



House Human Services Committee

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Texas Health Care Transformation and Quality Improvement Program 1115 Waiver



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1115 Waiver Overview

- The 1115 waiver was originally approved for five-years (2011–2016)
- The waiver allows Texas to expand Medicaid managed care while preserving federal hospital funding historically received as Upper Payment Limit (UPL) funding
- The waiver also provides new means, through regional collaboration and coordination, for local entities to access additional federal matching funds



1115 Waiver Overview

- Under the 1115 waiver, hospitals and other providers earn historical UPL and new funds through two pools
- Uncompensated Care (UC) Pool
 - Replaces UPL
 - Costs for care provided to individuals who do not have third-party coverage for hospital and other services and Medicaid shortfall
- Delivery System Reform Incentive Payment (DSRIP) Pool
 - New incentive program to support coordinated care and quality improvements through 20 Regional Healthcare Partnerships (RHPs)
 - Goals: transform delivery systems to improve care for individuals, improve health for the population, and lower costs through efficiencies and improvements
 - Targets Medicaid recipients and low income uninsured individuals



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1115 Waiver Extension

- In September 2015, HHSC submitted a request to CMS to extend the 1115 waiver for five additional years
- CMS approved HHSC's request for a 15-month extension in May 2016
 - This extension maintains current funding levels for both UC and DSRIP through December 31, 2017, but does not recognize inflation
- In January 2017, HHSC submitted a request to CMS for an additional 21 months of the waiver (October 1, 2017– September 30, 2019)
- Negotiations with CMS are ongoing



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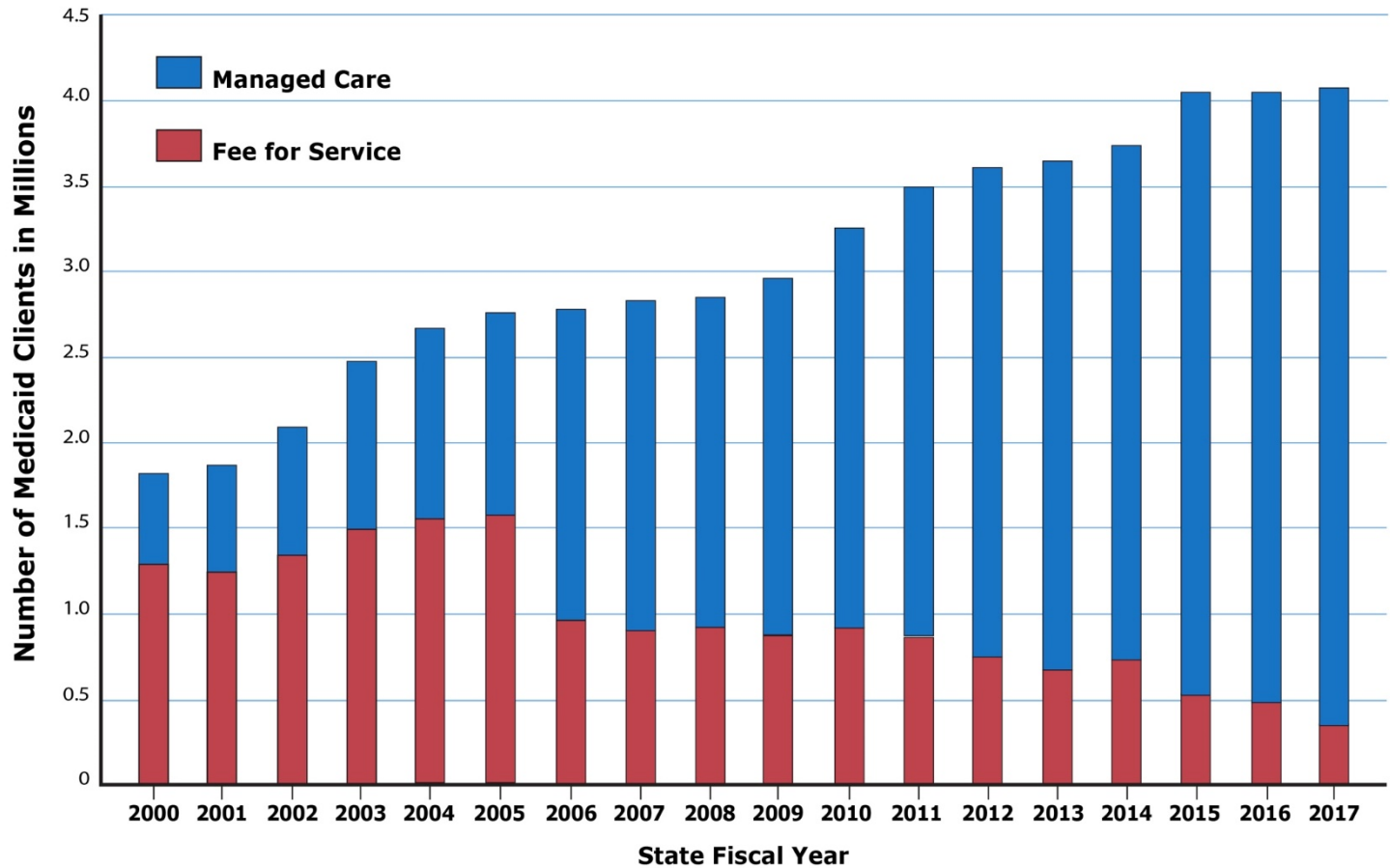
HHSC Managed Care Contract Oversight and Monitoring



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Medicaid Enrollment

Fee for Service and Managed Care



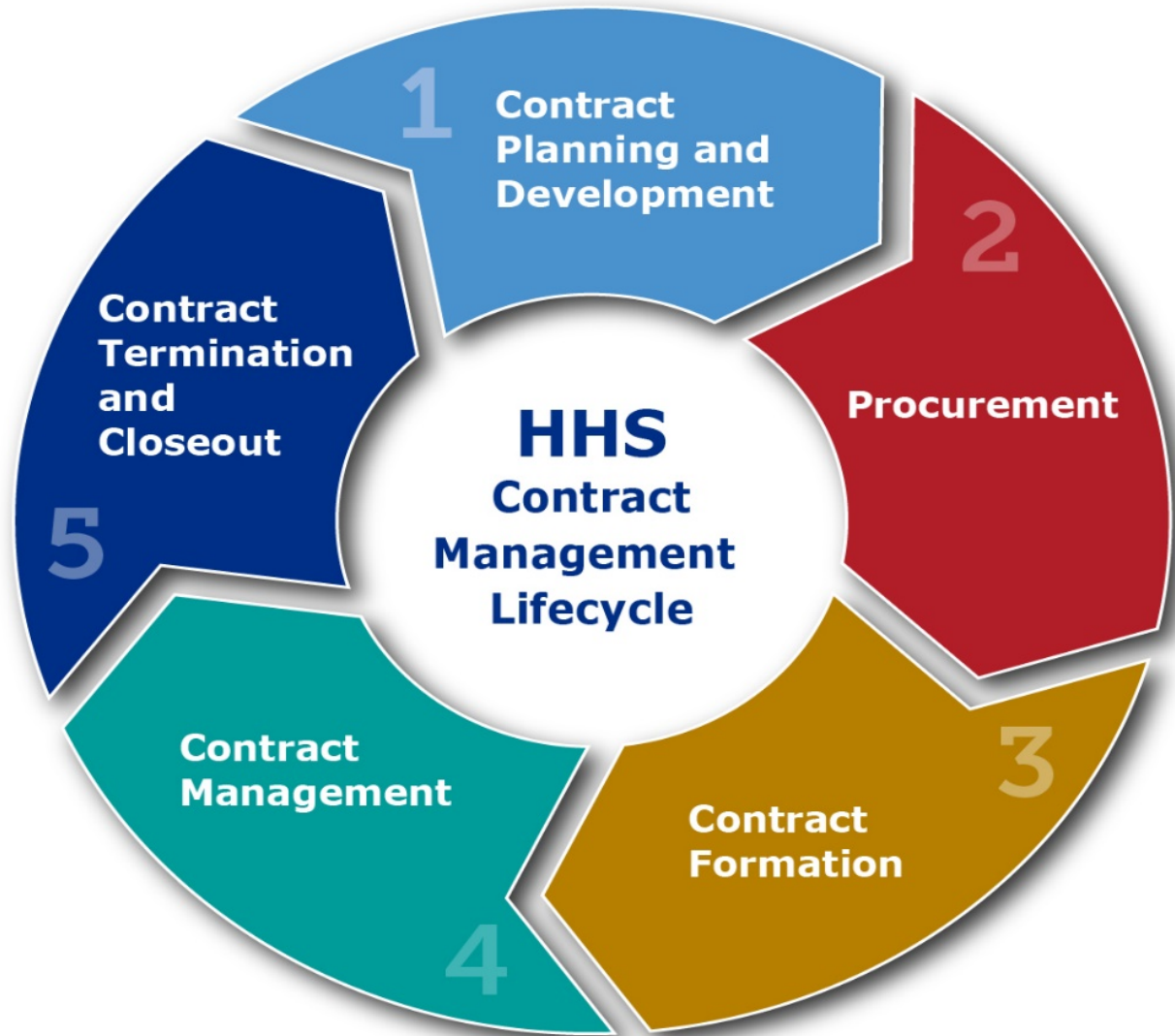
Source: HHSC Financial Services, HHS System Forecasting

FY 2017 is incomplete and not yet final.



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Aligning Agency Structure/Processes with System Framework





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Process Transformation: Engagement Throughout Contract Lifecycle

- **Contract Planning, Development and Procurement**
 - Align major procurements to advance program objectives
 - September 1, 2019, operational start date for STAR, CHIP, and STAR+PLUS
- **Contract Formation, Termination and Closeout**
 - Robust readiness review/transition process
 - Ongoing, active engagement in contract development and amendment process
- **Contract Management**
 - Managed care steering committee
 - Biennial operational review process
 - Biannual meetings with leadership from each MCO
 - Enforcement actions/contract remedies



HHSC Contract Requirements for Value Based Purchasing

- Since 2012, HHSC has encouraged Value Based Purchasing (VBP) agreements between MCOs and providers
- VBP aligns with national priorities of tying provider payments to quality/value
- Effective in fiscal year 2018, HHSC contracts with MCOs will require MCOs to meet certain VBP targets

Period	Overall VBP	Risk Based VBP
2018	25%	10%
2019	2018 target plus 25%	2018 target plus 25%
2020	2019 target plus 25%	2019 target plus 25%
2021	50%	25%