

# 1115 Waiver Update

## State Medicaid Managed Care Advisory Committee

### March 14, 2018

#### Background

- Initial waiver: December 2011 - September 2016; 15-month extension to December 2017.
- Expanded managed care; established Uncompensated Care (UC) and Delivery System Reform Incentive Payments (DSRIP) pools. Cumulative combined pool size: \$29.5 billion.
- UC pool qualifying providers: hospitals (inpatient, outpatient, physician, mid-levels, pharmacy, clinic costs), certain physician provider groups, government ambulance providers, and government dental providers.
- DSRIP pool qualifying providers: hospitals, physician practices affiliated with academic health science centers, community mental health centers, and local health departments.

#### Waiver Renewal

- Renewal finalized on December 21, 2017 for five years from October 2017 to September 2022 - Demonstration Years (DY) 7 - 11.
- Managed care will continue statewide.
- Significant changes in UC and DSRIP pool sizes and administration required by CMS.

#### UC Pool and Payment Changes

- Pool size will be approximately \$3.1 billion in DY 7 and DY 8. Pool sizes for DY 9 - 11 will be resized based on hospital charity care costs provided in Federal Fiscal Year (FFY) 2017.

#### DSRIP

- CMS approved four additional years for DSRIP:
  - DY7 (10/1/17 – 9/30/18): **\$3.1B** (All Funds)
  - DY8 (10/1/18 – 9/30/19): **\$3.1B** (All Funds)
  - DY9 (10/1/19 – 9/30/20): **\$2.91B** (All Funds)
  - DY10 (10/1/20 – 9/30/21): **\$2.49B** (All Funds)

#### DSRIP DY7-8 Recap

- The major change to the DSRIP project structure in DY7-8 will be the movement from project-level reporting to targeted Measure Bundles and measures that are reported by DSRIP Performing Providers as a provider system.
- A DSRIP provider's valuation per DY for DY7-8 will be equal to its total valuation for DY6 with some exceptions.
- The regional structure will continue with 20 Regional Healthcare Partnerships (RHPs).
- For DY7-8, providers will:
  - Define their "system."
  - Select measure bundles or measures to meet their "minimum point threshold."
  - Establish CY17 baselines for selected measures.
  - Take steps to improve upon baselines in CY18-19 by closing the gap toward a high performance level or improvement over self.
  - Work to maintain a steady level of service to the Medicaid, low-income and/or uninsured (MLIU) population at the provider system level.
- Process for Measure Bundles and Measures
  - Measure bundles align with common and successful project areas from DY2-6.
  - HHSC worked with Bundle Advisory Teams consisting of over 100 clinicians across the state in a 6-week iterative consensus building process (modified Delphi process).

- All measures are Pay-for-Performance (P4P) unless specified as an innovative measure.
- Measures were taken from
  - Previous DSRIP measures,
  - CMS Consensus and Core Sets,
  - MACRA MIPS QPP measures, and
  - Measures submitted by Bundle Advisory Team members.

#### DSRIP DY9-11 Protocols

- DSRIP pool amounts decrease in DY9-10.
  - DY7-8: \$3.1B per year (all funds)
  - DY9: \$2.91B (all funds)
  - DY10: \$2.49B (all funds)
  - DY11: \$0
- Same overall framework will remain in place.
- In late 2018, HHSC will begin working with stakeholders to:
  - Determine how the reduced funding pools for DY9-10 will be distributed
  - Refresh the menu of Measure Bundles and measures for DY9-10.
- HHSC must submit revised protocols to by CMS 7/31/19.

#### DSRIP Transition Plan

- HHSC must also submit a DSRIP Transition Plan to CMS by 10/1/19.
- The Transition Plan will include Texas' planned milestones for making progress toward Value-Based Purchasing (VBP) and other initiatives when DSRIP ends.
- For example, a milestone could relate to VBP contractual targets for Medicaid MCOs in 2020-2021, or to other pay-for-quality efforts in Medicaid Managed Care.