

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1301 Young Street, Room 833  
Dallas, Texas 75202



**Division of Medicaid & Children's Health, Region VI**

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September 9, 2011

Our Reference: TX 14.R06

Mr. Billy Millwee  
State Medicaid Director  
Health and Human Services Commission  
Post Office Box 13247  
Mail Code: H100  
Austin, Texas 78711

Dear Mr. Millwee:

We are writing to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving Texas' request for renewal of its NorthSTAR waiver program authorized under Sections 1915(b)(2) and 1915(b)(4) of the Social Security Act (the Act). This decision is based on the evidence submitted to CMS demonstrating that the State's application for renewal of the NorthSTAR program is consistent with the purposes of the Medicaid program, will meet all the statutory and regulatory requirements for assuring beneficiaries' access to and quality of services, and will be a cost-effective means of providing behavioral health care to the covered Medicaid population in Texas. The approval period for this waiver renewal is October 1, 2011 through September 30, 2013. This waiver renewal has been assigned control number 14.R06, which should be used in all future correspondence.

This approval provides for waiver of the Act's Sections 1902(a)(1) Statewide, 1902(a)(10)(B) Comparability of Services, 1902(a)(23) Freedom of Choice, and 1902(a)(4) which allows the State to mandate beneficiaries into a single Prepaid Inpatient Health Plan (PIHP) and restrict disenrollment. As with the previous renewal, the State will operate with one PIHP entity and has again requested a waiver of Section 1932(a)(3) of the Act, which requires the State to offer a choice of more than one PIHP per 42 Code of Federal Regulations (CFR) 438.52. Since the State has confirmed its intent to secure a second PIHP entity, CMS approves this waiver renewal with the expectation that Texas will complete all procurement and contracting activities for a second PIHP by January 1, 2014 as stated in its Request for Proposal (RFP) Draft Timeline.

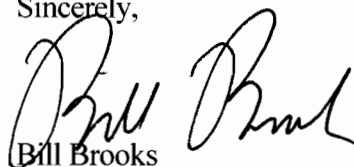
CMS requests the State to submit the dates of completion for each procurement activity listed in its RFP Draft Timeline as well as an explanation of the State's subsequent actions to CMS at least quarterly until the procurement process is completed. Because this renewal was approved with waivers of Sections 1932(a)(3) and 1902(a)(4) of the Act, the State will also need to provide an estimated date for which the

waiver of these sections will no longer be needed. If the State is unable to complete its procurement and contracting processes by January 1, 2014, CMS will request the State to remove this language from its application.

The State may request that this authority be renewed and should submit the request for renewal no later than June 30, 2013. The State will continue to be responsible for documenting the cost effectiveness, access and quality factors in subsequent renewal requests.

We wish you success in the next waiver period, and we appreciate your staff's assistance in review of your NorthSTAR behavioral health program. If you have any questions, please feel free to contact Mary Foster, of my staff, at (214) 767-4419.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Brooks". The signature is written in a cursive style with a large initial "B".

Bill Brooks  
Associate Regional Administrator

Cc: Cheryl Rupley, Dallas Regional Office  
John Castro, Dallas Regional Office  
D. Mark Reed, Central Office, Baltimore