Program Funding and Mechanics Protocol

Lisa Kirsch
Deputy Medicaid CHIP Director
Transformation Waiver Operations and Cost Containment

CMS Expectations

- Planning process that demonstrates regional collaboration.
- Projects selected address community needs.
- Projects selected are the most transformative for the region.
- RHP Plan includes projects that tie the four categories together to demonstrate outcomes.
General Clarifications

- Administrative cost claiming for Anchors will be defined separately from the PFM Protocol.
- Governance and resolution processes will be determined at the local level.
- HHSC will work with RHPs to obtain final CMS approval of all plans by March 1, 2013.
- After RHP Plan submission, Performing Providers may begin projects at their own risk if it has not been approved by CMS.

Funding Clarifications

- UC will not be allocated by regions. UC is based on reported costs on the UC tool.
  - If the statewide cap is exceeded, UC payments will be reduced proportionately.
- IGT may cross regions for UC and DSRIP based on historical patient flow patterns. This will be addressed in the program rules.
- HHSC will not request IGT until DSRIP performance has been reported.
- If the full IGT is not available, DSRIP is paid proportionately based on achieved performance. This is addressed in the reimbursement rules (1 TAC §355.8201).
UC and DSRIP Participation

- Hospitals receiving UC payments must report on a subset of DSRIP Category 4 measures:
  - Potentially Preventable Admissions (PPAs).
  - Potentially Preventable Readmissions (PPRs).
  - Potentially Preventable Complications (PPCs).
- Failure to report on the required measures by the last quarter of the year will result in forfeiture of UC payments in that quarter.
- Hospitals that only participate in UC shall not be eligible to receive DSRIP funding for required Category 4 reporting.
- UC hospitals must also participate in an annual RHP learning collaborative.
- Small and rural hospitals are exempted from DSRIP Category 4 reporting for UC.

RHP Plans

- Projects and DSRIP payments are documented in the RHP Plan of the Performing Provider.
- A Performing Provider may only participate in the RHP Plan where it is physically located.
- RHP Plans must ensure that DSRIP payments for similar projects are not duplicative.
- RHP Plans must ensure that DSRIP payments do not duplicate funding of federal initiatives funded by the U.S. Department of Health & Human Services.
- RHPs are strongly encouraged to adhere to the UC and DSRIP benchmark allocation.
RHP Category 1 and 2 Minimum Number of Projects

- Four tiers based on share of the statewide population under 200 percent of the federal poverty level (FPL).

<table>
<thead>
<tr>
<th>Tier</th>
<th>Share of population under 200% FPL</th>
<th>Min. number of Cat. 1 and 2 projects</th>
<th>Min. number of Cat. 2 projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>&gt; 15%</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Tier 2</td>
<td>7-15%</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Tier 3</td>
<td>3-7%</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Tier 4</td>
<td>&lt; 3%, no public hospital, or public hospitals serve &lt;1% UC</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

Performing Providers Minimum Number of Projects

- DSRIP hospital:
  - A minimum of 3 Category 3 interventions selected by the hospital
    - Small and rural hospitals are required a minimum of 1 Category 3 intervention
  - Report on all Category 4 measures but optional for small and rural hospitals.
  - Participate in one of the following:
    - Categories 1, 3, and 4.
    - Categories 2, 3, and 4.
    - Categories 1, 2, 3, and 4.

- Non-hospital Performing Providers are required to implement a minimum of 1 Category 3 intervention.
Allocation to RHPs

• Each RHP shall be allocated DSRIP funds based on low income population and Medicaid burden using the following variables:
  • Percent of state population with income below 200 percent FPL.
  • Percent of Texas Medicaid acute care payments in fiscal year 2011 (fee-for-service [FFS], primary care case management [PCCM], managed care [MCO], pharmacy).
  • Percent of Texas Medicaid supplemental payments in fiscal year 2011.

DY 1 DSRIP

• Anchoring Entities and Performing Providers that have a current Medicaid provider identification number are eligible for demonstration year (DY) 1 DSRIP for submission of RHP Plans.
  • Anchoring Entity is allocated 20 percent.
  • Performing Providers are allocated the remaining 80 percent based on value of DSRIP Projects in Categories 1-4 for DYs 2-5.
DSRIP Allocation within RHPs

- 75 percent allocation to **DSH and former UPL hospitals**. Each individual hospital allocation is based on its:
  - Fiscal year 2011 Medicaid acute care payments (FFS, PCCM, MCO)
  - Fiscal year 2011 Medicaid supplemental payments (UPL),
  - Uncompensated care (greater of fiscal year 2012 DSH Hospital Specific Limit or reported charity care in 2009 annual hospital survey).
- 25 percent allocation to non-hospital providers.
  - 10 percent to community mental health centers.
  - 10 percent to physician practices associated with an academic health science center.
  - 5 percent to local health departments.

“Pass 1”

- RHPs must meet the following:
  - Minimum number of project requirements for the RHP Tier level.
  - Project valuation parameters across the four DSRIP Categories.
  - Each Performing Provider may not exceed its DSRIP allocation.
- Hospitals with DY 2 allocations of less than $2 million may collaborate.
- Performing providers in Tiers 3 and 4 may collaborate.
Eligibility for “Pass 2”

- Broad hospital participation wherein RHPs shall fund a minimum percent of the Pass 1 DSRIP allocated to non-profit and private hospitals based on Tier level.

<table>
<thead>
<tr>
<th>Tier</th>
<th>At least 30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>At least 30%</td>
</tr>
<tr>
<td>Tier 2</td>
<td>At least 15%</td>
</tr>
<tr>
<td>Tier 3</td>
<td>At least 5%</td>
</tr>
</tbody>
</table>

“Pass 2”

- If there are unused DSRIP allocation amounts after the first pass, the RHP may redirect the unused allocations to fund additional projects.
  - An individual hospital provider is not limited to its DSRIP allocation in the second pass.
  - Physician practice groups not affiliated with academic health science centers and new hospitals may participate in DSRIP projects if they have identified a source of non-federal match.
“Pass 2” Allocations

- 25 percent allocation of unused Pass 1 DSRIP funds to “new” Performing Providers
  - 15 percent to new hospitals.
  - 10 percent to physician practices not affiliated with an academic health science center.
- 75 percent allocation to Performing Providers that have Pass 1 projects
  - Each Performing Provider is allocated a proportion based on the funding of Pass 1 projects in DYs 2-5.
  - Within an RHP, Performing Providers may combine their individual Pass 2 DSRIP allocations to fund a DSRIP project.

Proposed Project Valuation

- Hospital Performing Providers must comply with the funding distribution across Categories 1-4 for DYs 2-5.

<table>
<thead>
<tr>
<th>Category</th>
<th>DY 2</th>
<th>DY 3</th>
<th>DY 4</th>
<th>DY 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1+2</td>
<td>No more than 85%</td>
<td>No more than 75%</td>
<td>No more than 70%</td>
<td>No more than 65%</td>
</tr>
<tr>
<td>Category 3</td>
<td>At least 10%</td>
<td>At least 15%</td>
<td>At least 20%</td>
<td>At least 25%</td>
</tr>
<tr>
<td>Category 4</td>
<td>5%</td>
<td>10 - 15%</td>
<td>10 - 20%</td>
<td>10 - 25%</td>
</tr>
</tbody>
</table>

- A project may not be valued at more than $50 million in total over DYs 2-5.
- HHSC will review all project valuations for face validity.
DSRIP Payments

- Twice a year, performing providers are required to report on achievement of milestone bundles to be eligible for incentive payments.
  - IGT entities will review the reported performance.
  - DSRIP will be paid twice per year based on reporting.
  - A milestone bundle may consist of multiple metrics. A metric must be fully achieved to be eligible for payment.

- HHSC is developing a reporting system wherein Anchors will be able to view semi-annual reports to draft the annual RHP report.

Plan Modifications

- Uncommitted DSRIP funding
  - During DY2, if an RHP does not propose to use its uncommitted DSRIP funds, HHSC will redistribute the available DSRIP to RHPs with interest and funding to implement new projects in DY3 and met the broad participation requirement in Pass 1.

- New DSRIP projects, new Performing Providers, and/or new IGT Entities may be added in DY2 for implementation in DY3.

- Other plan modifications will be allowed for:
  - Changes to milestones/metrics for existing projects.
  - Deletion of projects.
PFM Electronic Project Template

Tim FitzPatrick and Tim Egan
Deloitte Consulting, LLP

Texas PFM Protocol
Electronic Project Template Submission

Electronic Templates and Models

1st Pass Template: Excel template for Performing Providers to populate with 1st Pass project information
2nd Pass Template: Excel template for Performing Providers to populate with 2nd Pass project information
RHP Anchor Model: Used to consolidate regional project plans for submission to CMS/HHSC

Process Overview

1st Pass Template
- Performing Provider populates
- Sends completed template to RHP Anchor

RHP Anchor Model
- RHP Anchor reviews and consolidates 1st Pass templates

2nd Pass Template
- Performs Provider populates
- Develops 2nd Pass templates
- Sends completed template to RHP Anchor
- RHP Anchor distributes 2nd Pass templates

RHP Anchor Model
- RHP Anchor reviews and consolidates 2nd Pass templates

CMS/HHSC Review
- Sends completed RHP model to CMS/HHSC for approval
1st Pass Templates

Overview
This template will be distributed to each Performing Provider to populate their 1st Pass DSRIP project information. The template will contain compliance checklists to assist the providers in reviewing that the 1st Pass projects are in compliance with DSRIP protocols.

What the template WILL do:
- Provide a consistent format for data collection across all Performing Providers
- Contain 1st Pass DSRIP Allocations and basic hospital information (e.g., TPI/Name, county, etc.)
- Contain quantitative checks to assist providers in reviewing compliance with the DSRIP protocols

What the template WILL NOT do:
- Evaluate projects
- Determine validity of project values or milestones
- Approve DSRIP project submissions
- Confirm compliance with ALL DSRIP protocols

Steps to complete:
- Input hospital contact information (e.g., point of contact, address, etc.)
- Input DSRIP project information by demonstration year
- Confirm compliance with DSRIP protocols (e.g., minimum number of projects met, etc.)
- Send completed template to RHP Anchor for regional consolidation

2nd Pass Templates

Overview
This template will be similar to the 1st Pass template and will be distributed to providers during the 2nd Pass DSRIP allocation process. The template will contain compliance checklists to assist the providers in reviewing that the 2nd Pass projects are in compliance with DSRIP protocols.

What the template WILL do:
- Provide a consistent format for data collection across all providers
- Contain project information provided in the 1st Pass template
- Contain 2nd Pass DSRIP Allocations
- Contain quantitative checks to assist providers in reviewing compliance with the DSRIP protocols

What the template it WILL NOT do:
- Evaluate projects
- Determine validity of project values or milestones
- Approve DSRIP project submissions
- Confirm compliance with ALL DSRIP protocols

Steps to complete:
- Input 2nd Pass DSRIP project information by demonstration year
- Confirm compliance with DSRIP protocols (e.g., minimum number of projects met, etc.)
- Send completed template to RHP Anchor for regional consolidation
What the model WILL do:
• Provide a tool to efficiently consolidate DSRIP projects across each region
• Summarize 1st Pass project information and calculate 2nd Pass DSRIP Allocations
• Create 2nd Pass templates to distribute to providers (using additional data provided by HHSC)
• Contain quantitative checks to assist RHP Anchor in reviewing compliance with the DSRIP protocols

What the model WILL NOT do:
• Evaluate projects
• Determine validity of project values or milestones
• Approve DSRIP project submissions
• Confirm compliance with ALL DSRIP protocols

Steps to complete:
• Input 1st Pass project data from each Performing Provider
• Create and distribute 2nd Pass templates (using additional data provided by HHSC)
• Input 2nd Pass project data from each participating provider
• Confirm compliance with DSRIP protocols based on 1st and 2nd Pass projects
• Send completed plan to CMS/HHSC for approval