Public Notice

The Texas Health and Human Services Commission (HHSC) is submitting to the Centers for Medicare & Medicaid Services (CMS) a request to extend the Texas Healthcare Transformation Quality Improvement Program under section 1115 of the Social Security Act. CMS has approved this waiver through September 30, 2016. The proposed effective date for the extension is October 1, 2016 for a five-year period ending September 30, 2021.

The State of Texas submitted a section 1115 Demonstration proposal to CMS in July 2011 to expand risk-based managed care statewide and to operate funding pools to reimburse providers for uncompensated care costs and to provide incentive payments for implementation and operation of delivery system reforms. CMS approved the waiver in December 2011. Through the 1115 waiver, the State has expanded its use of Medicaid managed care to achieve program savings, while also preserving locally funded supplemental payments to hospitals. The goals of the demonstration are to:

- expand risk-based managed care statewide,
- support the development and maintenance of a coordinated care delivery system,
- improve health outcomes while containing cost growth,
- protect and leverage federal match dollars to improve the healthcare infrastructure, and
- transition to quality-based payment systems across managed care and hospitals.

There are three major components within the 1115 waiver:

- HHSC has expanded the delivery of Medicaid managed care services statewide through the STAR, STAR+PLUS and Children's Medicaid Dental Services programs.
- The Delivery System Reform Incentive Payment (DSRIP) program has established 20 Regional Healthcare Partnerships across the state, overseeing 1400+ local projects to increase access to care and test innovative care delivery models, including projects with a focus on integrated physical and behavioral healthcare, patient-centered medical homes, chronic care management and patient care navigation.
- The Uncompensated Care (UC) program helps offset uncompensated costs of hospitals and other providers serving Medicaid and uninsured populations.

HHSC is requesting a five-year waiver extension to build on the work accomplished thus far using these same goals, to continue to strengthen programs operating under the waiver, and to further demonstrate program outcomes. With the extension, HHSC is requesting that CMS continue the Demonstration Year 5 DSRIP pool funding level ($3.1 billion annually) and increase the UC pool to address the anticipated unmet UC need in Texas within current budget neutrality ($5.8 billion in FFY 2017, $6.6 billion in FFY 2018, and $7.4 billion each year in FFY 2019-FFY 2021). HHSC is not seeking any changes to the waiver for managed care program operations, so the beneficiaries included in the waiver's managed care programs will remain the same as those currently served under the demonstration, which are outlined in the current waiver Special Terms and Conditions at [http://www.hhsc.state.tx.us/1115-docs/DSRIP-Protocols.pdf](http://www.hhsc.state.tx.us/1115-docs/DSRIP-Protocols.pdf) (pages 26-33).
The only financial change HHSC is requesting in the extension period is to continue the DSRIP and UC pools at the annual amounts stated above. Since HHSC is not requesting changes to Medicaid eligibility or managed care covered populations in the extension period compared to the existing demonstration, HHSC's budget neutrality projections for the five years of the requested extension period build on caseload forecasts for years 4 and 5 of the current waiver, based on time series models using data through March 2015. The financial and budget neutrality details are included in the extension request at www.hhsc.state.tx.us/1115-waiver.shtml (Financial Overview, pages 49-50 and Attachment D). HHSC estimates that during the current five year demonstration period ending September 30, 2016, expenditures will be about $120.8 billion, $8.6 billion below the budget neutrality cap of $129.4 billion. For the extension period, with a DSRIP pool of $3.1 billion per year and a UC pool ranging from $5.8-$7.4 billion per year, HHSC forecasts expenditures will be $187.3 billion, or $6.7 billion below the projected budget neutrality cap of $194.2 billion.

The evaluation for the current demonstration has 11 evaluation goals related to the five broad demonstration goals and how they are impacted by statewide managed care, the DSRIP pool and the UC pool. The interim evaluation summary for these 11 goals is included in the extension request at www.hhsc.state.tx.us/1115-waiver.shtml, pages (Interim Evaluation, pages 44-49). HHSC seeks more time to collect and analyze data on the 11 evaluation goals during the extension period, including to assess changes that have been made to the demonstration's managed care programs during the first five years (carving into managed care additional populations and services) and to allow more time for DSRIP projects to demonstrate outcomes and their impact on uncompensated care given that it took years to implement this complex program.

HHSC is requesting the same waiver and expenditure authorities in the extension period that it has under the current demonstration. These authorities are listed on pages 31-33 of the extension request.

The public is invited to submit comments on the waiver extension application for a period of 30 days beginning Monday, July 6. The public comment period will end on Wednesday, August 5. HHSC will host a series of meetings to provide information about the extension application as well as an opportunity for the public to provide comments. Locations, dates and times are as follows:

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<th>Location</th>
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| Texas Department of Transportation  
7600 Washington  
Houston, TX 77007 | 7/13  | 10AM - 12PM CDT |
| Edinburg Conference Center at Renaissance  
118 Paseo Del Prado  
Edinburg, TX 78539 | 7/15  | 1PM-3PM CDT     |
| Tyler Junior College, West Campus  
1530 S SW Loop 323, Room 104  
Tyler, TX 75701 | 7/16  | 10AM-12PM CDT   |
| Texas Health and Human Services Commission,  
Brown-Heatly Bldg., Public Hearing Room 1410,  
4900 N. Lamar Blvd. | 7/16  | 2PM-4PM CDT     |
HHSC will also host a webinar on 7/23 from 9:30AM-11:30AM. To join the online meeting:
1) Go to Join WebEx meeting
2) Click on Attend Meeting
3) Enter Meeting Number: 737 370 214
4) Call 866-430-8535

This is the full public notice set forth in 42 CFR § 431.408(a)(1)(i). The complete extension application is available online at www.hhsc.state.tx.us/1115-waiver.shtml. The application includes a detailed description of the waiver programs, including: current categories of eligibility for services under managed care; enrollment projections and financial information; a summary of the evaluation currently being conducted for the waiver programs; summaries of reports of quality of and access to care under the waiver; and additional information as required by CMS.

To obtain copies of the extension application, submit comments or receive other information about the extension, interested parties may contact Micah Erwin by mail at Texas Health and Human Services Commission, PO Box 13247, Mail Code H-600, Austin, Texas 78711-3247, phone (512) 424-6549, fax (512) 730-7472, or by email at TX_Medicaid_Waivers@hhsc.state.tx.us.

People requiring Americans with Disabilities Act accommodation, auxiliary aids or services should call Micah Erwin (512) 424-6549 at least 72 hours before the meeting so appropriate arrangements can be made.