



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

CYNTHIA B. JONES
DIRECTOR

October 5, 2011

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The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Lacey E. Putney, Chair
House Appropriations Committee

The Honorable Charles J. Colgan, Chair
Senate Finance Committee

Re: Report on Item 297.JJ of the 2011 Appropriation Act related to the Virginia Coordinated Care for the Uninsured Program

Dear Sirs:

As required by Item 297.JJ of the 2011 Appropriation Act, the Department of Medical Assistance Services (DMAS) and the Virginia Commonwealth University Health System (VCUHS) are required to report our findings regarding efforts to obtain a waiver from the Centers for Medicaid and Medicaid Services (CMS) to permit use of Disproportionate Share Hospital (DSH) funds to develop and implement the Virginia Coordinated Care for the Uninsured program (VCC) in the greater Richmond area in cooperation with the VCU Health System. DMAS submitted a proposal for a Medicaid Section 1115 Demonstration Project on May 18, 2009 and revised the application in a letter on August 10, 2010. Since then, DMAS and VCUHS have met regularly with CMS staff towards approval of the waiver application.

We recently reached irreconcilable differences over changes that CMS has indicated are required in the DSH methodology in the State Plan. Any changes to the DSH methodology would make it harder to make the existing DSH payments to VCU and UVA for indigent care at a time when there is pressure on total DSH funding. As a result, DMAS has withdrawn the VCC waiver application with the concurrence of VCUHS.

Handwritten signature of Cynthia B. Jones in black ink.

Cynthia B. Jones
DMAS Director

Sincerely,
Handwritten signature of Sheldon Retchin in black ink.

Sheldon Retchin, MD
Executive Vice President
VCU Health System