2,591	381	2,972		387	-	387

1,746		1,746	975	2,721		217	10	227
5,122		5,019	552	5,571		507	38	545
3,726		3,726	475	4,201		455	-	455
11,488		9,730	-	9,730		-	-	-
13,309		13,309	-	13,309		-	-	-
22,658		20,521	-	20,521		-	-	-
10,398		10,398	-	10,398		-	-	-
8,513		8,513	-	8,513		-	-	-
9,255		9,255	-	9,255		-	-	-
9,894		9,894	-	9,894		-	-	-

5,495		5,495	-	5,495		-	-	-
22,038		22,038	-	22,038		-	-	-
40,618		40,618	-	40,618		-	-	-
17,627		17,627	-	17,627		-	-	-
129,391		129,391	-	129,391		-	-	-
49,319		49,319	-	49,319		-	-	-
77,818		77,818	-	77,818		-	-	-
24,443		24,443	-	24,443		-	-	-
20,005		20,005	-	20,005		-	-	-
88,859		88,859	-	88,859		-	-	-
82,140		82,140	-	82,140		-	-	-
12,988		12,988	-	12,988		-	-	-

15,277		15,277	-	15,277		-	-	-
5,125		5,125	-	5,125		-	-	-
9,468		9,468	-	9,468		-	-	-
22,844		22,844	-	22,844		-	-	-
11,815		11,815	-	11,815		-	-	-



19	20	21	22	23	24	25	26
	Sub-Total Reimbursable Cost Centers		SNF Costs	NF Costs	Other LTC Costs	RHC Costs	FQHC Costs
	477,900,026		-	-	-	-	-
	836,266,378		-	-	-	-	-
	76,545,156		2,884,301	-	-	-	-
	253,290,983		-	-	-	-	-
	128,036,800		-	-	-	16,590,633	-
	220,467,350		-	-	-	-	-
	47,414,048		-	-	-	-	-
	1,109,247,714		-	-	-	-	-
	207,216,434		-	-	-	-	-

	64,577,328		-	-	-	-	-
	204,299,191		-	-	-	-	-
	52,537,334		-	-	-	-	-
	246,880,092		-	-	-	-	-
	150,779,847		-	-	-	-	-
	42,403,376		-	-	-	-	-
	96,291,851		-	-	-	-	-
	552,480,139		-	-	-	1,601,443	-
	2,096,153,006		-	-	-	-	-
	421,148,122		-	-	-	-	-

	138,534,827		5,699,649	-	-	-	-
	1,048,538,510		-	-	-	-	-
	95,240,605		-	-	-	-	-
	111,846,381		-	-	-	-	-
	1,606,799,859		-	-	-	-	-
	51,093,628		-	-	-	-	-
	239,978,148		12,535,780	-	-	-	-
	117,002,648		-	-	-	-	-
	889,654,829		2,649,694	-	-	-	-
	53,765,181		9,645,783	-	-	-	-

	1,928,950,067		-	-	-	-	-
	70,294,241		2,284,771	-	-	-	-
	70,759,636		-	-	-	-	-
	839,935,200		-	-	-	-	-
	217,817,723		-	-	-	-	-
	83,094,640		-	-	-	-	-
	432,401,421		-	-	-	-	-
	146,434,460		-	-	-	-	-
	17,415,351		-	-	-	-	-
	79,670,578		-	-	-	-	-

	64,820,614		-	-	-	23,942,902	-
	203,989,072		-	-	-	-	-
	1,062,778,490		-	-	-	-	-
	93,454,604		-	-	-	-	-
	76,390,494		-	-	-	-	-
	304,149,589		-	-	-	-	-
	68,217,448		-	-	-	-	-
	67,319,539		-	-	-	2,840,438	-
	125,612,029		-	-	-	-	-

	2,167,404,176		-	-	-	-	-
	774,678,682		14,980,947	-	-	-	-
	476,069,758		-	-	-	-	-
	170,861,091		-	-	-	-	-
	77,417,638		-	-	-	-	-
	46,472,037		-	-	-	-	-
	93,719,001		-	-	-	-	-
	87,304,753		-	-	-	-	-
	50,386,351		6,422,623	-	-	7,732,741	-
	83,314,005		-	-	-	-	-
	190,357,299		845,610	-	-	-	-
	271,425,223		-	-	-	-	-

	91,397,521		-	-	-	-	-
	23,084,355		-	-	-	-	-
	926,397,950		-	-	-	-	-
	131,823,987		-	-	-	-	-
	218,107,179		-	-	-	-	-
	47,790,704		-	-	-	-	-
	107,195,461		-	-	-	-	-
	204,892,628		-	-	-	-	-
	58,903,387		-	-	-	-	-
	84,872,653		-	-	-	-	-
	316,009,329		-	-	-	-	-

	34,994,650		-	-	-	-	-
	87,767,906		-	-	-	-	-
	23,388,486		5,542,208	-	-	-	-
	147,492,599		-	-	-	-	-
	16,757,588		-	-	-	-	-
	165,807,488		-	-	-	-	-
	217,472,857		-	-	-	-	-
	150,108,540		-	-	-	-	-
	91,177,979		-	-	-	-	-



	72,803,283		-	-	-	-	-
	60,503,366		-	-	-	-	-
	36,442,078		-	-	-	-	-
	62,134,853		-	-	-	-	-
	12,743,734		-	-	-	1,397,462	-
	17,650,461		-	-	-	2,441,204	-
	13,354,989		-	-	-	-	-
	26,348,835		4,516,576	-	-	-	-
	23,406,434		-	-	-	-	-
	10,980,141		-	-	-	1,613,494	-
	27,500,409		-	-	-	7,600,426	-

	16,251,165		-	-	-	1,582,094	-
	12,210,099		2,252,424	-	-	2,137,265	-
	45,322,310		-	-	-	-	-
	47,525,608		714,929	-	-	6,604,842	-
	9,276,941		-	-	-	-	-
	32,917,846		-	-	-	2,458,794	-
	21,262,904		-	-	-	-	-
	53,565,480		-	-	-	-	-
	25,624,190		-	-	-	1,519,149	-
	38,584,552		-	-	-	6,124,498	-

	38,531,814		-	-	-	3,655,028	-
	53,463,625		-	-	-	5,355,931	-
	40,862,512		-	-	-	11,838,115	-
	26,911,057		3,758,957	-	-	-	-
	20,230,277		-	-	-	-	-
	45,802,895		-	-	-	-	-
	14,693,475		-	-	-	-	-
	14,927,338		-	-	-	-	-
	16,826,905		-	-	-	-	-
	14,380,722		-	-	-	-	-

	8,109,144		-	-	-	-	-
	28,264,351		-	-	-	-	-
	91,069,417		-	-	-	-	-
	20,770,751		-	-	-	-	-
	140,019,303		-	-	-	-	-
	24,884,842		-	-	-	-	-
	36,569,406		-	-	-	-	-
	13,483,372		-	-	2,837,320	-	-
	20,257,511		-	-	-	-	-
	119,764,903		-	-	-	-	-
	112,863,160		-	-	-	-	-
	16,183,003		-	-	-	-	-

	19,927,968		-	-	-	-	-
	3,272,336		-	-	-	-	-
	17,418,377		-	-	-	-	-
	17,989,420		-	-	-	-	-
	18,458,995		-	-	-	-	-

27	28	29	30	31	32	33	34
Ambulance Costs	HHA Costs	Hospice Costs	Non-Hospital Service Costs		I/P and O/P Hospital Service Costs	IP Routine Costs for Adults and Peds Areas Only	Routine Costs Per Patient Day
-	-	-	-		477,900,026	134,285,854	1,259.60
-	-	-	-		836,266,378	127,586,005	940.09
-	-	-	2,884,301		73,660,855	9,870,703	764.10
-	-	-	-		253,290,983	51,843,430	924.27
-	-	-	16,590,633		111,446,167	21,601,458	961.35
-	-	-	-		220,467,350	50,943,001	1,259.94
-	-	-	-		47,414,048	8,985,607	871.54
5,131,430	-	-	5,131,430		1,104,116,284	218,163,020	1,031.17
-	-	-	-		207,216,434	41,516,941	891.65

2,493,060	-	-	2,493,060		62,084,268	8,741,209	961.73
-	4,239,915	-	4,239,915		200,059,276	22,638,743	755.15
3,119,556	-	-	3,119,556		49,417,778	10,552,638	1,011.08
-	-	-	-		246,880,092	41,954,239	1,028.32
-	3,814,805	-	3,814,805		146,965,042	13,465,653	1,106.74
-	1,559,711	-	1,559,711		40,843,665	9,431,943	1,144.93
-	-	-	-		96,291,851	22,190,521	1,004.60
20,828,415	-	-	22,429,858		530,050,281	133,754,958	855.61
20,738,749	-	-	20,738,749		2,075,414,257	251,342,983	1,168.86
-	-	-	-		421,148,122	102,602,275	1,076.04

-	4,578,361	-	10,278,010		128,256,817	29,018,783	951.62
31,238,383	-	-	31,238,383		1,017,300,127	226,047,186	1,187.94
-	-	-	-		95,240,605	13,371,976	886.74
-	-	-	-		111,846,381	17,581,637	631.75
6,978,273	-	-	6,978,273		1,599,821,586	200,526,757	1,694.00
-	-	-	-		51,093,628	7,452,690	2,240.06
3,561,543	-	-	16,097,323		223,880,825	53,678,960	933.76
-	-	-	-		117,002,648	11,550,688	862.89
5,455,875	-	14,171,271	22,276,840		867,377,989	160,992,938	1,103.64
-	-	-	9,645,783		44,119,398	6,699,710	787.55



32,560,115	9,335,124	9,246,624	51,141,863		1,877,808,204	317,592,130	1,526.45
-	-	-	2,284,771		68,009,470	12,548,937	1,469.60
-	-	-	-		70,759,636	14,734,771	869.87
12,987,702	14,069,000	-	27,056,702		812,878,498	187,664,337	1,211.80
-	-	-	-		217,817,723	27,977,613	763.33
-	-	-	-		83,094,640	20,081,034	978.42
-	-	-	-		432,401,421	40,975,028	931.48
-	-	-	-		146,434,460	29,653,115	1,113.98
-	-	-	-		17,415,351	2,958,795	1,651.11
-	-	-	-		79,670,578	11,377,389	897.98

-	-	-	23,942,902		40,877,712	6,994,633	843.34
186,697	4,441,500	5,404,319	10,032,516		193,956,556	36,724,598	1,018.68
9,715,335	-	-	9,715,335		1,053,063,155	177,246,182	1,064.27
-	-	-	-		93,454,604	9,531,818	873.92
-	7,407,497	-	7,407,497		68,982,997	13,545,933	912.55
-	-	-	-		304,149,589	80,051,597	1,184.88
-	-	-	-		68,217,448	12,356,212	927.37
-	-	-	2,840,438		64,479,101	12,613,785	1,141.11
-	-	-	-		125,612,029	23,265,258	1,293.45

48,012,901	-	-	48,012,901		2,119,391,275	287,117,387	1,268.40
5,409,978	9,022,909	-	29,413,834		745,264,848	118,940,689	1,138.66
16,118,250	-	-	16,118,250		459,951,508	65,459,737	847.06
-	-	-	-		170,861,091	22,649,587	904.32
-	-	-	-		77,417,638	15,437,107	1,215.90
-	-	-	-		46,472,037	7,897,470	873.13
-	5,175,392	-	5,175,392		88,543,609	14,235,007	1,061.84
-	-	-	-		87,304,753	17,119,635	715.05
-	-	-	14,155,364		36,230,987	5,857,674	904.24
-	-	-	-		83,314,005	13,663,732	1,109.52
-	-	-	845,610		189,511,689	44,912,654	1,217.84
3,274,297	1,905,906	-	5,180,203		266,245,020	39,789,995	847.48

-	-	-	-		91,397,521	10,090,038	783.69
-	-	-	-		23,084,355	4,485,628	1,137.33
30,928,825	-	-	30,928,825		895,469,125	145,239,927	939.02
878,844	2,430,849	1,012,668	4,322,361		127,501,626	23,236,730	1,098.77
-	-	-	-		218,107,179	31,883,265	1,282.62
-	-	-	-		47,790,704	9,781,287	914.57
-	-	-	-		107,195,461	23,079,343	1,198.12
-	-	1,547,191	1,547,191		203,345,437	41,786,098	857.29
-	-	-	-		58,903,387	7,121,697	1,701.31
-	-	-	-		84,872,653	22,250,778	1,077.42
-	-	-	-		316,009,329	54,190,145	878.83

-	-	-	-		34,994,650	4,528,486	2,218.76
-	-	-	-		87,767,906	17,679,314	1,236.23
-	-	-	5,542,208		17,846,278	2,679,330	964.83
-	-	-	-		147,492,599	31,866,564	1,154.71
-	-	-	-		16,757,588	12,351,796	690.85
-	-	-	-		165,807,488	43,400,282	1,064.31
-	-	-	-		217,472,857	56,435,282	1,178.78
-	-	-	-		150,108,540	37,722,335	1,416.38
-	-	-	-		91,177,979	12,995,328	870.42

-	-	-	-		72,803,283	12,565,745	933.91
-	-	-	-		60,503,366	7,281,286	1,260.39
3,126,718	-	-	3,126,718		33,315,360	7,062,343	1,862.43
-	-	-	-		62,134,853	11,827,490	1,425.69
-	-	-	1,397,462		11,346,272	2,413,165	1,971.54
-	-	-	2,441,204		15,209,257	1,803,004	1,215.78
-	-	-	-		13,354,989	2,740,770	732.43
-	-	-	4,516,576		21,832,259	3,793,788	893.92
-	-	-	-		23,406,434	4,786,759	1,066.33
-	-	-	1,613,494		9,366,647	3,332,759	1,454.72
-	-	-	7,600,426		19,899,983	5,826,138	1,226.04

-	-	-	1,582,094		14,669,071	2,525,915	907.30
-	-	-	4,389,689		7,820,410	1,409,736	746.29
-	-	-	-		45,322,310	7,593,315	1,855.20
-	-	-	7,319,771		40,205,837	5,908,591	1,161.96
-	-	-	-		9,276,941	1,768,638	1,567.94
-	-	-	2,458,794		30,459,052	5,579,967	1,296.46
-	-	-	-		21,262,904	2,748,169	1,710.12
-	-	-	-		53,565,480	5,194,149	1,519.20
-	-	-	1,519,149		24,105,041	3,728,363	753.51
-	-	-	6,124,498		32,460,054	4,212,272	1,417.32

-	-	-	3,655,028		34,876,786	3,850,880	1,415.24
-	-	-	5,355,931		48,107,694	8,421,991	1,511.76
-	-	-	11,838,115		29,024,397	5,202,589	1,238.42
-	-	-	3,758,957		23,152,100	8,893,944	914.07
-	-	-	-		20,230,277	11,514,740	865.18
-	-	-	-		45,802,895	19,418,789	946.29
-	-	-	-		14,693,475	9,109,376	876.07
-	-	-	-		14,927,338	10,263,889	1,205.67
-	-	-	-		16,826,905	9,008,326	973.35
-	-	-	-		14,380,722	7,494,167	757.45



-	-	-	-		8,109,144	4,199,190	764.18
-	-	-	-		28,264,351	14,860,545	674.31
-	-	-	-		91,069,417	40,333,128	992.99
-	-	-	-		20,770,751	13,482,145	764.86
-	-	-	-		140,019,303	135,321,682	1,045.84
-	-	-	-		24,884,842	24,369,912	494.13
-	-	-	-		36,569,406	35,091,805	450.95
-	-	-	2,837,320		10,646,052	10,646,052	435.55
-	-	-	-		20,257,511	18,816,348	940.58
-	-	-	-		119,764,903	111,091,307	1,250.20
-	-	-	-		112,863,160	103,822,448	1,263.97
-	-	-	-		16,183,003	15,511,818	1,194.32

-	-	-	-		19,927,968	7,317,620	479.00
-	-	-	-		3,272,336	3,088,828	602.70
-	-	-	-		17,418,377	6,416,636	677.72
-	-	-	-		17,989,420	15,025,793	657.76
-	-	-	-		18,458,995	18,149,417	1,536.13

35	36	37	38	39	40	41	42
	Swing Bed Costs		Hospital Service Costs Reported on Cost Report	Hospital Service Costs For a 12-Month Period			
	-		477,900,026	477,900,026			
	-		836,266,378	836,266,378			
	45,846		73,615,009	73,615,009			
	-		253,290,983	253,290,983			
	-		111,446,167	111,446,167			
	-		220,467,350	220,467,350			
	-		47,414,048	47,414,048			
	-		1,104,116,284	1,104,116,284			
	-		207,216,434	207,216,434			

	-		62,084,268	62,084,268			
	-		200,059,276	200,059,276			
	-		49,417,778	49,417,778			
	-		246,880,092	246,880,092			
	-		146,965,042	146,965,042			
	-		40,843,665	40,843,665			
	-		96,291,851	96,291,851			
	-		530,050,281	530,050,281			
	-		2,075,414,257	2,075,414,257			
	-		421,148,122	421,148,122			

	-		128,256,817	128,256,817			
	-		1,017,300,127	1,017,300,127			
	-		95,240,605	95,240,605			
	-		111,846,381	111,846,381			
	-		1,599,821,586	1,599,821,586			
	-		51,093,628	51,093,628			
	-		223,880,825	223,880,825			
	-		117,002,648	117,002,648			
	-		867,377,989	867,377,989			
	-		44,119,398	44,119,398			

	-		1,877,808,204	1,877,808,204			
	-		68,009,470	68,009,470			
	-		70,759,636	70,759,636			
	-		812,878,498	812,878,498			
	-		217,817,723	217,817,723			
	-		83,094,640	83,094,640			
	-		432,401,421	432,401,421			
	-		146,434,460	146,434,460			
	-		17,415,351	17,415,351			
	-		79,670,578	79,670,578			

	-		40,877,712	40,877,712			
	-		193,956,556	193,956,556			
	-		1,053,063,155	1,053,063,155			
	-		93,454,604	93,454,604			
	913		68,982,084	68,982,084			
	-		304,149,589	304,149,589			
	-		68,217,448	68,217,448			
	-		64,479,101	64,479,101			
	-		125,612,029	125,612,029			

	-		2,119,391,275	2,119,391,275			
	-		745,264,848	745,264,848			
	-		459,951,508	459,951,508			
	-		170,861,091	170,861,091			
	-		77,417,638	77,417,638			
	-		46,472,037	46,472,037			
	-		88,543,609	88,543,609			
	-		87,304,753	87,304,753			
	-		36,230,987	36,230,987			
	-		83,314,005	83,314,005			
	-		189,511,689	189,511,689			
	-		266,245,020	266,245,020			



	-		91,397,521	91,397,521			
	-		23,084,355	23,084,355			
	-		895,469,125	895,469,125			
	-		127,501,626	127,501,626			
	-		218,107,179	218,107,179			
	-		47,790,704	47,790,704			
	-		107,195,461	107,195,461			
	-		203,345,437	203,345,437			
	-		58,903,387	58,903,387			
	-		84,872,653	84,872,653			
	-		316,009,329	316,009,329			

	-		34,994,650	34,994,650			
	-		87,767,906	87,767,906			
	-		17,846,278	17,846,278			
	-		147,492,599	147,492,599			
	-		16,757,588	16,757,588			
	-		165,807,488	165,807,488			
	-		217,472,857	217,472,857			
	-		150,108,540	150,108,540			
	-		91,177,979	91,177,979			

	-		72,803,283	72,803,283			
	-		60,503,366	60,503,366			
	11,175		33,304,185	33,304,185			
	-		62,134,853	62,134,853			
	1,433,310		9,912,962	9,912,962			
	-		15,209,257	15,209,257			
	2,452,908		10,902,081	10,902,081			
	2,983,905		18,848,354	18,848,354			
	2,857,764		20,548,670	20,548,670			
	1,143,410		8,223,237	8,223,237			
	4,083,939		15,816,044	15,816,044			

	2,069,551		12,599,520	12,599,520			
	873,906		6,946,504	6,946,504			
	-		45,322,310	45,322,310			
	701,824		39,504,013	39,504,013			
	103,484		9,173,457	9,173,457			
	1,006,053		29,452,999	29,452,999			
	521,587		20,741,317	20,741,317			
	-		53,565,480	53,565,480			
	258,454		23,846,587	23,846,587			
	548,503		31,911,551	31,911,551			

	321,259		34,555,527	34,555,527			
	823,909		47,283,785	47,283,785			
	563,481		28,460,916	28,460,916			
	-		23,152,100	23,152,100			
	-		20,230,277	21,971,161			
	-		45,802,895	45,802,895			
	-		14,693,475	14,693,475			
	-		14,927,338	14,927,338			
	-		16,826,905	16,826,905			
	-		14,380,722	14,380,722			

	-		8,109,144	8,109,144			
	-		28,264,351	28,264,351			
	-		91,069,417	91,069,417			
	-		20,770,751	20,770,751			
	-		140,019,303	140,019,303			
	-		24,884,842	24,884,842			
	-		36,569,406	36,569,406			
	-		10,646,052	10,646,052			
	-		20,257,511	20,257,511			
	-		119,764,903	119,764,903			
	-		112,863,160	112,863,160			
	-		16,183,003	16,183,003			

	-		19,927,968	19,927,968			
	-		3,272,336	3,272,336			
	-		17,418,377	17,418,377			
	-		17,989,420	17,989,420			
	-		18,458,995	18,458,995			

43	44	45	46	47	48	49
Total Routine IP Costs		Inpatient Ancillary Charges	Total Ancillary Charges	Ratio of IP Ancillary Charge to Total Ancillary Charges	Ancillary Cost Center Costs	
160,108,674		879,300,882	1,824,062,092	48.2056%	317,791,352	
253,078,263		2,034,956,917	3,751,505,996	54.2437%	583,188,115	
13,301,906		44,905,192	160,819,699	27.9227%	60,358,949	
69,731,798		410,610,500	877,222,690	46.8080%	183,559,185	
29,570,864		126,639,419	446,253,532	28.3784%	81,875,303	
61,979,389		162,669,143	490,229,367	33.1823%	158,487,961	
13,527,406		91,252,006	299,432,920	30.4749%	33,886,642	
278,766,769		1,274,528,400	2,514,114,062	50.6949%	825,349,515	
60,473,000		327,379,537	744,590,200	43.9677%	146,743,434	



12,041,772		84,659,487	303,317,559	27.9112%	50,042,496	
26,544,512		205,625,416	735,020,868	27.9755%	173,514,764	
13,716,609		120,234,986	322,921,981	37.2334%	35,701,169	
67,334,146		322,986,237	1,079,407,583	29.9225%	179,545,946	
20,111,309		157,201,828	521,658,692	30.1350%	126,853,733	
11,605,639		40,522,962	158,326,838	25.5945%	29,238,026	
29,176,378		81,887,318	243,464,094	33.6342%	67,115,473	
168,881,800		1,042,472,800	2,124,630,730	49.0661%	361,168,481	
310,487,021		2,863,676,241	6,908,214,439	41.4532%	1,764,927,236	
128,972,622		734,299,320	1,768,216,816	41.5277%	292,175,500	

36,736,516		268,465,137	571,774,067	46.9530%	91,520,301	
318,467,828		1,485,990,748	2,377,049,226	62.5141%	698,832,299	
17,322,077		81,196,891	272,907,295	29.7526%	77,918,528	
27,856,124		105,876,404	370,720,126	28.5597%	83,990,257	
311,435,073		2,301,018,801	5,056,961,735	45.5020%	1,288,386,513	
7,452,690		43,725,913	132,449,830	33.0132%	43,640,938	
66,016,529		293,522,689	703,929,108	41.6978%	157,864,296	
15,775,672		99,483,678	376,906,222	26.3948%	101,226,976	
225,046,109		1,082,495,334	2,006,561,422	53.9478%	642,331,880	
9,234,556		45,757,732	136,734,628	33.4646%	34,884,842	

390,131,864		1,531,733,585	3,921,045,257	39.0644%	1,487,676,340	
16,652,782		73,349,020	249,248,388	29.4281%	51,356,688	
17,870,399		76,696,373	252,281,276	30.4011%	52,889,237	
267,319,656		1,460,689,015	3,057,982,384	47.7664%	545,558,842	
40,947,581		236,668,818	696,912,848	33.9596%	176,870,142	
24,890,861		103,550,161	344,817,043	30.0305%	58,203,779	
58,549,944		448,157,943	1,807,782,089	24.7905%	373,851,477	
35,578,950		177,858,200	785,844,623	22.6327%	110,855,510	
2,958,795		8,269,587	89,495,681	9.2402%	14,456,556	
27,273,630		94,620,770	286,505,500	33.0258%	52,396,948	

8,064,726		34,242,678	217,872,489	15.7168%	32,812,986	
49,471,670		297,200,110	915,630,257	32.4585%	144,484,886	
267,078,960		1,223,527,807	2,846,253,290	42.9873%	785,984,195	
14,113,995		90,349,247	343,452,953	26.3061%	79,340,609	
13,907,406		64,276,385	245,650,180	26.1658%	55,075,591	
109,474,856		610,171,954	1,438,474,829	42.4180%	194,674,733	
23,254,888		60,275,643	163,361,075	36.8972%	44,962,560	
18,129,206		76,323,662	220,837,517	34.5610%	46,349,895	
31,888,432		102,762,121	347,849,705	29.5421%	93,723,597	

382,910,343		3,170,639,854	6,658,640,662	47.6169%	1,736,480,932	
160,620,348		910,133,326	2,417,322,184	37.6505%	584,644,500	
95,803,827		882,174,579	2,037,489,144	43.2971%	364,147,681	
45,645,074		414,141,722	1,008,546,488	41.0632%	125,216,017	
26,428,557		109,492,732	356,633,036	30.7018%	50,989,081	
17,625,974		39,808,244	122,344,220	32.5379%	28,846,063	
16,561,569		67,424,724	257,879,915	26.1458%	71,982,040	
23,332,759		202,725,078	565,718,720	35.8350%	63,971,994	
7,638,879		33,735,882	163,739,025	20.6034%	28,592,108	
19,295,230		236,063,942	642,678,819	36.7312%	64,018,775	
58,302,485		252,708,756	759,242,950	33.2843%	131,209,204	
61,720,691		381,021,295	979,244,886	38.9097%	204,524,329	

21,733,845		127,007,468	425,951,893	29.8173%	69,663,676	
6,515,008		51,075,944	160,108,801	31.9008%	16,569,347	
226,284,099		1,481,361,325	3,374,554,351	43.8980%	669,185,026	
26,104,929		100,766,991	408,767,457	24.6514%	101,396,697	
59,714,802		278,553,840	910,494,247	30.5937%	158,392,377	
15,623,537		84,812,668	276,803,864	30.6400%	32,167,167	
30,221,438		135,036,917	498,518,208	27.0877%	76,974,023	
61,060,890		277,387,260	797,393,093	34.7868%	142,284,547	
7,121,697		36,259,462	201,390,994	18.0045%	51,781,690	
29,691,273		88,509,718	218,676,103	40.4753%	55,181,380	
86,022,315		495,826,580	1,122,109,602	44.1870%	229,987,014	

4,528,486		14,287	421,183	3.3921%	30,466,164	
24,790,734		124,227,855	401,563,151	30.9361%	62,977,172	
4,307,300		26,582,758	131,757,897	20.1755%	13,538,978	
42,974,523		190,386,029	788,579,955	24.1429%	104,518,076	
12,351,796		1,815,879	40,521,854	4.4812%	4,405,792	
50,943,067		333,437,736	763,989,788	43.6443%	114,864,421	
69,169,251		391,824,987	941,243,408	41.6284%	148,303,606	
48,024,385		238,096,506	679,682,416	35.0306%	102,084,155	
20,475,924		113,410,294	428,632,512	26.4586%	70,702,055	

16,126,266		47,925,593	191,816,200	24.9852%	56,677,017	
7,281,286		94,706,560	281,888,813	33.5971%	53,222,080	
7,534,270		25,458,784	175,097,064	14.5398%	25,781,090	
15,977,879		61,040,392	250,306,840	24.3862%	46,156,974	
2,413,165		2,930,816	46,265,840	6.3347%	8,933,107	
1,803,004		4,248,502	37,372,201	11.3681%	13,406,253	
2,740,770		3,751,178	26,568,251	14.1190%	10,614,219	
3,793,788		7,039,987	68,315,415	10.3051%	18,038,471	
6,130,939		11,905,078	67,357,823	17.6744%	17,275,495	
3,332,759		4,402,388	11,837,124	37.1914%	6,033,888	
5,826,138		8,319,047	68,419,325	12.1589%	14,073,845	



2,525,915		3,029,101	30,020,533	10.0901%	12,143,156	
1,409,736		3,140,821	24,264,831	12.9439%	6,410,674	
10,288,496		29,517,271	113,082,237	26.1025%	35,033,814	
6,288,227		20,004,251	151,808,659	13.1773%	33,917,610	
1,768,638		1,125,804	18,638,136	6.0403%	7,508,303	
6,951,243		25,286,886	96,596,961	26.1777%	23,507,809	
5,412,568		5,480,425	37,261,896	14.7079%	15,850,336	
5,989,632		15,941,656	135,240,401	11.7876%	47,575,848	
4,012,578		11,334,639	65,392,718	17.3332%	20,092,463	
4,900,273		14,139,016	155,505,375	9.0923%	27,559,781	

3,850,880		12,454,422	100,253,253	12.4230%	31,025,906	
9,767,638		24,642,624	152,164,206	16.1948%	38,340,056	
5,202,589		11,641,957	126,268,503	9.2200%	23,821,808	
12,236,378		49,459,393	51,071,216	96.8440%	10,915,722	
11,514,740		83,288,043	83,468,973	99.7832%	8,715,537	
22,600,544		80,352,454	130,393,240	61.6232%	23,202,351	
9,109,376		37,688,149	37,688,149	100.0000%	5,584,099	
10,263,889		28,147,573	28,153,854	99.9777%	4,663,449	
9,008,326		38,752,812	39,009,020	99.3432%	7,818,579	
7,494,167		48,851,910	48,851,910	100.0000%	6,886,555	

4,199,190		20,251,300	20,251,300	100.0000%	3,909,954	
14,860,545		22,206,404	29,251,151	75.9163%	13,403,806	
40,333,128		102,607,917	151,998,819	67.5057%	50,736,289	
13,482,145		18,375,962	18,377,237	99.9931%	7,288,606	
135,321,682		2,633,285	2,633,285	100.0000%	4,697,621	
24,369,912		-	365,100	0.0000%	514,930	
35,091,805		-	1,590,438	0.0000%	1,477,601	
10,646,052		-	-	0.0000%	-	
18,816,348		328,447	328,447	100.0000%	1,441,163	
111,091,307		21,438,727	21,438,727	100.0000%	8,673,596	
103,822,448		1,620,643	1,620,643	100.0000%	9,040,712	
15,511,818		258,582	258,582	100.0000%	671,185	

19,927,968		-	-	0.0000%	-	
3,088,828		-	-	0.0000%	183,508	
17,418,377		-	-	0.0000%	-	
15,025,793		1,883,305	4,914,837	38.3188%	2,963,627	
18,149,417		56,268	56,268	100.0000%	309,578	

50	51	52	53	54	55
IP Hospital Ancillary Costs	IP Hospital Routine Service Costs	Total IP Hospital Service Costs	<b>Total Twelve Month IP Hospital Service Costs</b>	Total OP Hospital Service Costs	<b>Total Twelve Month OP Hospital Service Costs</b>
153,193,368	160,108,674	313,302,042	<b>313,302,042</b>	164,597,984	<b>164,597,984</b>
316,343,007	253,078,263	569,421,270	<b>569,421,270</b>	266,845,108	<b>266,845,108</b>
16,853,844	13,256,060	30,109,904	<b>30,109,904</b>	43,505,105	<b>43,505,105</b>
85,920,405	69,731,798	155,652,203	<b>155,652,203</b>	97,638,780	<b>97,638,780</b>
23,234,866	29,570,864	52,805,730	<b>52,805,730</b>	58,640,437	<b>58,640,437</b>
52,589,874	61,979,389	114,569,263	<b>114,569,263</b>	105,898,087	<b>105,898,087</b>
10,326,934	13,527,406	23,854,340	<b>23,854,340</b>	23,559,708	<b>23,559,708</b>
418,410,371	278,766,769	697,177,140	<b>697,177,140</b>	406,939,144	<b>406,939,144</b>
64,519,782	60,473,000	124,992,782	<b>124,992,782</b>	82,223,652	<b>82,223,652</b>

13,967,447	12,041,772	26,009,219	<b>26,009,219</b>	36,075,049	<b>36,075,049</b>
48,541,541	26,544,512	75,086,053	<b>75,086,053</b>	124,973,223	<b>124,973,223</b>
13,292,776	13,716,609	27,009,385	<b>27,009,385</b>	22,408,393	<b>22,408,393</b>
53,724,719	67,334,146	121,058,865	<b>121,058,865</b>	125,821,227	<b>125,821,227</b>
38,227,368	20,111,309	58,338,677	<b>58,338,677</b>	88,626,365	<b>88,626,365</b>
7,483,326	11,605,639	19,088,965	<b>19,088,965</b>	21,754,700	<b>21,754,700</b>
22,573,785	29,176,378	51,750,163	<b>51,750,163</b>	44,541,688	<b>44,541,688</b>
177,211,179	168,881,800	346,092,979	<b>346,092,979</b>	183,957,302	<b>183,957,302</b>
731,618,892	310,487,021	1,042,105,913	<b>1,042,105,913</b>	1,033,308,344	<b>1,033,308,344</b>
121,333,690	128,972,622	250,306,312	<b>250,306,312</b>	170,841,810	<b>170,841,810</b>

42,971,536	36,736,516	79,708,052	<b>79,708,052</b>	48,548,765	<b>48,548,765</b>
436,868,669	318,467,828	755,336,497	<b>755,336,497</b>	261,963,630	<b>261,963,630</b>
23,182,752	17,322,077	40,504,829	<b>40,504,829</b>	54,735,776	<b>54,735,776</b>
23,987,331	27,856,124	51,843,455	<b>51,843,455</b>	60,002,926	<b>60,002,926</b>
586,241,650	311,435,073	897,676,723	<b>897,676,723</b>	702,144,863	<b>702,144,863</b>
14,407,265	7,452,690	21,859,955	<b>21,859,955</b>	29,233,673	<b>29,233,673</b>
65,825,880	66,016,529	131,842,409	<b>131,842,409</b>	92,038,416	<b>92,038,416</b>
26,718,667	15,775,672	42,494,339	<b>42,494,339</b>	74,508,309	<b>74,508,309</b>
346,523,787	225,046,109	571,569,896	<b>571,569,896</b>	295,808,093	<b>295,808,093</b>
11,674,082	9,234,556	20,908,638	<b>20,908,638</b>	23,210,760	<b>23,210,760</b>

581,152,133	390,131,864	971,283,997	<b>971,283,997</b>	906,524,207	<b>906,524,207</b>
15,113,288	16,652,782	31,766,070	<b>31,766,070</b>	36,243,400	<b>36,243,400</b>
16,078,929	17,870,399	33,949,328	<b>33,949,328</b>	36,810,308	<b>36,810,308</b>
260,593,982	267,319,656	527,913,638	<b>527,913,638</b>	284,964,860	<b>284,964,860</b>
60,064,393	40,947,581	101,011,974	<b>101,011,974</b>	116,805,749	<b>116,805,749</b>
17,478,865	24,890,861	42,369,726	<b>42,369,726</b>	40,724,914	<b>40,724,914</b>
92,679,593	58,549,944	151,229,537	<b>151,229,537</b>	281,171,884	<b>281,171,884</b>
25,089,644	35,578,950	60,668,594	<b>60,668,594</b>	85,765,866	<b>85,765,866</b>
1,335,816	2,958,795	4,294,611	<b>4,294,611</b>	13,120,740	<b>13,120,740</b>
17,304,518	27,273,630	44,578,148	<b>44,578,148</b>	35,092,430	<b>35,092,430</b>



5,157,166	8,064,726	13,221,892	<b>13,221,892</b>	27,655,820	<b>27,655,820</b>
46,897,668	49,471,670	96,369,338	<b>96,369,338</b>	97,587,218	<b>97,587,218</b>
337,873,485	267,078,960	604,952,445	<b>604,952,445</b>	448,110,710	<b>448,110,710</b>
20,871,459	14,113,995	34,985,454	<b>34,985,454</b>	58,469,150	<b>58,469,150</b>
14,410,980	13,906,493	28,317,474	<b>28,317,474</b>	40,664,611	<b>40,664,611</b>
82,577,088	109,474,856	192,051,944	<b>192,051,944</b>	112,097,645	<b>112,097,645</b>
16,589,920	23,254,888	39,844,808	<b>39,844,808</b>	28,372,640	<b>28,372,640</b>
16,018,989	18,129,206	34,148,195	<b>34,148,195</b>	30,330,906	<b>30,330,906</b>
27,687,922	31,888,432	59,576,354	<b>59,576,354</b>	66,035,675	<b>66,035,675</b>

826,858,803	382,910,343	1,209,769,146	<b>1,209,769,146</b>	909,622,129	<b>909,622,129</b>
220,121,441	160,620,348	380,741,789	<b>380,741,789</b>	364,523,059	<b>364,523,059</b>
157,665,541	95,803,827	253,469,368	<b>253,469,368</b>	206,482,140	<b>206,482,140</b>
51,417,736	45,645,074	97,062,810	<b>97,062,810</b>	73,798,281	<b>73,798,281</b>
15,654,561	26,428,557	42,083,118	<b>42,083,118</b>	35,334,520	<b>35,334,520</b>
9,385,904	17,625,974	27,011,878	<b>27,011,878</b>	19,460,159	<b>19,460,159</b>
18,820,268	16,561,569	35,381,837	<b>35,381,837</b>	53,161,772	<b>53,161,772</b>
22,924,339	23,332,759	46,257,098	<b>46,257,098</b>	41,047,655	<b>41,047,655</b>
5,890,960	7,638,879	13,529,839	<b>13,529,839</b>	22,701,148	<b>22,701,148</b>
23,514,894	19,295,230	42,810,124	<b>42,810,124</b>	40,503,881	<b>40,503,881</b>
43,672,075	58,302,485	101,974,560	<b>101,974,560</b>	87,537,129	<b>87,537,129</b>
79,579,813	61,720,691	141,300,504	<b>141,300,504</b>	124,944,516	<b>124,944,516</b>

20,771,846	21,733,845	42,505,691	<b>42,505,691</b>	48,891,830	<b>48,891,830</b>
5,285,750	6,515,008	11,800,758	<b>11,800,758</b>	11,283,597	<b>11,283,597</b>
293,758,735	226,284,099	520,042,834	<b>520,042,834</b>	375,426,291	<b>375,426,291</b>
24,995,728	26,104,929	51,100,657	<b>51,100,657</b>	76,400,969	<b>76,400,969</b>
48,458,082	59,714,802	108,172,884	<b>108,172,884</b>	109,934,295	<b>109,934,295</b>
9,856,016	15,623,537	25,479,553	<b>25,479,553</b>	22,311,151	<b>22,311,151</b>
20,850,462	30,221,438	51,071,900	<b>51,071,900</b>	56,123,561	<b>56,123,561</b>
49,496,191	61,060,890	110,557,081	<b>110,557,081</b>	92,788,356	<b>92,788,356</b>
9,323,040	7,121,697	16,444,737	<b>16,444,737</b>	42,458,650	<b>42,458,650</b>
22,334,806	29,691,273	52,026,079	<b>52,026,079</b>	32,846,574	<b>32,846,574</b>
101,624,364	86,022,315	187,646,679	<b>187,646,679</b>	128,362,650	<b>128,362,650</b>

1,033,446	4,528,486	5,561,932	<b>5,561,932</b>	29,432,718	<b>29,432,718</b>
19,482,662	24,790,734	44,273,396	<b>44,273,396</b>	43,494,510	<b>43,494,510</b>
2,731,551	4,307,300	7,038,851	<b>7,038,851</b>	10,807,427	<b>10,807,427</b>
25,233,689	42,974,523	68,208,212	<b>68,208,212</b>	79,284,387	<b>79,284,387</b>
197,434	12,351,796	12,549,230	<b>12,549,230</b>	4,208,358	<b>4,208,358</b>
50,131,734	50,943,067	101,074,801	<b>101,074,801</b>	64,732,687	<b>64,732,687</b>
61,736,484	69,169,251	130,905,735	<b>130,905,735</b>	86,567,122	<b>86,567,122</b>
35,760,644	48,024,385	83,785,029	<b>83,785,029</b>	66,323,511	<b>66,323,511</b>
18,706,796	20,475,924	39,182,720	<b>39,182,720</b>	51,995,259	<b>51,995,259</b>

14,160,846	16,126,266	30,287,112	<b>30,287,112</b>	42,516,171	<b>42,516,171</b>
17,881,093	7,281,286	25,162,379	<b>25,162,379</b>	35,340,987	<b>35,340,987</b>
3,748,522	7,523,095	11,271,617	<b>11,271,617</b>	22,032,568	<b>22,032,568</b>
11,255,944	15,977,879	27,233,823	<b>27,233,823</b>	34,901,030	<b>34,901,030</b>
565,888	979,855	1,545,744	<b>1,545,744</b>	8,367,219	<b>8,367,219</b>
1,524,034	1,803,004	3,327,038	<b>3,327,038</b>	11,882,219	<b>11,882,219</b>
1,498,624	287,862	1,786,486	<b>1,786,486</b>	9,115,595	<b>9,115,595</b>
1,858,886	809,883	2,668,770	<b>2,668,770</b>	16,179,585	<b>16,179,585</b>
3,053,337	3,273,175	6,326,511	<b>6,326,511</b>	14,222,158	<b>14,222,158</b>
2,244,085	2,189,349	4,433,434	<b>4,433,434</b>	3,789,803	<b>3,789,803</b>
1,711,227	1,742,199	3,453,425	<b>3,453,425</b>	12,362,618	<b>12,362,618</b>

1,225,256	456,364	1,681,620	<b>1,681,620</b>	10,917,900	<b>10,917,900</b>
829,793	535,830	1,365,623	<b>1,365,623</b>	5,580,881	<b>5,580,881</b>
9,144,695	10,288,496	19,433,191	<b>19,433,191</b>	25,889,119	<b>25,889,119</b>
4,469,418	5,586,403	10,055,821	<b>10,055,821</b>	29,448,192	<b>29,448,192</b>
453,526	1,665,154	2,118,680	<b>2,118,680</b>	7,054,777	<b>7,054,777</b>
6,153,809	5,945,190	12,098,999	<b>12,098,999</b>	17,354,000	<b>17,354,000</b>
2,331,244	4,890,981	7,222,226	<b>7,222,226</b>	13,519,092	<b>13,519,092</b>
5,608,071	5,989,632	11,597,703	<b>11,597,703</b>	41,967,777	<b>41,967,777</b>
3,482,663	3,754,124	7,236,787	<b>7,236,787</b>	16,609,800	<b>16,609,800</b>
2,505,818	4,351,770	6,857,588	<b>6,857,588</b>	25,053,963	<b>25,053,963</b>

3,854,336	3,529,621	7,383,957	<b>7,383,957</b>	27,171,570	<b>27,171,570</b>
6,209,079	8,943,729	15,152,808	<b>15,152,808</b>	32,130,977	<b>32,130,977</b>
2,196,371	4,639,108	6,835,479	<b>6,835,479</b>	21,625,437	<b>21,625,437</b>
10,571,219	12,236,378	22,807,597	<b>22,807,597</b>	344,503	<b>344,503</b>
8,696,645	11,514,740	20,211,385	<b>21,950,644</b>	18,892	<b>20,518</b>
14,298,025	22,600,544	36,898,569	<b>36,898,569</b>	8,904,326	<b>8,904,326</b>
5,584,099	9,109,376	14,693,475	<b>14,693,475</b>	-	-
4,662,409	10,263,889	14,926,298	<b>14,926,298</b>	1,040	<b>1,040</b>
7,767,227	9,008,326	16,775,553	<b>16,775,553</b>	51,352	<b>51,352</b>
6,886,555	7,494,167	14,380,722	<b>14,380,722</b>	-	-

3,909,954	4,199,190	8,109,144	<b>8,109,144</b>	-	-
10,175,679	14,860,545	25,036,224	<b>25,036,224</b>	3,228,127	<b>3,228,127</b>
34,249,904	40,333,128	74,583,032	<b>74,583,032</b>	16,486,385	<b>16,486,385</b>
7,288,100	13,482,145	20,770,245	<b>20,770,245</b>	506	<b>506</b>
4,697,621	135,321,682	140,019,303	<b>140,019,303</b>	-	-
-	24,369,912	24,369,912	<b>24,369,912</b>	514,930	<b>514,930</b>
-	35,091,805	35,091,805	<b>35,091,805</b>	1,477,601	<b>1,477,601</b>
-	10,646,052	10,646,052	<b>10,646,052</b>	-	-
1,441,163	18,816,348	20,257,511	<b>20,257,511</b>	-	-
8,673,596	111,091,307	119,764,903	<b>119,764,903</b>	-	-
9,040,712	103,822,448	112,863,160	<b>112,863,160</b>	-	-
671,185	15,511,818	16,183,003	<b>16,183,003</b>	-	-



-	19,927,968	19,927,968	<b>19,927,968</b>	-	-
-	3,088,828	3,088,828	<b>3,088,828</b>	183,508	<b>183,508</b>
-	17,418,377	17,418,377	<b>17,418,377</b>	-	-
1,135,625	15,025,793	16,161,418	<b>16,161,418</b>	1,828,002	<b>1,828,002</b>
309,578	18,149,417	18,458,995	<b>18,458,995</b>	-	-

56
Total Costs Split Between IP and OP
477,900,026
836,266,378
73,615,009
253,290,983
111,446,167
220,467,350
47,414,048
1,104,116,284
207,216,434

62,084,268
200,059,276
49,417,778
246,880,092
146,965,042
40,843,665
96,291,851
530,050,281
2,075,414,257
421,148,122

128,256,817
1,017,300,127
95,240,605
111,846,381
1,599,821,586
51,093,628
223,880,825
117,002,648
867,377,989
44,119,398

1,877,808,204
68,009,470
70,759,636
812,878,498
217,817,723
83,094,640
432,401,421
146,434,460
17,415,351
79,670,578

40,877,712
193,956,556
1,053,063,155
93,454,604
68,982,085
304,149,589
68,217,448
64,479,101
125,612,029

2,119,391,275
745,264,848
459,951,508
170,861,091
77,417,638
46,472,037
88,543,609
87,304,753
36,230,987
83,314,005
189,511,689
266,245,020

91,397,521
23,084,355
895,469,125
127,501,626
218,107,179
47,790,704
107,195,461
203,345,437
58,903,387
84,872,653
316,009,329



34,994,650
87,767,906
17,846,278
147,492,599
16,757,588
165,807,488
217,472,857
150,108,540
91,177,979

72,803,283
60,503,366
33,304,185
62,134,853
9,912,963
15,209,257
10,902,081
18,848,355
20,548,669
8,223,237
15,816,043

12,599,520
6,946,504
45,322,310
39,504,013
9,173,457
29,452,999
20,741,318
53,565,480
23,846,587
31,911,551

34,555,527
47,283,785
28,460,916
23,152,100
21,971,162
45,802,895
14,693,475
14,927,338
16,826,905
14,380,722

8,109,144
28,264,351
91,069,417
20,770,751
140,019,303
24,884,842
36,569,406
10,646,052
20,257,511
119,764,903
112,863,160
16,183,003

19,927,968
3,272,336
17,418,377
17,989,420
18,458,995

NET PATIENT REVENUE DATA		
<b>Inflation Rate</b> (CMS IP Hospital Market Basket) 2%		
<b># of Years</b> 2		
<b>Inflation Factor</b> 104%		
A	B	C
S-2 Part I L3.00 C2.00	Medicaid Legacy Number	S-2 Part I L3.00 C1.00
<u>Provider Number</u>		<u>Provider Name</u>
340001	3400001	Atrium Health Cabarrus
340002	3400002	Mission Hospital
340003	3400003	Northern Regional Hospital
340004	3400004	High Point Regional Health
340008	3400008	Scotland Memorial Hospital
340010	3400010	Wayne Memorial Hospital
340013	3400013	Rutherford Regional Medical Center
340014	3400014	Novant Health Forsyth Medical Center
340015	3400015	Novant Health Rowan Medical Center
340016	3400016	Harris Regional Hospital
340017	3400017	Margaret R Pardee Mem Hospital
340020	3400020	Central Carolina Hospital
340021	3400021	Atrium Health Cleveland
340023	3400023	AdventHealth Hendersonville
340024	3400024	Sampson Regional Medical Center
340027	3400027	UNC Lenoir Memorial Hospital
340028	3400028	Cape Fear Valley Medical Center
340030	3400030	Duke University Hospital
340032	3400032	Caromont Regional Medical Center (Gaston)
340039	3400039	Iredell Memorial Hospital
340040	3400040	Vidant Medical Center - Pitt
340041	3400041	Caldwell Memorial Hospital
340042	3400042	Onslow Memorial Hospital
340047	3400047	North Carolina Baptist Hospital
340049	3400049	North Carolina Specialty
340050	3400050	Southeastern Reg Medical Center
340051	3400051	Watauga Medical Center
340053	3400053	Novant Health Presbyterian Medical Center
340060	3400060	UNC Rockingham
340061	3400061	UNC Hospitals
340064	3400064	Wilkes Regional Medical Center
340068	3400068	Columbus Regional Healthcare

340069	3400069	WakeMed - Raleigh Campus
340070	3400070	Alamance Regional Medical Center
340071	3400071	Betsy Johnson Hospital
340073	3400073	Duke Raleigh Hospital
340075	3400075	UNC Health Blue Ridge
340084	3400084	Atrium Health Anson
340085	3400085	Novant Health Thomasville Medical Center
340087	3400087	The McDowell Hospital
340090	3400090	Johnston Health
340091	3400091	Cone Health
340096	3400096	Lexington Medical Hospital
340097	3400097	Hugh Chatham Memorial Hospital
340098	3400098	Atrium Health Pineville
340099	3400099	Vidant Roanoke-Chowan Hospital
340107	3400107	Vidant Edgecombe Hospital
340109	3400109	Sentara Albemarle Medical Center
340113	3400113	Carolinas Medical Center
340114	3400114	Rex Hospital
340115	3400115	Firsthealth Moore Regional Hospital
340116	3400116	Frye Regional Medical Center
340119	3400119	Atrium Health Stanly
340120	3400120	Vidant Duplin Hospital
340123	3400123	Randolph Hospital
340126	3400126	Wilson Medical Center
340127	3400127	Granville Health System
340129	3400129	Lake Norman Regional Medical
340130	3400130	Atrium Health Union
340131	3400131	Carolinaeast Medical Center
340132	3400132	Maria Parham Medical Center
340133	3400133	Martin General Hospital
340141	3400141	Novant New Hanover Regional Medical
340142	3400142	Carteret General Hospital
340143	3400143	Catawba Valley Medical Center
340144	3400144	Davis Regional Medical Center
340145	3400145	Atrium Health Lincoln
340147	3400147	Nash General Hospital
340148	3400148	Novant Health Medical Park Hospital
340151	3400151	Halifax Regional Medical Center
340155	3400155	Duke Regional Hospital
340158	3400158	Novant Health Brunswick Medical Center
340159	3400159	Person Memorial Hospital
340166	3400166	Atrium Health University
340168	3400168	Wilmington Treatment Center
340171	3400171	Novant Health Matthews Medical Center
340173	3400173	WakeMed Cary Hospital
340183	3400183	Novant Health Huntersville Medical Center
340184	3400184	Haywood Regional Medical Center



340186	3400186	Vidant Beaufort Hospital
340187	3400187	Davie Medical Center
340188	3400188	Cape Fear Valley Hoke Hospital
340190	3400190	Novant Health Mint Hill Medical Center
341303	3401303	Firsthealth Montgomery Memorial
341304	3401304	Vidant Bertie Hospital
341305	3401305	Swain County Hospital
341307	3401307	Pender Memorial Hospital
341311	3401311	Chatham Hospital
341315	3401315	Cape Fear Valley-Bladen County
341316	3401316	Highlands-Cashiers Hospital
341317	3401317	LifeBrite Hospital Group of Stokes, LLC
341318	3401318	Vidant Chowan Hospital
341319	3401319	Transylvania Regional Hospital
341320	3401320	Alleghany Memorial Hospital
341322	3401322	Saint Luke's Hospital
341323	3401323	Charles A Cannon Jr Memorial Hospital
341324	3401324	The Outer Banks Hospital
341325	3401325	Ashe Memorial Hospital
341326	3401326	Angel Medical Center
341327	3401327	J Arthur Doshier Memorial Hospital
341328	3401328	Murphy Medical Center
341329	3401329	Blue Ridge Regional Hospital
342012	3402012	Kindred Hospital - Greensboro
342013	3402013	New Lifecare Hospitals
342014	3402014	Highsmith-Rainey Specialty Hospital
342015	3402015	Carolinas Speciality Hospital
342018	3402018	Select Specialty Hospital - Durham
342020	3402020	Select Specialty Hospital - Greensboro
342021	3402021	CONTINUECARE HOSPITAL AT UNIVERSITY
343025	3403025	CarePartners Rehab Hospital
343026	3403026	Charlotte Institute Of Rehabilitation
344004	3404004	Central Regional Hospital
344007	3404007	Old Vineyard Hospital - Keystone
344014	3404014	Holly Hill Hospital
344016	3404016	Brynn Marr Behavioral Healthcare
344023	3404023	Julian F Keith ADATC
344025	3404025	Broughton Hospital
344026	3404026	Cherry Hospital
344027	3404027	R.J. Blackley ADATC
344028	3404028	Strategic Behavioral Center - Garner
344029	3404029	GOOD HOPE HOSPITAL, INC.
344030	3404030	Strategic Behavioral Health Wilmington
344033	3404033	Walter B Jones
<b>TOTAL</b>		

<b>D</b>	<b>E</b>	<b>F</b>
S-2 Part I L20.00 C2.00	G-3 L1.00 C1.00	G-3 L3.00 C1.00
<b><u>FYE</u></b>	<b><u>Total Patient Revenue</u></b>	<b><u>Net Patient Revenue</u></b>
12/31/2020	2,464,684,523	590,079,383
9/30/2020	4,185,113,256	1,027,208,460
9/30/2020	230,985,887	89,590,986
6/30/2020	1,224,996,076	298,640,813
9/30/2020	584,456,388	167,857,436
6/30/2020	587,423,362	225,977,622
5/31/2020	342,235,453	65,001,948
12/31/2020	4,103,567,882	1,420,387,939
12/31/2020	920,071,663	232,508,732
7/31/2020	380,363,428	97,344,157
6/30/2020	831,759,421	249,861,063
12/31/2020	404,908,941	71,326,333
12/31/2020	1,253,965,570	285,389,536
12/31/2020	650,475,094	197,905,227
9/30/2020	192,800,862	62,359,722
6/30/2020	272,754,313	102,055,953
9/30/2020	2,744,298,588	779,619,822
6/30/2020	8,245,129,582	2,521,490,635
6/30/2020	2,008,284,683	501,456,774
9/30/2020	660,384,565	181,549,909
9/30/2020	3,097,875,672	1,149,867,673
6/30/2020	371,781,615	113,454,162
9/30/2020	406,209,636	129,721,241
6/30/2020	6,242,442,724	1,729,589,830
12/31/2020	135,405,180	62,776,287
9/30/2020	845,837,965	249,331,434
9/30/2020	431,089,072	150,809,280
12/31/2020	3,703,432,204	1,176,201,111
6/30/2020	155,389,815	51,430,931
6/30/2020	5,359,779,445	2,062,880,244
6/30/2020	272,297,528	69,027,626
9/30/2020	300,805,856	76,842,749

9/30/2020	3,868,199,982	955,318,151
9/30/2020	816,532,907	303,669,080
9/30/2020	398,264,865	101,527,733
6/30/2020	1,947,928,092	501,759,381
12/31/2020	938,249,019	212,512,723
12/31/2020	95,033,790	20,167,726
12/31/2020	333,092,517	99,625,843
1/31/2020	251,333,586	65,773,556
6/30/2020	1,031,835,029	225,612,507
9/30/2020	3,423,173,982	1,317,138,097
6/30/2020	402,967,860	99,325,269
9/30/2020	339,146,355	94,642,497
12/31/2020	1,779,008,590	454,515,947
9/30/2020	204,369,298	85,779,990
9/30/2020	243,111,617	86,946,053
12/31/2020	397,876,128	116,300,986
12/31/2020	9,085,603,529	2,485,398,176
6/30/2020	3,096,899,135	1,116,673,136
9/30/2020	2,550,842,011	696,264,026
9/30/2020	1,254,961,075	214,659,276
12/31/2020	411,178,533	93,254,933
9/30/2020	146,672,761	59,734,212
9/30/2020	283,928,541	86,277,958
2/29/2020	632,752,490	132,813,587
9/30/2020	197,494,489	62,637,555
9/30/2020	668,068,308	114,236,544
12/31/2020	993,786,130	238,200,584
9/30/2020	1,280,810,997	417,836,767
10/31/2020	547,529,244	110,898,528
4/30/2020	178,350,385	24,042,343
9/30/2020	3,986,236,128	1,113,080,059
9/30/2020	450,261,966	166,558,859
6/30/2020	1,074,279,111	274,290,269
9/30/2020	314,874,707	51,419,124
12/31/2020	616,790,111	155,597,927
6/30/2020	967,519,692	274,314,428
12/31/2020	220,612,866	92,674,693
9/30/2020	253,865,703	81,433,394
6/30/2020	1,310,890,361	366,653,111
12/31/2020	441,937,141	111,084,212
6/30/2020	151,320,677	29,510,720
12/31/2020	912,870,935	213,618,337
12/31/2020	63,832,280	25,781,595
12/31/2020	854,516,460	255,116,394
9/30/2020	1,099,033,319	268,459,610
12/31/2020	748,533,209	236,828,020
7/31/2020	521,819,678	129,854,417

9/30/2020	210,030,963	80,421,879
6/30/2020	318,128,866	76,641,490
9/30/2020	189,890,217	43,278,099
12/31/2020	267,172,402	79,795,692
9/30/2020	48,752,680	12,001,621
9/30/2020	39,735,442	19,886,918
7/31/2020	32,520,496	14,038,071
9/30/2020	74,262,129	22,945,113
6/30/2020	87,190,905	33,488,140
9/30/2020	87,133,140	26,245,816
11/30/2020	33,390,799	14,844,457
9/30/2020	37,502,694	10,967,531
9/30/2020	123,722,866	56,682,580
10/31/2020	171,815,874	49,439,776
9/30/2020	21,667,273	9,135,359
9/30/2020	120,035,349	40,997,144
9/30/2020	46,972,151	17,167,702
9/30/2020	146,852,022	79,237,334
12/31/2020	73,133,879	29,811,422
10/31/2020	163,607,314	36,907,195
9/30/2020	120,104,106	35,920,477
6/30/2020	168,552,923	52,699,884
10/31/2020	131,508,978	33,222,925
8/31/2020	90,592,345	25,849,809
8/31/2020	136,283,680	23,486,094
9/30/2020	173,567,509	21,825,265
7/31/2020	64,718,864	15,819,013
1/31/2020	62,020,713	15,171,716
4/30/2020	74,624,835	15,920,446
6/30/2020	34,148,905	9,578,522
11/30/2020	132,190,865	100,836,094
12/31/2020	267,222,453	90,838,964
6/30/2020	85,586,600	85,586,600
12/31/2020	80,301,300	31,905,352
12/31/2020	130,932,774	51,968,772
6/30/2020	48,215,750	19,255,323
6/30/2020	14,077,514	14,077,514
6/30/2020	74,534,437	74,534,437
6/30/2020	7,115,246	7,115,246
6/30/2020	11,733,574	11,733,574
12/31/2020	47,866,925	19,239,554
12/31/2020	3,314,279	3,331,491
12/31/2020	37,173,125	17,409,156
6/30/2020	219,401	219,401

<b>G</b>	<b>H</b>
C Part I Title XVIII Hospital L200.00 C6.00	C Part I Title XVIII Hospital L200.00 C7.00
<b><u>Total Inpatient Charges</u></b>	<b><u>Total Outpatient Charges</u></b>
1,270,871,464	1,191,545,312
2,398,789,598	1,755,705,479
60,195,448	142,210,914
518,267,704	706,472,249
189,551,911	362,870,774
221,004,717	347,578,563
115,195,535	209,106,139
1,896,117,948	1,978,672,791
413,907,700	492,232,429
114,631,865	238,406,632
243,517,174	529,848,548
166,873,381	216,297,939
481,753,343	771,417,230
171,961,581	382,079,321
56,138,302	117,803,876
107,929,279	163,270,447
1,305,694,608	1,168,051,343
3,578,598,452	4,512,231,371
974,071,284	1,034,200,301
315,163,965	322,569,792
2,114,442,277	984,057,565
103,126,917	237,357,177
132,858,317	273,351,322
2,879,398,471	3,361,602,131
44,912,873	89,997,568
407,896,140	434,924,850
116,999,922	292,349,939
1,798,359,028	1,695,181,808
63,671,525	91,606,871
2,370,609,155	3,188,479,227
92,434,721	179,855,779
107,213,580	187,432,788

2,057,405,515	1,810,794,467
294,228,574	501,370,382
127,483,795	254,414,496
492,280,902	1,423,354,251
261,213,473	645,016,657
11,015,553	81,336,894
134,916,790	193,506,225
41,968,431	184,529,446
373,780,099	636,988,439
1,545,184,834	1,672,217,321
104,071,904	304,596,987
81,997,207	213,895,499
886,601,666	892,355,334
92,855,530	111,513,768
96,699,727	146,411,891
147,635,169	250,801,040
4,492,153,575	4,838,144,506
1,089,234,176	1,528,842,637
1,175,682,778	1,295,424,009
526,736,126	673,507,144
158,884,969	252,291,341
64,136,785	82,535,976
81,629,108	201,836,160
246,443,216	366,601,680
46,647,660	130,312,839
254,817,508	413,250,800
363,850,819	629,570,164
436,658,505	633,721,361
162,670,013	365,725,652
64,920,966	110,568,095
1,846,207,971	2,042,590,127
114,686,557	312,541,169
331,558,884	660,353,778
105,936,842	208,937,866
191,418,653	425,348,200
378,914,057	583,935,805
41,180,142	170,957,741
107,535,848	130,166,385
587,774,718	635,811,009
151,726,641	283,518,829
39,435,378	105,175,139
281,407,668	629,106,919
23,551,299	38,705,975
413,160,692	432,423,152
511,291,342	587,741,975
291,180,040	448,661,222
156,956,759	333,452,250

63,926,155	146,104,808
100,165,110	217,830,266
28,597,215	152,490,506
76,366,600	189,266,448
4,938,525	43,335,024
5,602,783	34,132,658
5,941,473	25,114,738
12,540,331	61,275,428
16,131,918	56,519,644
23,207,884	60,159,359
3,900,157	27,724,122
9,314,012	27,922,819
37,091,760	85,241,490
24,993,829	137,986,099
1,814,673	17,512,332
35,905,877	73,472,266
11,839,422	31,781,471
18,954,373	123,474,228
14,435,096	54,224,064
18,676,577	144,792,205
13,940,277	93,252,154
29,623,570	137,059,793
14,754,950	114,626,546
88,980,522	1,611,823
136,102,750	180,930
113,109,924	53,301,971
64,718,864	
61,764,505	256,208
74,626,897	
34,148,905	
44,846,584	7,044,747
210,775,167	55,533,415
172,759,195	
78,892,800	1,408,500
124,739,350	6,193,424
48,215,750	
18,107,187	
133,209,533	
112,969,115	
12,021,098	
45,675,475	
3,314,279	
36,619,975	
10,816,214	

I	J	K	L
<b>Percent of Net Patient Revenue to Total Patient Revenue</b>	<b>Estimated Inpatient Net Patient Revenue</b>	<b>Estimated Outpatient Net Patient Revenue</b>	<b>Inflated Estimated IP Revenue</b>
<b>= Col F / Col E</b>	<b>= Col I * Col G</b>	<b>= Col I * Col H</b>	<b>= Col J * Inflation Factor</b>
23.94%	304,264,113	285,272,341	316,556,382.80
24.54%	588,767,094	430,926,336	612,553,284.36
38.79%	23,347,615	55,158,418	24,290,858.55
24.38%	126,348,069	172,230,304	131,452,530.77
28.72%	54,439,815	104,217,456	56,639,183.76
38.47%	85,018,955	133,711,020	88,453,720.81
18.99%	21,879,481	39,716,243	22,763,412.29
34.61%	656,312,541	684,887,651	682,827,567.77
25.27%	104,597,455	124,390,678	108,823,192.32
25.59%	29,337,054	61,013,996	30,522,270.54
30.04%	73,152,715	159,166,843	76,108,084.79
17.62%	29,395,415	38,101,749	30,582,989.73
22.76%	109,642,056	175,566,547	114,071,594.88
30.42%	52,318,830	116,246,564	54,432,510.51
32.34%	18,157,434	38,102,615	18,890,994.22
37.42%	40,383,689	61,090,587	42,015,190.32
28.41%	370,930,992	331,828,316	385,916,604.18
30.58%	1,094,391,834	1,379,911,502	1,138,605,263.88
24.97%	243,219,822	258,233,681	253,045,903.12
27.49%	86,643,438	88,679,414	90,143,832.98
37.12%	784,837,443	365,261,909	816,544,875.56
30.52%	31,470,566	72,432,736	32,741,977.13
31.93%	42,427,713	87,293,529	44,141,792.36
27.71%	797,793,193	931,397,069	830,024,037.84
46.36%	20,822,419	41,724,498	21,663,644.83
29.48%	120,237,367	128,204,740	125,094,956.24
34.98%	40,930,460	102,273,722	42,584,050.53
31.76%	571,154,478	538,385,642	594,229,118.75
33.10%	21,074,005	30,320,048	21,925,395.28
38.49%	912,403,736	1,227,186,841	949,264,847.39
25.35%	23,432,271	45,593,574	24,378,934.30
25.55%	27,388,384	47,880,885	28,494,874.45



24.70%	508,111,484	447,206,667	528,639,187.73
37.19%	109,423,784	186,459,947	113,844,504.79
25.49%	32,498,826	64,856,655	33,811,778.96
25.76%	126,804,763	366,636,402	131,927,675.76
22.65%	59,164,662	146,095,805	61,554,914.73
21.22%	2,337,681	17,261,020	2,432,122.98
29.91%	40,352,750	57,876,475	41,983,000.70
26.17%	10,983,064	48,291,030	11,426,780.14
21.87%	81,727,663	139,278,620	85,029,460.26
38.48%	594,542,323	643,420,741	618,561,832.99
24.65%	25,652,095	75,078,389	26,688,439.72
27.91%	22,882,217	59,689,877	23,806,658.34
25.55%	226,516,386	227,986,381	235,667,647.62
41.97%	38,974,281	46,805,709	40,548,841.89
35.76%	34,583,537	52,362,516	35,980,711.84
29.23%	43,154,425	73,310,275	44,897,864.29
27.36%	1,228,844,101	1,323,491,113	1,278,489,402.79
36.06%	392,753,684	551,266,744	408,620,932.47
27.30%	320,908,006	353,591,925	333,872,689.83
17.10%	90,097,452	115,202,422	93,737,389.25
22.68%	36,034,973	57,219,456	37,490,785.41
40.73%	26,120,462	33,613,750	27,175,728.89
30.39%	24,804,807	61,332,375	25,806,921.53
20.99%	51,727,979	76,949,020	53,817,789.34
31.72%	14,794,820	41,330,154	15,392,530.48
17.10%	43,572,597	70,663,947	45,332,930.40
23.97%	87,211,398	150,901,664	90,734,738.34
32.62%	142,450,353	206,737,829	148,205,346.74
20.25%	32,947,765	74,075,379	34,278,854.95
13.48%	8,751,605	14,905,020	9,105,169.91
27.92%	515,518,201	570,354,155	536,345,136.27
36.99%	42,424,330	115,613,808	44,138,272.57
25.53%	84,655,258	168,604,801	88,075,330.59
16.33%	17,299,515	34,119,609	17,998,415.07
25.23%	48,289,272	107,302,787	50,240,158.86
28.35%	107,430,984	165,559,438	111,771,196.03
42.01%	17,298,887	71,815,649	17,997,761.93
32.08%	34,494,652	41,753,929	35,888,235.94
27.97%	164,399,278	177,834,922	171,041,008.86
25.14%	38,137,628	71,264,582	39,678,388.34
19.50%	7,690,730	20,511,368	8,001,435.00
23.40%	65,851,410	147,215,525	68,511,806.78
40.39%	9,512,273	15,633,184	9,896,568.49
29.86%	123,349,369	129,100,188	128,332,683.20
24.43%	124,892,550	143,567,059	129,938,209.52
31.64%	92,126,296	141,951,683	95,848,198.86
24.88%	39,058,566	82,979,330	40,636,532.27

38.29%	24,477,636	55,944,243	25,466,532.70
24.09%	24,131,112	52,478,219	25,106,008.86
22.79%	6,517,624	34,754,288	6,780,936.37
29.87%	22,808,215	56,527,722	23,729,667.30
24.62%	1,215,734	10,667,937	1,264,849.97
50.05%	2,804,098	17,082,819	2,917,383.89
43.17%	2,564,746	10,841,239	2,668,361.99
30.90%	3,874,644	18,932,552	4,031,179.61
38.41%	6,195,921	21,707,972	6,446,235.84
30.12%	6,990,565	18,120,906	7,272,983.52
44.46%	1,733,882	12,325,238	1,803,931.07
29.24%	2,723,850	8,165,930	2,833,893.60
45.81%	16,993,275	39,052,664	17,679,803.04
28.77%	7,191,939	39,705,306	7,482,493.47
42.16%	765,103	7,383,552	796,012.86
34.15%	12,263,374	25,093,884	12,758,814.59
36.55%	4,327,153	11,615,709	4,501,969.64
53.96%	10,227,261	66,623,316	10,640,442.53
40.76%	5,884,150	22,103,251	6,121,870.01
22.56%	4,213,137	32,662,807	4,383,348.00
29.91%	4,169,228	27,889,653	4,337,664.79
31.27%	9,262,128	42,853,218	9,636,317.69
25.26%	3,727,522	28,957,940	3,878,113.80
28.53%	25,389,888	459,921	26,415,639.54
17.23%	23,454,914	31,180	24,402,492.42
12.57%	14,223,020	6,702,462	14,797,629.49
24.44%	15,819,013	-	16,458,101.13
24.46%	15,109,042	62,674	15,719,446.81
21.33%	15,920,886	-	16,564,089.70
28.05%	9,578,522	-	9,965,494.29
76.28%	34,209,280	5,373,781	35,591,335.27
33.99%	71,650,408	18,877,897	74,545,084.57
100.00%	172,759,195	-	179,738,666.48
39.73%	31,345,726	559,626	32,612,093.42
39.69%	49,510,529	2,458,243	51,510,753.86
39.94%	19,255,323	-	20,033,238.05
100.00%	18,107,187	-	18,838,717.35
100.00%	133,209,533	-	138,591,198.13
100.00%	112,969,115	-	117,533,067.25
100.00%	12,021,098	-	12,506,750.36
40.19%	18,358,726	-	19,100,418.69
100.52%	3,331,491	-	3,466,083.24
46.83%	17,150,101	-	17,842,965.34
100.00%	10,816,214	-	11,253,189.05
			<b>15,093,011,118.46</b>

<b>M</b>
<b>Inflated Estimated OP</b>
<b>Revenue</b>
<b>= Col K * Inflation</b>
<b>Factor</b>
296,797,343.08
448,335,760.01
57,386,817.63
179,188,408.48
108,427,840.91
139,112,945.60
41,320,779.09
712,557,112.14
129,416,061.33
63,478,961.28
165,597,183.78
39,641,059.62
182,659,435.62
120,942,925.36
39,641,960.33
63,558,646.63
345,234,180.37
1,435,659,926.59
268,666,321.93
92,262,062.55
380,018,490.31
75,359,018.65
90,820,187.77
969,025,510.88
43,410,167.69
133,384,211.68
106,405,580.13
560,136,422.26
31,544,978.02
1,276,765,189.42
47,435,554.21
49,815,273.05

465,273,816.57
193,992,928.96
67,476,864.05
381,448,513.13
151,998,076.01
17,958,365.67
60,214,684.77
50,241,988.06
144,905,475.99
669,414,938.90
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Your version of Excel allows you to read this threaded comment; however, any edits to it will get removed if the file is opened in a newer version of Excel. Learn more: <https://go.microsoft.com/fwlink/?linkid=870924>

Comment:

New tab

<b>MIUR Per SFY 2019 DSH Reporting Requirements</b>		
<b>Provider Number Adding in Additional Zero</b>	<b>Provider Type</b>	<b>Provider Number</b>
113		
3400001	QPH	<b>340001</b>
3400002	NQPH	<b>340002</b>
3400003	QPH	<b>340003</b>
3400004	NQPH	<b>340004</b>
3400008	NQPH	<b>340008</b>
3400010	NQPH	<b>340010</b>
3400013	NQPH	<b>340013</b>
3400014	NQPH	<b>340014</b>
3400015	NQPH	<b>340015</b>
3400016	NQPH	<b>340016</b>
3400017	QPH	<b>340017</b>
3400020	NQPH	<b>340020</b>
3400021	QPH	<b>340021</b>
3400023	NQPH	<b>340023</b>
3400024	QPH	<b>340024</b>
3400027	QPH	<b>340027</b>
3400028	QPH	<b>340028</b>
3400030	NQPH	<b>340030</b>
3400032	QPH	<b>340032</b>
3400039	QPH	<b>340039</b>
3400040	VIDANT	<b>340040</b>
3400041	UNCHCS	<b>340041</b>
3400042	QPH	<b>340042</b>
3400047	NQPH	<b>340047</b>
3400049	NQPH	<b>340049</b>
3400050	NQPH	<b>340050</b>
3400051	QPH	<b>340051</b>
3400053	NQPH	<b>340053</b>
3400060	UNCHCS	<b>340060</b>
3400061	UNCHCS	<b>340061</b>
3400064	NQPH	<b>340064</b>
3400068	QPH	<b>340068</b>
3400069	NQPH	<b>340069</b>
3400070	NQPH	<b>340070</b>
3400071	QPH	<b>340071</b>
3400073	NQPH	<b>340073</b>
3400075	NQPH	<b>340075</b>
3400084	QPH	<b>340084</b>
3400085	NQPH	<b>340085</b>

3400087	NQPH	<b>340087</b>
3400090	QPH	<b>340090</b>
3400091	NQPH	<b>340091</b>
3400096	NQPH	<b>340096</b>
3400097	NQPH	<b>340097</b>
3400098	QPH	<b>340098</b>
3400099	QPH	<b>340099</b>
3400107	QPH	<b>340107</b>
3400109	NQPH	<b>340109</b>
3400113	QPH	<b>340113</b>
3400114	UNCHCS	<b>340114</b>
3400115	NQPH	<b>340115</b>
3400116	NQPH	<b>340116</b>
3400119	QPH	<b>340119</b>
3400120	QPH	<b>340120</b>
3400123	NQPH	<b>340123</b>
3400126	NQPH	<b>340126</b>
3400127	QPH	<b>340127</b>
3400129	NQPH	<b>340129</b>
3400130	QPH	<b>340130</b>
3400131	QPH	<b>340131</b>
3400132	NQPH	<b>340132</b>
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3400151	QPH	<b>340151</b>
3400155	NQPH	<b>340155</b>
3400158	NQPH	<b>340158</b>
3400159	NQPH	<b>340159</b>
3401328	NQPH CAH	<b>341328</b>
3400166	QPH	<b>340166</b>
3400171	NQPH	<b>340171</b>
3400173	NQPH	<b>340173</b>
3400183	NQPH	<b>340183</b>
3400184	NQPH	<b>340184</b>
3400186	VIDANT	<b>340186</b>
3400187	NQPH	<b>340187</b>
3400188	QPH	<b>340188</b>
3401303	NQPH CAH	<b>341303</b>
3401304	QPH CAH	<b>341304</b>
3401305	NQPH CAH	<b>341305</b>
3401307	QPH CAH	<b>341307</b>



3401311	UNCHCS	<b>341311</b>
3401315	QPH CAH	<b>341315</b>
3401316	NQPH CAH	<b>341316</b>
3401317	NQPH CAH	<b>341317</b>
3401318	QPH CAH	<b>341318</b>
3401319	NQPH CAH	<b>341319</b>
3401320	NQPH CAH	<b>341320</b>
3401322	NQPH CAH	<b>341322</b>
3401323	NQPH CAH	<b>341323</b>
3401324	QPH CAH	<b>341324</b>
3401325	NQPH CAH	<b>341325</b>
3401326	NQPH CAH	<b>341326</b>
3401327	QPH CAH	<b>341327</b>
3401329	NQPH CAH	<b>341329</b>
3402012	LTACH	<b>342012</b>
3402014	LTACH	<b>342014</b>
3402015	LTACH	<b>342015</b>
3403025	REHAB	<b>343025</b>
3403026	QPH REHAB	<b>343026</b>
3404004	IMD	<b>344004</b>
3404007	PSYCH	<b>344007</b>
3404014	PSYCH	<b>344014</b>
3404016	PSYCH	<b>344016</b>
3404023	PSYCH	<b>344023</b>
3404025	IMD	<b>344025</b>
3404026	IMD	<b>344026</b>
3404027	IMD	<b>344027</b>
		1
		2
		3

Provider Name	MIUR Per SFY 2019 DSH Reporting Requirements	
	See NOTE 3	
CMC-NORTHEAST, INC	31.0631%	2
MISSION HOSPITAL, INC	22.4036%	1
NORTHERN HOSP OF SURRY CO	39.6648%	2
HIGH POINT REGIONAL HOSPITAL	26.3768%	2
SCOTLAND MEMORIAL HOSPITAL	36.6140%	2
WAYNE MEMORIAL HOSPITAL	27.3742%	2
RUTHERFORD HOSPITAL, INC.	21.4764%	1
FORSYTH MEMORIAL HOSPITAL, INC	29.2575%	2
ROWAN REGIONAL HOSPITAL	28.7971%	2
HARRIS REGIONAL HOSPITAL	27.7782%	1
MARGARET R. PARDEE MEMORIAL HOSPITAL	14.0029%	1
CENTRAL CAROLINA HOSPITAL	24.4716%	1
CLEVELAND REGIONAL MEDICAL CENTER	44.1524%	2
ADVENTHEALTH HENDERSONVILLE (parkridge)	21.5857%	1
SAMPSON REGIONAL MEDICAL CENTER	44.2412%	2
LENOIR MEMORIAL HOSPITAL	34.5383%	2
CAPE FEAR VALLEY MEDICAL CENTER	44.1778%	2
DUKE UNIVERSITY HOSPITAL	31.3630%	2
GASTON MEMORIAL HOSPITAL	29.8957%	2
IREDELL MEMORIAL HOSPITAL	27.3819%	2
PITT COUNTY MEMORIAL HOSPITAL	34.4148%	2
CALDWELL MEMORIAL HOSPITAL	45.5514%	2
ONSLOW MEMORIAL HOSPITAL	33.7289%	2
NORTH CAROLINA BAPTIST HOSPITAL	33.5130%	2
NORTH CAROLINA SPECIALTY HOSPITAL	2.0823%	1
S.E. REG'L MEDICAL CENTER	37.8244%	2
WATAUGA MEDICAL CENTER	23.0155%	2
PRESBYTERIAN HOSPITAL	33.7679%	2
UNC ROCKINGHAM	44.0348%	2
UNIVERSITY OF NORTH CAROLINA HOSP.	32.8664%	2
WRMC HOSPITAL OPERATING CORPORATION	30.2633%	2
COLUMBUS REGIONAL HEALTHCARE SYSTEM	20.6045%	1
WAKEMED RALEIGH CAMPUS	28.1393%	2
ALAMANCE REGIONAL MEDICAL CENTER,INC	27.9369%	2
HARNETT HEALTH SYSTEM	48.7906%	2
DUKE RALEIGH HOSPITAL	9.2094%	1
BLUE RIDGE HEALTHCARE HOSPITALS	44.9050%	2
ATRIUM HEALTH ANSON	18.9597%	1
THOMASVILLE MEDICAL CENTER	33.7527%	2

THE MCDOWELL HOSPITAL	21.0812%	1
JOHNSTON HEALTH	33.4662%	2
THE MOSES H. CONE MEMORIAL HOSPITAL	31.4503%	2
LEXINGTON MEMORIAL HOSPITAL, INC.	29.3168%	2
HUGH CHATHAM MEMORIAL HOSPITAL	17.3507%	1
ATRIUM HEALTH PINEVILLE	19.1547%	2
VIDANT ROANOKE CHOWAN HOSPITAL	31.6211%	2
VIDANT EDGEcombe HOSPITAL	36.4657%	2
ALBEMARLE HOSPITAL	14.3452%	1
CAROLINAS MEDICAL CENTER	45.4304%	2
REX HOSPITAL	10.6654%	1
FIRSTHEALTH MOORE REGIONAL HOSPITAL	28.8737%	2
FRYE REGIONAL MEDICAL CENTER	29.7805%	2
STANLY REGIONAL MEDICAL CENTER	43.1228%	2
DUPLIN GENERAL HOSPITAL	36.1437%	2
RANDOLPH HOSPITAL	29.0607%	2
WILSON MEMORIAL HOSPITAL	22.0157%	1
GRANVILLE MEDICAL CENTER	44.5113%	2
LAKE NORMAN REG'L MEDICAL CENTER	15.4857%	1
UNION REGIONAL MEDICAL CENTER	36.3300%	2
CAROLINA EAST MEDICAL CENTER	20.6147%	2
MARIA PARHAM MEDICAL CENTER	35.7691%	2
MARTIN GENERAL HOSPITAL	20.8653%	1
NEW HANOVER REGIONAL MEDICAL CENTER	28.2818%	2
CARTERET COUNTY GENERAL HOSPITAL COM	17.5335%	2
CATAWBA VALLEY MEDICAL CENTER	41.8300%	2
DAVIS REGIONAL MEDICAL CENTER	24.9634%	2
LINCOLN MEDICAL CENTER	21.3091%	1
NASH HOSPITAL INC.	33.8181%	2
MEDICAL PARK HOSPITAL	5.1129%	1
HALIFAX REGIONAL MEDICAL CENTER	15.7063%	1
DUKE REGIONAL HOSPITAL	25.7946%	2
BRUNSWICK COMMUNITY HOSPITAL	28.2956%	2
PERSON MEMORIAL HOSPITAL	13.1400%	1
MURPHY MEDICAL CENTER	13.5277%	1
CAROLINAS MEDICAL CENTER-UNIVERSITY	23.0095%	1
PRESBYTERIAN HOSPITAL MATTHEWS	13.3630%	1
WAKE MED CARY HOSPITAL	10.0425%	2
PRESBYTERIAN HOSPITAL HUNTERSVILLE	19.6265%	2
HAYWOOD REGIONAL MEDICAL CENTER	21.5398%	2
BEAUFORT COUNTY HOSPITAL	27.8117%	2
DAVIE COUNTY HOSPITAL	13.1886%	2
CAPE FEAR VALLEY HOKE HOSPITAL	25.8915%	2
FIRSTHEALTH MONTGOMERY MEMORIAL CAH	2.5825%	1
BERTIE MEMORIAL HOSPITAL	27.8542%	2
SWAIN COUNTY HOSPITAL	5.9805%	1
PENDER MEMORIAL HOSPITAL	16.1920%	2

CHATHAM HOSPITAL, INC	4.8417%	1
BLADEN COUNTY HOSPITAL	51.2136%	2
HIGHLANDS CASHIERS HOSPITAL	2.5605%	1
STOKES-REYNOLDS MEMORIAL HOSPITAL	2.7322%	1
CHOWAN HOSPITAL INC.	32.5921%	2
TRANSYLVANIA COMMUNITY HOSPITAL	6.3876%	1
ALLEGHANY MEMORIAL HOSPITAL	0.7335%	1
ST LUKE'S HOSPITAL	2.3825%	1
CHARLES A. CANNON MEMORIAL HOSPITAL	6.5554%	1
THE OUTER BANKS HOSPITAL	30.3408%	2
ASHE MEMORIAL HOSPITAL	11.0754%	1
ANGEL MEDICAL CENTER	4.5591%	1
J ARTHUR DOSHER MEMORIAL HOSPITAL	5.7022%	2
BLUE RIDGE REGIONAL HOSPITAL	7.3165%	1
KINDRED HOSPITAL-GREENSBORO	4.3435%	1
HIGHSMITH RAINEY MEMORIAL HOSPITAL	22.9603%	1
CAROLINAS CONTINUECARE PINEVILLE	0.3377%	1
CAREPARTNERS REHAB HOSPITAL	15.4730%	1
CAROLINAS REHABILITATION	27.3060%	2
CENTRAL REGIONAL HOSPITAL/BLAKLEY	36.9603%	2
OLD VINEYARD	2.0510%	1
HOLLY HILLS HOSPITAL	1.3106%	1
BRYNN MARR HOSPITAL	3.6469%	1
JULIAN F. KEITH ADATC	11.7221%	1
BROUGHTON HOSPITAL	26.7577%	2
CHERRY HOSPITAL	19.2911%	2
RJ BLACKLEY ADATC	18.4165%	1
Mean	23.71%	
Standard Deviation	12.81%	
Value of One Standard Deviation Above the Mean	36.52%	
<i>MIUR data for these hospitals was calculated using the Medicaid cost report (CMS 2552) values, which includes Medicaid FFS and significant other Medicaid days (MCO, other eligible, and out-of-state). Cost report method of calculating the MIUR will be different than the DSH audit due to the exclusion of cross-over, and possibly some other Medicaid eligible, out-of-state Medicaid, and Medicaid MCO days.</i>		
<i>MIUR data for these hospitals was pulled from 2019 DSH exam surveys and exam currently in progress as of June 3rd, 2022.</i>		
<i>Best available MIUR is reported here. If MIUR is available from DSH exam report, DSH exam report MIUR is used. If no MIUR included in DSH exam report, cost report data was used to report MIUR.</i>		

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Comment:

New tab

## Questions on North Carolina Hospital Tax

### Statistical Test

1. For the purposes of determining the 6% test, could North Carolina please provide calculations showing the percentage of net patient revenue taxed for each permissible class? Discussion of the calculation can be found in federal regulation at 42 CFR 433.68 (f)(3)(i)(A).

Response: The “Tax Buildup” tab in the companion Excel worksheet has been updated with the 6% test calculations (*see tab “6% Test Calculation”*). Inpatient services are taxed at a rate of 2.5% of net patient revenue (NPR) and outpatient services are taxed at a rate of 1.6% of NPR.

2. In the Tab IP B1/B2 and OP B1/B2 can North Carolina please provide a glossary listing the meanings of the abbreviations in column C e.g. QPH, NQPH?

Response: Below is a table summarizing the abbreviation for each hospital type and its relationship to the assessment. This table is also included in the NC B1/B2 Test model in the tab called “Tax Buildup.”

Hospital Type	Abbreviation	Subject to Assessment?
1 = Non-Public CAH	NQPH CAH	No
<b>3 = Non-Public Hospital</b>	<b>NQPH</b>	<b>Yes</b>
<b>4 = Public Hospital</b>	<b>QPH</b>	<b>Yes</b>
5 = Public CAH	QPH CAH	No
6 = UNC Health Care System	UNCHCS	No
7 = LTAC	LTACH	No
8 = Psych	PSYCH	No
9 = Rehab	REHAB	No
10 = State IMD	IMD	No
11 = Primary Teaching Affiliated with ECU	VIDANT	No
12 = QPH Rehab	QPH REHAB	No

3. On the tab “Taxes by Hospital” North Carolina provides various numbers for different “provider types” e.g. 3, 4, 11, 13. Can North Carolina please clarify what these numbers are?

Response: The table provided in response to Question 2 above shows the relationship between these numbers, the hospital type, and the assessment.

4. Can North Carolina please clarify the tax rates that it charges on total costs separately for private and public hospitals for inpatient hospital services and outpatient hospital services? In its tax waiver letter, North Carolina states that it charges 3.73% of total costs for private hospitals and 3.73% of total costs for public hospitals. Are those rates combined, i.e. inpatient and outpatient tax together or separate? In other words, is it 3.73% of total costs for private hospitals for inpatient and outpatient together or is it 3.73% of total costs for private hospitals for inpatient and 3.73% of total costs for private hospitals for outpatient?

Response: The rates stated in the tax waiver letter are for inpatient and outpatient services combined. A summary is below. The “Tax Buildup” tab of the companion Excel worksheet has also been updated to include a detailed tax rate build up by service and hospital type.

Hospital Type	Inpatient Tax Rate	Outpatient Tax Rate
Public Hospitals (QPH)	1.93%	1.83%
Private Hospitals (NQPH)	3.78%	3.66%

- Several hospitals are labeled “#N/A.” Can North Carolina please fill in the names for these hospitals?

Response: The names have been added for these hospitals. One of the hospitals, provider number 3402019, has been removed since the hospital, Crawley Memorial Hospital, is no longer active.

- There are several hospitals that have zero service costs including: Walter B. Jones ADATC, Carolinas ContinueCare at University, and #N/A provider number 3402019. Why is that the case?

Response: Walter B. Jones and Carolinas ContinueCare at University were previously and incorrectly listed under inactive IDs. These inactive IDs have been removed and the spreadsheet has been updated to reflect costs with each hospital’s active ID (provider number 3404033 for Walter B. Jones and provider number 3402021 for Carolinas ContinueCare at University). Neither Walter B. Jones ADATC nor Carolinas ContinueCare at University are subject to the assessment. As noted above, provider number 3402019 has been removed since the hospital associated with this ID is no longer active.

- Can North Carolina please provide a table showing average Medicaid utilization for all hospitals that are excluded or taxed at different rates? For example, freestanding psychiatric hospitals, freestanding rehabilitation hospitals, long term care hospitals, state owned and operated hospitals, critical access hospitals, University of North Carolina Health Systems Hospitals, the primary affiliated teaching hospital for East Carolina University Brody School of Medicine, public hospitals taxed the lower rate, and private hospitals taxed the higher rate?

Response: The table below displays the average Medicaid inpatient utilization rate (MIUR) for each group of hospitals excluded or taxed at different rates.

Hospital Type	Abbreviation	Subject to Assessment?	Average MIUR (based on 2019 DSH Reporting)
1 = Non-Public CAH	NQPH CAH	No	5.53%
<b>3 = Non-Public Hospital</b>	<b>NQPH</b>	<b>Yes</b>	<b>24.49%</b>
<b>4 = Public Hospital</b>	<b>QPH</b>	<b>Yes</b>	<b>31.62%</b>
5 = Public CAH	QPH CAH	No	27.32%
6 = UNC Health Care System	UNCHCS	No	27.59%
7 = LTAC	LTACH	No	9.21%
8 = Psych	PSYCH	No	4.68%
9 = Rehab	REHAB	No	15.47%
10 = State IMD	IMD	No	25.36%
11 = Primary Teaching Affiliated with ECU	VIDANT	No	31.11%
12 = QPH Rehab	QPH REHAB	No	27.31%

8. Can North Carolina please provide a column in the spreadsheet showing the total tax payment for each hospital for the inpatient hospital services and outpatient hospital services taxes compared to the total Medicaid payments made to the hospital funded by the taxes?

Response: In 2021, North Carolina launched its Medicaid managed care program and simultaneously implemented a new Medicaid hospital payment methodology that more closely tied payments to utilization. Specifically, the State carved the majority of its Medicaid hospital supplemental payments into higher hospital base rates that are paid in both Medicaid fee-for-service and managed care. Under the new methodology, the hospital assessment and General Fund dollars now jointly fund the non-federal share of Medicaid FFS base payments to hospitals and a portion of the prospective per-member, per-month capitation payment made to the managed care plans (*See North Carolina General Statute § 108A-146.15*). As a result, the State cannot identify the total Medicaid payments to each hospital funded by the taxes.

9. Can North Carolina please provide a general description of what programs and under what authorities the inpatient hospital tax and outpatient hospital tax are going to fund? For example, state directed payments under managed care, section 1115 demonstrations, UPL supplemental payments made under the state plan, etc.

Response: As described above, the hospital assessment primarily funds Medicaid FFS base payments to hospitals and a portion of the PMPM made to the state's managed care plans. The assessment also supports the non-federal share of Medicaid GME payments to hospitals and state operations.



## Hold Harmless

10. Response: CMS has recently become aware of a few states in which hospitals appear to be redistributing Medicaid payments in conjunction with a hospital tax program. Such arrangements could constitute a prohibited hold harmless arrangement as described at section 1903(w)(4) of the Social Security Act and federal regulation at 42 CFR § 433.68 (f). Is the State of North Carolina aware of any agreements or arrangements involving the redistribution of Medicaid payments among providers relating to the inpatient and/or outpatient hospital services tax?

Response: The State is not aware of any agreement or arrangements involving the redistribution of Medicaid payments among providers relating to the inpatient and/or outpatient hospital services tax.

11. Has North Carolina communicated with its hospitals or hospital associations about these type or arrangements? If so, please describe the nature of the communications.

Response: The State has not communicated with its hospitals or hospital associations about these type of arrangements.

12. If North Carolina is aware of such a redistribution arrangement, please provide us with any information that they may have on the subject, including copies of any written agreements or other documents describing how the redistribution works.

Response: N/A

13. If North Carolina is not aware of any redistribution arrangements, have providers informed the state that such redistribution arrangements are not in place?

Response: The State has not had discussions with providers related to any redistribution arrangements.

14. Can North Carolina describe what monitoring and oversight programs it has in place with respect to the operation of its inpatient and outpatient hospital services taxes to ensure permissibility of the financing of the non-federal share of the Medicaid program?

Response: North Carolina operates its inpatient and outpatient hospital tax programs pursuant to North Carolina General Statutes, which prescribes the providers subject to the tax, the methodology used to set the tax rates, and the timeline for collecting the tax. The State's provider tax has been in place for decades. During that time, upon changes to the tax structure enacted by North Carolina's General Assembly, the State has informed CMS and responded to CMS questions as needed.

15. Based on the responses to these questions regarding possible redistribution arrangements, CMS may have additional questions and/or requests for information from the State.