

May 1, 2006

Dennis Smith
Director, Centers for Medicaid and State Operations
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, Maryland 21244

Dear Mr. Smith:

In my capacity as Secretary of the Executive Office of Health and Human Services for the Commonwealth of Massachusetts, it is my pleasure to submit to the Centers for Medicare and Medicaid Services (CMS) for approval an amendment to the Massachusetts Section 1115 Demonstration Project (Waiver). This amendment addresses critical Waiver implementation activities as prescribed in Chapter 58 of the Acts of 2006, *An Act Providing Access to Affordable, Quality, Accountable Health Care* (the Act).

CMS approval of this amendment builds upon the recently enacted landmark healthcare reform legislation, the Act, and will result in an historic achievement for the Commonwealth of Massachusetts and for the nation – insuring every Massachusetts citizen. In addition to providing health insurance to half a million individuals who are uncovered today, the Act greatly enhances transparency and accountability in the MassHealth program – a key shared objective of CMS and the Commonwealth.

Sections one through three of the following document outline for CMS key elements of the Act and how they relate to the existing Section 1115 Demonstration Project. Specific changes to the MassHealth program are requested in section four. Section five provides detail on the sources and uses of funds in the Safety Net Care Pool, including payment methodologies. An updated budget neutrality calculation and projection is provided in section six. Sections seven and eight discuss key implementation dates and the expected rates of uninsurance in Massachusetts over the next three years. Finally, section nine provides a list of Attachments to the submission.

I recognize that this submission arrives three months later than was originally requested by CMS. This waiver amendment request culminates nearly two years of collaboration between the federal government, state officials and nearly every stakeholder in the Massachusetts healthcare industry. Never before in the history of our Commonwealth has there been a greater or clearer collective will to see a project through to success.

We look forward to the opportunity to work closely with CMS during this review period. Without your support, the Commonwealth would not have the opportunity that now stands before us. Your continued support in order to get this effort across the finish line is greatly appreciated.

Sincerely,

| Timothy Murphy
Secretary