



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Administrator
Washington, DC 20201

SEP 22 2005

Ms. Carol A. Herrmann
Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, AL 36103-5624

Donald E. Williamson, M.D.
State Health Officer
Alabama Department of Public Health
Post Office Box 303017
Montgomery, AL 36160-3017

Dear Ms. Herrmann and Dr. Williamson:

We are pleased to approve your request for section 1115 demonstration authority needed to implement the Hurricane Katrina Multi-State section 1115 Demonstration. The Medicaid demonstration is approved as Project Number 11-W- and the State Children's Health Insurance Program (SCHIP) demonstration is approved as Project Number 21-W-. This demonstration is granted as we work to recover from one of the worst natural disasters in the history of the United States. The Centers for Medicare & Medicaid Services (CMS) has developed this section 1115 demonstration initiative to ensure the continuity of health care services for the victims of Hurricane Katrina.

The demonstration waivers and expenditure authorities outlined in this letter, and in the attached special terms and conditions (STCs), will assist the State of Alabama in providing Medicaid and SCHIP coverage for evacuees who have been displaced as a result of Hurricane Katrina. Additionally, this demonstration allows for the establishment of expedited Medicaid/SCHIP eligibility for new applicants in the time of a natural disaster who would now meet certain income eligibility standards as described in the eligibility chart at enclosure B. A period of eligibility for up to 5 months is provided for these eligibility groups, which are designated as evacuees under this demonstration. Coverage for eligible pregnant women will be provided through the pregnancy and for 60 days postpartum.

In addition, Alabama will be allowed to reimburse providers that incur uncompensated care costs for medically necessary services and supplies for evacuees who do not have other coverage for such services and supplies through insurance or other options available, including title XIX and title XXI in the State for a 5-month period, effective

August 24, 2005, through January 31, 2006. Alabama may establish other methodologies to prevent abuse, including an income test, and shall submit such methodologies by October 31, 2005. Alabama shall establish mechanisms to prevent payments from the pool on behalf of individuals who have coverage for services or for which other options are available. Alabama shall consider alternative methods for providing coverage to uninsured evacuees, including through premium assistance for private insurance and other insurance pools and report to CMS on the feasibility of adopting such alternative methods no later than October 31, 2005.

Our approval of this demonstration (and the waivers and Federal matching provided thereunder) is conditioned upon compliance with the enclosed STCs, which set forth in detail the nature, character, and extent of anticipated Federal involvement in the project. In order to facilitate health care services for individuals displaced from their home States, we are not applying the usual Medicaid budget neutrality or SCHIP allotment neutrality requirements of section 1115 demonstration projects. The Department agrees that individuals participating in the waiver are presumed to be otherwise eligible for Medicaid or SCHIP in their respective home State, and costs to the Federal Government would have otherwise been incurred and allowable.

The award is subject to our receiving written acceptance of this award within 30 days of the date of this approval letter.

The demonstration population consists of evacuees. "Evacuee" refers to an individual who is a resident of the emergency area affected by a National Disaster as declared by the President of the United States pursuant to the National Emergencies Act or by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and has been displaced from his or her home State, and is not a non-qualified alien.

Under the demonstration, Alabama will provide services through its programs to evacuees who fit into the demonstration population consisting of parents, pregnant women, children under age 19, individuals with disabilities, low-income Medicare recipients, and low-income individuals in need of long-term care with incomes up to and including the levels listed on the simplified eligibility chart at enclosure B.

Alabama shall track each "evacuee" in its computer system in order to capture the displaced individuals for reporting purposes. Under the authority of section 1115(a)(1) of the Social Security Act (the Act), the enclosed list waivers of Medicaid and SCHIP state plan requirements contained in sections 1902, 2105, and 2108 of the Social Security Act (the Act) are granted to enable Alabama to carry out this section 1115 demonstration through this period.

Your project officer is Mr. Mark Pahl. Mr. Pahl is available to answer any questions concerning implementation of your section 1115 demonstration and can be reached at (410) 786- 1584. His address is:

Page 3 –Ms. Carol A. Herrman and Donald E. Williamson, M.D.

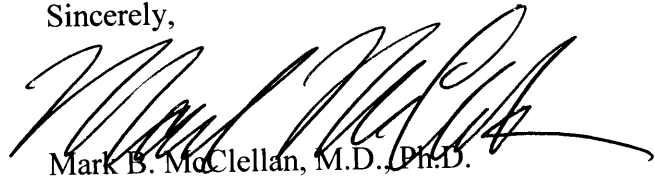
Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
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Baltimore, MD 21244-1850
Email: mark.pahl@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Mr. Pahl and Mr. Renard Murray, Associate Regional Administrator in our Atlanta Regional Office. Mr. Murray's address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
61 Forsyth Street, SW., Suite 4T20
Atlanta, GA 30303-8909

If you have additional questions, please contact Ms. Jean Sheil, Director, Family and Children's Health Programs, Center for Medicaid and State Operations, at (410) 786-5647. We look forward to continuing to work with you and your staff.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark B. McClellan', is written over the typed name.

Mark B. McClellan, M.D., Ph.D.

Enclosures