



JAN - 5 2016

*Administrator*  
Washington, DC 20201

Governor Margaret Wood Hassan  
State House  
107 North Main Street  
Concord, New Hampshire 03301

Dear Governor Hassan:

The Centers for Medicare & Medicaid Services (CMS) is approving New Hampshire's application for a new five-year Medicaid demonstration project entitled, "Building Capacity for Transformation" (No. 11-W-00301/1). The demonstration is approved in accordance with section 1115(a) of the Social Security Act for the period of January 5, 2016 through December 31, 2020. Through this demonstration, the state aims to greatly improve access to and the quality of behavioral health services by establishing regionally-based Integrated Delivery Networks (IDN) that are coalitions of behavioral health and other health care and community providers working collaboratively to develop a sustainable integrated behavioral and physical health care delivery system in New Hampshire.

IDN performance will be evaluated and incentivized through a Delivery System Reform Incentive Payments (DSRIP) program that outlines a series of healthcare projects with associated performance metrics targeted towards promoting integration and coordination across provider specialties and care settings. This initiative will provide a short term federal investment, such that by the end of the demonstration the behavioral health infrastructure will be supported through the state's managed care delivery system using alternative payment methodologies, without the need for demonstration authority. Along with the implementation of this demonstration, the state will be expanding its substance use disorder benefit to cover those Medicaid enrollees not already protected by it—and by implementing value-based purchasing in its managed care and other Medicaid service contracting. The state will also continue to work with CMS to explore other program authorities to advance its goal of health care system modernization. New Hampshire's DSRIP program will serve as one component of the state's broader health reform efforts that includes, for example, the expansion of health coverage under the New Hampshire Health Protection Premium Assistance Section 1115(a) Medicaid Demonstration Program.

To further support the state's delivery system reformation, CMS has approved expenditure authority for Designated State Health Programs (DSHP) with the agreement that this one-time investment of DSHP funding would be phased down over the demonstration period. The detailed design of New Hampshire's DSRIP program will be finalized through the state's development of protocols to be submitted for approval to CMS by March 1, 2016 as specified in the enclosed Special Term and Conditions (STC). These protocols will outline the operational infrastructure and parameters for payments that will support system-wide transformation of the state's delivery system for behavioral health services and ensure the sustainability of the reforms after the end of the demonstration.

The authority to deviate from Medicaid requirements is limited to the specific expenditure authorities described in the enclosed list and limited to the purposes indicated for each authority. The enclosed STCs further define the nature, character, and extent of anticipated federal involvement in the project, the state's implementation of the expenditure authorities, and the state's responsibilities to CMS during the demonstration period. Our approval of the demonstration is conditioned upon the state's compliance with these STCs. Our approval is further subject to CMS receiving the state's written acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter.

Your project officer for this demonstration is Mr. Adam Goldman. He is available to answer any questions concerning your section 1115 demonstration. Mr. Goldman's contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
Mail Stop: S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850  
Telephone: (410) 786-2242  
E-mail: [Adam.Goldman@cms.hhs.gov](mailto:Adam.Goldman@cms.hhs.gov)

Official communications regarding program matters should be sent simultaneously to Mr. Goldman and to Mr. Richard McGreal, Associate Regional Administrator in our Boston Regional Office. Mr. McGreal's contact information is as follows:

Centers for Medicare & Medicaid Services  
Office of the Regional Administrator  
JFK Federal Building, Suite 2325  
Boston, MA 02203-0003  
Telephone: (617) 565-1226  
E-mail: [Richard.McGreal@cms.hhs.gov](mailto:Richard.McGreal@cms.hhs.gov)

If you have questions regarding this approval, please contact Mr. Eliot Fishman, Director, State Demonstrations Group, Center for Medicaid & CHIP Services, at (410) 786-9686.

Thank you for all your work with us on developing this important demonstration. Congratulations on this approval.

Sincerely,



Andy Slavitt  
Acting Administrator

Enclosures

Page 3 – Governor Margaret Wood Hassan

cc: Richard McGreal, Associate Regional Administrator, CMS Boston Regional Office