Nursing Facility Change-of-Ownership and Payments Report

As Required by the 2020–21 General Appropriations Act, House Bill 1, 86th Legislature, Regular Session, 2019 (Article II, Health and Human Services Commission, Rider 171)

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Executive Summary

This Nursing Facility Change-of-Ownership and Payments report provides recommendations to reduce the time it takes for nursing facility providers undergoing a change of ownership (CHOW) to receive payment for services to Medicaid clients. It also incorporates the requirements laid out in the Health and Human Services (HHS) 2020 annual business plan, *Blueprint for a Healthy Texas*, for the Health and Human Services Commission (HHSC) to reduce the time between issuance of a state license and receipt of a Medicaid contract.

This report focuses on improvements to the CHOW process that would yield the most benefit using existing resources. Recommendations include improving internal and external collaboration, as well as streamlining the licensing, contracting, and payment processes, as summarized in Table 1 below. With implementation of these recommendations and continued efforts to identify process improvements, HHSC estimates that the CHOW-to-payment process could be reduced by about 45 percent, from an average of 212 days to 115 days, as shown in Table 2 on page 5.

Table 1. Summary of Recommendations.

The following table summarizes this report's 14 recommendations to improve the efficiency of the CHOW process.

Summary of Recommendations	
1. Overall	**1.1** Form a CHOW committee to oversee implementation of improvements and report on progress.
	1.2 Provide regular CHOW reports with key data elements to internal operational areas, providers, and external partners.
	1.3 Expand or develop new internal and external trainings and guidance on the CHOW process.
2. Licensing	**2.1** Streamline licensing processes.
	2.2 Start the license application process upon receipt of fee payment.
	2.3 Improve TULIP licensing system navigation to more effectively guide applicants through the process.
	2.4 Implement enhanced controls around changes to CHOW effective dates.
	2.5 Provide near real-time notifications from TULIP to key internal areas and external partners.
3. Contracting	**3.1** Streamline contracting processes.
	3.2 Streamline and create auto-populating contracting forms.
	3.3 Continue to coordinate with the Regulatory Services Division on simplifying the ownership disclosure process.
	3.4 Maintain contracting documents in the TULIP licensing system.
	3.5 Develop clear policies and procedures to guide the nursing facility contracting process.
4. Payments	**4.1** HHSC and TMHP should collaborate to streamline processes.

Table 2 below shows current processing times for key phases of the CHOW process and potential reductions in processing time if the recommendations in this report are implemented. This includes parallel processing of license and contract applications.[1] Because the majority of licensing and contracting process times are spent remediating deficiencies in license applications and contracting documents, many of the recommendations are aimed at reducing paper-based processes and simplifying forms to improve the accuracy and timely completion of documents submitted by providers.

Table 2. Nursing Facility CHOW Sub-Process Time Savings.

This table shows estimated time savings within HHSC operational areas and the Texas Medicaid & Healthcare Partnership (TMHP).

Process Phase	Current Process Time	Estimated Potential Savings	Future Process Time
Licensing	80 days	24 days (30% reduction)	56 days
Contracting	95 days	32 days (33% reduction)	63 days
Parallel Processing	n/a	16 days	**(-)** 16 days
Subtotals: Licensing & Contracting	175	72 days	103 days
Payments	37 days	25 days (67% reduction)	12 days
Totals	**212 days**	**97 days (45% reduction)**	**115 days**

[1] Parallel processing refers to an effort to coordinate between the Regulatory Services division and Medicaid & CHIP Services to ensure the contracting process begins as soon after submittal of the initial license application as possible.

Introduction

The 2020–21 General Appropriations Act, H.B. 1, 86th Legislature, Regular Session, 2019 (Article II, Rider 171) requires HHSC to review its process for completing nursing facility CHOW documentation, including timeframes for application processing, surveying, contracting, licensure, and payments following the completed CHOW application.

Rider 171 further requires HHSC to submit a report detailing the agency's current processes and timeframes, as well as recommendations to improve the CHOW process to reduce the duration of when a nursing facility is providing services without Medicaid reimbursement. The report must be submitted to the Governor, the Legislative Budget Board, and permanent Committees in the House of Representatives and the Senate with jurisdiction over health and human services by March 1, 2020.

Title 40 of the Texas Administrative Code defines a nursing facility CHOW as a change to the federal taxpayer identification number of the license-holder of a facility.[2] This process involves many steps across several HHSC divisions as well as with external partners, including TMHP.

In addition to the direction provided in Rider 171, the HHS Executive Commissioner has prioritized improving the nursing facility CHOW process by including it in *Blueprint for a Healthy Texas*, the agency's annual business plan for fiscal year 2020. In accordance with Initiative 12, Goal 4 of the *Blueprint*, HHSC must enhance customer service by reducing the time it takes to process CHOW requests for nursing facilities from an average of 175 business days to 103 business days, or 41 percent.[3]

To meet the objectives of Rider 171 and the *Blueprint*, HHS formed a project team of experts from several divisions—including the HHSC Office of Transformation and Innovation (OTI), the Regulatory Services Division (RSD), and the Medicaid & CHIP Services (MCS) division—to identify and execute recommendations for CHOW business process improvements.

[2] 40 Texas Administrative Code, Part 1, Chapter 19, Subchapter B, Section 19.101(20).
[3] Health and Human Services Commission, *Blueprint For A Healthy Texas, HHS Business Plan*, September 2019. P. 56.

Project Purpose and Approach

Purpose

This project's purpose was to gather data and information on the CHOW process, then to identify, implement, and track process improvements to reduce the timeframe from state licensure to Medicaid payment. Project team members reviewed the CHOW process step-by-step and identified significant improvements that will benefit providers, HHSC operational areas, and external partners utilizing existing resources.

For the purposes of this report, the following definitions apply:

- Nursing facilities are providers.
- Nursing facilities applying for a license are applicants.
- TMHP and Managed Care Organizations (MCOs) are external partners.

Approach

The project team conducted the following activities:

- Led a workgroup of subject matter experts from HHSC operational areas to gather data and identify opportunities to eliminate, consolidate, and update contracting forms.
- Surveyed and held a listening session with providers to identify key concerns and potential improvements.
- Worked with external partners including MCOs and TMHP to discuss their role in the CHOW process and identify potential improvements.
- Developed value-stream maps to identify bottlenecks and inefficiencies in the licensing and contracting processes.

As noted, this team evaluated improvements that could be implemented using existing resources. Future improvements may require additional resources to implement. The recommendations in this report are a first step in identifying opportunities for ongoing CHOW process improvements. The process improvements recommended in this report should also contribute to decreasing the time a provider is on vendor hold. As HHSC implements the improvements outlined in this report, the workgroup should explore further opportunities to decrease the amount of time a provider may be on vendor hold while undergoing a CHOW.

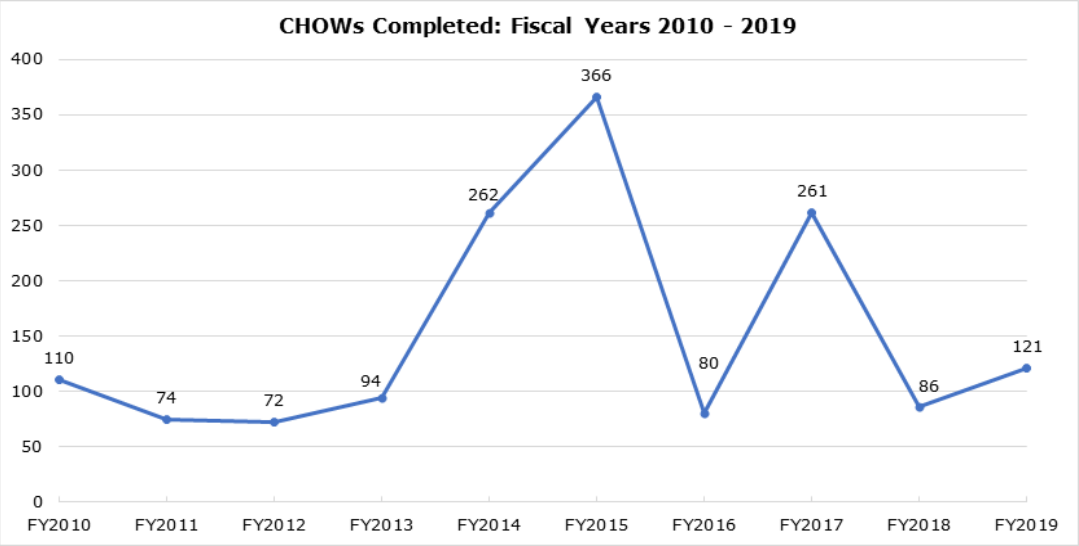
Background

Texas Nursing Facilities and CHOWs

Until fiscal year 2013, the number of CHOWs stayed relatively stable, averaging about 87 per year from fiscal year 2010 through fiscal year 2013, as shown in Figure 1. Implementation of new payment programs prompted significant increases in the number of CHOWs. These programs include the Minimum Payment Amount Program (MPAP) and the Quality Incentive Payment Program (QIPP), performance-based programs that encourage providers to improve service innovation and quality.

During fiscal year 2019, 1,223 licensed nursing facilities were operating in the state. Of those, 121, or 10 percent of all facilities changed ownership that fiscal year. CHOWs reached a peak of 366 in fiscal year 2015 with the roll out of MPAP in the previous year. In fiscal year 2017, MPAP was replaced by QIPP, creating another surge in CHOWs, which totaled 261 that year. Due to the structure of these payment programs, HHSC receives a large number of CHOWs over a short timeframe, resulting in significant resource constraints. For example, in fiscal year 2017, 173 of the 261 CHOW applications were received in a two-week period. In addition to the QIPP program, events such as bankruptcies or changes in corporate structures also contribute to the number of CHOWs.

Figure 1. CHOWs Completed: Fiscal Years 2010-2019.



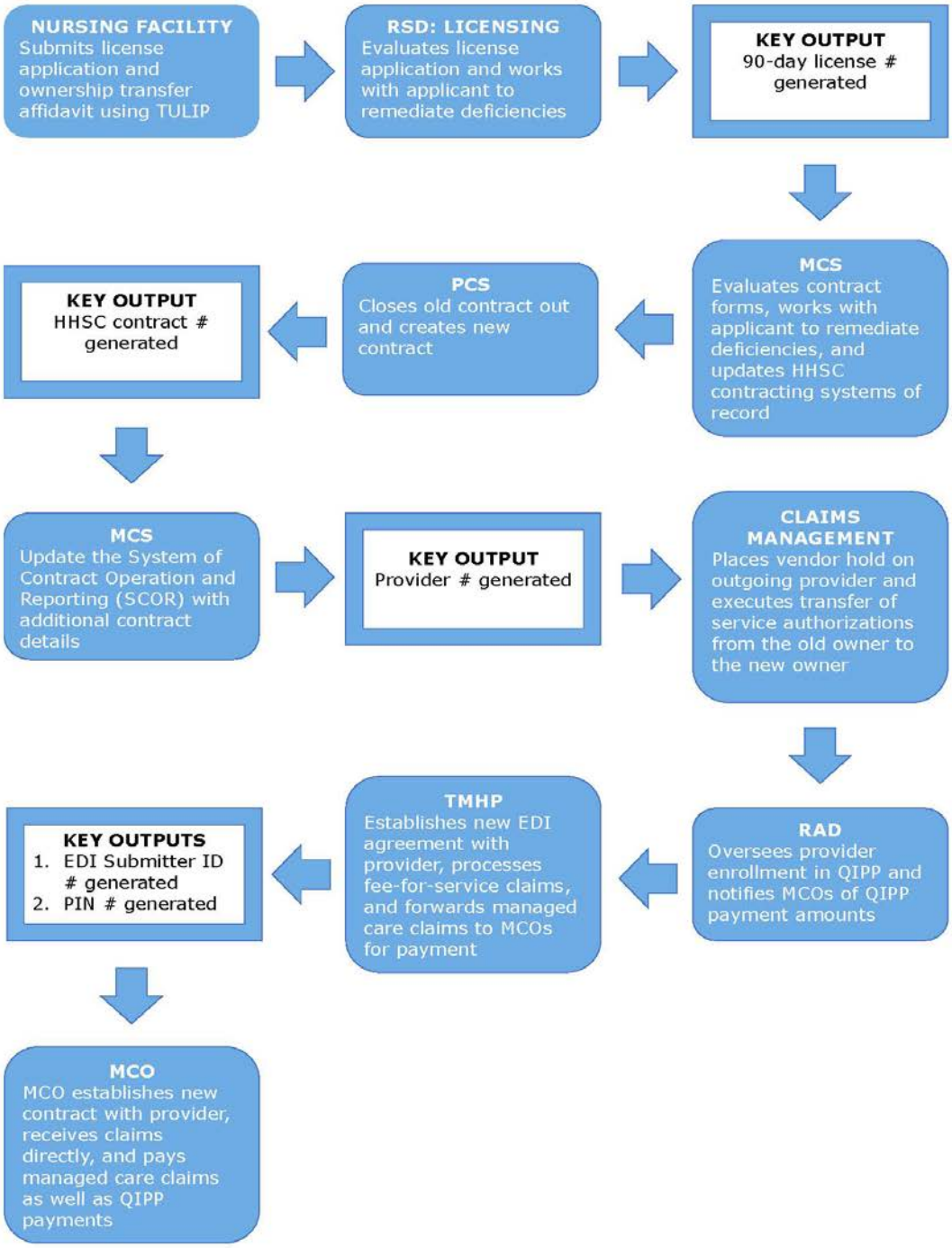
Nursing Facility CHOW Process Overview

The CHOW process involves numerous HHSC operational areas and external partners. To complete a CHOW, and for the incoming owner to receive payment for services, the following actions must occur.

1. Submittal of a license application online through the Texas Unified Licensure Information Portal (TULIP), including an ownership transfer affidavit.
2. Placement of CHOW vendor hold on the outgoing owner.
3. Completion of application review, including the background check of legal entities and individuals with ownership or who are controlling parties.
4. Issuance of a 90-day temporary license, completion of an on-site health inspection, and issuance of a standard license.
5. Execution of a new Medicaid contract with HHSC.
6. Generation of a new provider ID and transfer of client service authorizations to the new owner.
7. Execution of a new Electronic Data Interchange (EDI) agreement and issuance of a new Provider Identification Number (PIN)
8. Credentialing and execution of new contracts with the MCOs.
9. Submittal of claims to TMHP or the MCO's for payment.

Figure 2 illustrates these key steps in the CHOW process.

Figure 2. Summary of CHOW Process Flow Including Primary Actions, Actors, and Key Outputs.



1. Overarching Issues and Opportunities for Improvement

Summary

As part of ongoing HHS system transformation, responsibility for administering licensed provider contracts was transferred from RSD to MCS in January 2019 to better align with the functions and missions of these divisions.

The planning and preparation for the transfer of the contracting function may have been insufficient to ensure a smooth and successful transition. The abrupt transfer of these contracts created disruptions to downstream agency and provider processes, including payments. Additionally, MCS did not receive additional staff or adequate training to effectively assume the function, and at the time did not have access to TULIP for needed information. These issues led to longer timelines for CHOW processing.

In response, RSD and MCS have significantly strengthened their coordination and are actively remediating issues to improve the CHOW process. This report identifies ways to build on these efforts and provides additional recommendations for improvement.

Opportunities for Improvement

Improved communication and collaboration among HHSC, providers, and external partners is needed.

HHSC received significant feedback from external partners on the need for improved communication with the providers undergoing CHOW. This need begins in advance of starting the CHOW process and continues throughout the process after submittal of a license application. Examples of communication issues are as follows.

- **Lack of information and data on upcoming CHOWs:** Although providers are currently required to notify RSD thirty days prior to submitting an application for a CHOW, there is not a defined process for ensuring that downstream internal and external partners receive this notification to allow them to prepare for surges in CHOW applications. RSD has recently begun sharing notifications with MCS, but TMHP and the MCOs would also benefit from accurate and timely information on upcoming CHOWs to begin their respective business processes as early as possible.

- **Difficulty obtaining CHOW status:** Providers described difficulties with contacting the right person at HHS to provide useful information on the status of a CHOW and to help resolve problems. Despite having contact information for staff involved in the CHOW process, providers noted that agency staff have limited visibility into the entire process which hinders their ability to provide status updates or guidance on next steps needed to advance a CHOW.

- **Lack of input on CHOW process changes:** A significant number of providers expressed concern about not being involved in, or consulted on, changes to the CHOW process. For example, the transfer of nursing facility contracts to MCS was not well communicated to providers. This contributed to confusion on the part of providers, as well as disruptions to the overall CHOW process. Similarly, while HHSC is working to improve the TULIP system, providers have not been sufficiently engaged to gain user feedback on system changes and specific TULIP functionality.

- **Lack of sufficient access to assistance and training on the CHOW process:** Providers expressed a strong need for training and guidance on the CHOW process. Currently, providers rely on ad-hoc assistance from HHSC through different in-boxes, emails, and phone numbers. However, in attempting to assist providers, HHSC staff lack up-to-date, comprehensive data and information that would help answer inquiries. In addition, updated resources such as FAQs or flow charts are not available online. While RSD does have the *TULIP Training Guide* available to providers, the need for updated and provider-specific training and guidance materials will only increase with retirement of old processes and implementation of new, improved processes.[4]

[4] Texas Health and Human Services, Texas Unified Licensure Information Portal (TULIP) Training Guide. August 20, 2018. Version 3.0.

Insufficient data is available to ensure efficient processes.

Throughout this project, the workgroup identified a need for greater transparency and accuracy of data, as well as a more efficient way of sharing data and information among those involved in the CHOW process.

- **Inaccuracies in key data impact the effectiveness of CHOW processes.** HHSC access to accurate and timely information and data on providers undergoing a CHOW is crucial for numerous downstream internal processes that rely on this information. Errors in information or data entry at any step in the process result in delays by creating re-work or manual workarounds. For example, incorrect entry of the vendor ID can delay the payment process. Similarly, the Rate Analysis Department (RAD) relies on accurate CHOW effective dates and private versus non-governmental status to effectively administer QIPP.

- **Standard CHOW data is not readily available to more effectively manage the process.** HHSC operational areas, providers, and external partners expressed concern that consistent, up-to-date information and data on CHOWs is not available. Without this information, the agency cannot proactively identify issues including bottlenecks, or track trends to identify additional opportunities for improvement.

  In addition, providers do not have access to information necessary to address inquiries on status of a CHOW, and to understand likely timeframes for completion of the CHOW. MCOs and TMHP lack information to prepare for spikes in CHOWs and proactively reach out to providers to start their processes early.

  HHSC also does not generate a regular report on CHOW status. Previously, reports on completed and pending CHOWs, as well as reports on all providers, were available to RAD and the MCOs. However, in late 2018, these reports ended due to TULIP implementation.

- **Siloed systems prohibit effective data sharing.** CHOW data reside in separate systems, such as TULIP, the System of Contract Operation and Reporting (SCOR), and the Long-Term Care (LTC) provider system, in addition to data collected and tracked manually. HHSC does not have a single application or system that tracks key CHOW process points and generates reports to support effective decision-making.

  Of critical importance to HHSC operational areas and external partners is basic information such as effective date, facility physical address, and provider ID. Information on key milestones in the CHOW process, such as submittal of contract documents to Procurement and Contracting Services (PCS) and creation of a new contract in HHSC's Centralized Accounting and Payroll/Personnel System (CAPPS), is not consistently collected.

Recommendations

1.1 Form an internal CHOW committee to oversee improvements and report on progress.

In August 2019, HHSC operational areas and TMHP met to develop a high-level map of the CHOW process and to coordinate on expediting the CHOW backlog. This collaborative work underscored the need for operational areas and external partners to clearly understand the complex CHOW process, clarify roles and responsibilities, share information, and work together to identify and resolve issues.

A CHOW committee should be formed to include membership from HHSC operational areas with key roles in the CHOW process as well as TMHP and the MCOs. The committee would serve to:

- Ensure effective coordination across the multiple HHSC areas and external entities that play key roles in the CHOW process,
- Coordinate communication with providers and other external stakeholders on issues involving CHOWs; and
- Oversee the implementation of the improvements recommended in this report.

As needed, the committee would invite providers to participate in improvement activities. Meeting frequency and specific deliverables of the committee would be determined by leadership from MCS, RSD, and OTI.

1.2 Provide regular CHOW reports with key data elements to internal operational areas, providers, and external partners.

Regular reporting of CHOW data would help ensure that HHSC staff have accurate, timely, and relevant data to carry out their work more efficiently. A comprehensive report also would allow staff to better coordinate to keep CHOWs moving through the process, as well as pinpoint bottlenecks to be addressed. Because providers and external partners would have access to this information, agency staff would spend less time answering CHOW inquiries.

The CHOW committee would determine the format and specific data elements in this report, as well as determine the mechanisms for collecting, sharing, and storing information and data. To the extent possible, existing applications or data repositories should be leveraged. However, additional resources would be needed for system updates and ensuring systems can share data.

1.3 Expand or develop new internal and external trainings and guidance on the CHOW process.

In consultation with providers, the CHOW committee would identify training needs and work with internal experts to determine the format and resources for training.

Training should be developed for both HHSC staff and providers. The committee should ensure current training guides are updated and should evaluate other means of providing guidance, such as provider notices, FAQs, and flow charts. The *Blueprint* requires outreach and training to be in place by June 2020. These activities would continue after that date as HHSC implements process improvements and develops new policies. In-person training could require additional resources including FTEs.

2. Licensing Issues and Opportunities for Improvement

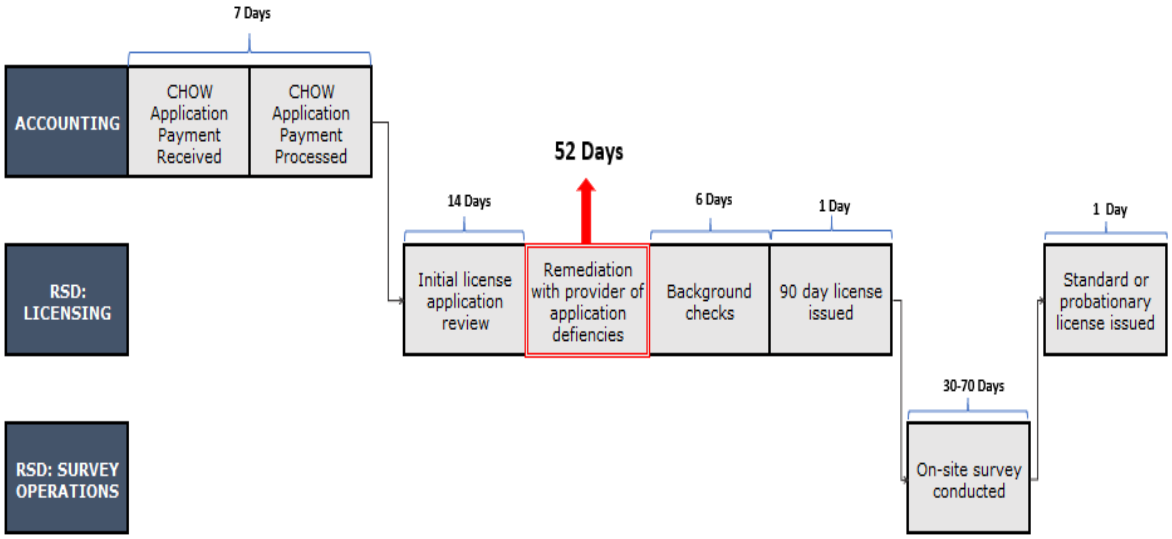
Summary

RSD is charged with licensing long term care facilities including nursing facilities, assisted living facilities, and other provider types.

To start the CHOW process, an applicant submits a license application through TULIP. Licensing staff review the application and work with the applicant to remediate application deficiencies. Screening and analysis, including background checks, are conducted on the new owners and controlling parties. In addition, an on-site health survey (inspection) is conducted during the 90-day temporary licensure period.

To identify recommended improvements, the project team mapped the licensing portion of the CHOW process, determined processing times, and identified opportunities for improvement. Figure 3 details the full licensing process and shows the average number of days associated with different steps in the process. The current process takes on average about 80 days from application and licensing fee submittal in TULIP to issuance of a temporary license. Of these 80 days, remediating license application deficiencies takes an average of 52 days.[5]

Figure 3. The CHOW Licensing Process and Average Timeframes.



5 Total processing times are calculated through issuance of the 90-day temporary licensure because HHSC assigns the license number at this time, allowing the provider to operate in Texas.

Licensing Opportunities for Improvement

TULIP defects hinder the licensing process.

RSD launched TULIP on September 4, 2018, after the legacy agency, the Department of Aging and Disability Services, had overseen system development using a contracted vendor. Problems with the vendor and the contract contributed to numerous technical issues with the system. Following the launch, RSD also identified a significant number of defects after the warranty period expired. In addition, HHSC identified several enhancements that were not initially included as system requirements.

TULIP defects have significantly impeded applicants' ability to complete accurate and timely licensing applications and HHSC's ability to efficiently process CHOWs. RSD is actively working with Information Technology (IT) staff to correct these problems within current resources, and providers have already noted some improvement. Significant time and resources are needed to address all TULIP defects and support enhancements to improve the licensing process.

Applicants have difficulty navigating TULIP.

System navigation issues confuse applicants and increase the frequency of application errors and deficiencies, contributing to delays and re-work, as RSD staff must work with applicants to correct all deficiencies before processing an application. TULIP navigation issues that contribute to delays and re-work include the following.

- Applicants can inadvertently start applying for the wrong license type because TULIP does not provide navigational assistance or prompts.
- The process for entering information to disclose levels of facility ownership is cumbersome, time consuming, and confusing.
- Initial registration to access TULIP is burdensome.

TULIP does not clearly capture all needed or beneficial information and data.

TULIP fails to consistently capture accurate, reliable, and necessary data. This can contribute to re-work and impact HHSC business areas downstream that rely on TULIP data.

Controls around changes to CHOW effective dates are insufficient.

As part of the licensing process, applicants must include a signed and notarized affidavit proving that both parties agree to the transfer. The transfer date, also known as the CHOW effective date, is also included in the license application as well as the transfer affidavit. This is the date by which the outgoing owner agrees to transfer facility operations to the incoming owner. This date is critical to

determining the date of the new license and contract, as well as to meeting QIPP requirements.

Changes to the CHOW effective date can result in delays and re-work and lengthen processing times. Additionally, changes to the CHOW effective date in TULIP require an IT work order, further contributing to delays. RSD lacks a clear policy to govern requests to change CHOW effective dates and ensure this information is shared across HHSC operational areas and external partners who rely on this information.

TULIP lacks effective application status notifications.

Currently, TULIP does not provide notifications to downstream process owners when key milestones or status changes occur in the application process. Lack of prompt notifications limits the visibility of other HHSC operational areas into newly submitted applications, effective date changes, and application withdrawals. This lack of notification contributes to delays in the CHOW process.

While RSD provides manual CHOW reports to MCS, the lack of automated notification impedes MCS' ability to proactively engage providers and start the contracting process in parallel with the licensing process. For example, without automated notification of effective date changes MCS cannot take early action to amend key contracting forms. In some instances, this has led to processing of contracts with the incorrect CHOW effective date.

Another example of where a lack of automated notification has led to delay is in RSD Survey Operations. RSD Licensing must notify surveyors of a CHOW on-site inspection requirement via email or phone call. After notification, survey team members can take between seven to 30 days to schedule an on-site health inspection at a nursing facility, depending on regional workloads. Without automated notifications, it takes more time for survey staff to schedule and complete inspections.

Licensing Recommendations

2.1 Streamline licensing processes.

By reducing administrative burdens and improving navigation for providers, the time necessary to remediate application deficiencies, and the associated re-work for licensing staff, can be significantly reduced. HHSC expects that improvements to TULIP and additional improvements in the licensing process will result in a decrease in licensing processing time of 24 days—from an average of 80 days to an average of 56 days, as shown in Table 3.

RSD established a TULIP Maintenance and Operations team (TULIP Team) to address system functionality and defects. The TULIP Team developed a road map detailing their remediation strategy to address defects and improve overall functionality of the TULIP system.

Table 3. RSD Estimated Process Time Savings.

This table shows current times associated with CHOW payment processes and estimated time savings resulting from process improvements.

Process	Current Process Time	Potential Estimated Savings	Future Process Time
Application payment processing time	7 days	7 days	<1 day
Initial review of license application	14 days	4 days	10 days
Remediation with provider of application deficiencies	52 days	13 days	39 days
Background check	6 days	0 days	6 days (no change)
Time to issue 90-day license	1 day	0 days	1 day (no change)
Totals	**Current Total: 80 days**	**Potential Savings: 24 days**	**Future Total: 56 days**

2.2 Start the license application process upon receipt of fee payment.

To speed up the licensing process, RSD should work with IT staff to align TULIP functionality so licensing staff can review an application immediately after a provider submits the initial application and fee, instead of waiting for fee payment to finish processing. This recommendation would eliminate up to seven days from current licensing time.

2.3 Improve TULIP licensing system navigation to more effectively guide applicants through the process.

System navigation issues result in a greater risk of deficiencies upon submission of a provider's CHOW application. To make TULIP easier and more intuitive to use, RSD should continue to work with IT to improve TULIP's capacity to do the following.

- Help applicants identify which application type is needed.
- Notify the applicant with specific instructions on next steps.
- Provide a licensing status dashboard so that applicants can immediately identify where their application is in the process.
- Simplify ownership disclosure requirements so that applicants are not required to build out the entire ownership structure of their organization.
- Give applicants all relevant documents associated with their application type.

The TULIP Team is making progress on these improvements and building enhancements into its development roadmap to address this recommendation. These improvements should contribute to a reduction in the remediation timeline by at least 13 days, or 25 percent.

2.4 Implement enhanced controls around changes to CHOW effective dates.

To minimize delays associated with changes to the CHOW effective date, RSD should develop clear policies on how applicants can request changing the date. Additionally, changes to CHOW effective dates should occur exclusively through RSD, not through any other HHSC areas, such as MCS.

The TULIP Team plans to update the system to allow RSD team members to change CHOW effective dates manually without an IT work order. This change should reduce the time it takes process an application.

2.5 Provide near real-time notifications from TULIP to key internal areas and external partners.

This recommendation would ensure that all relevant HHSC areas and external partners have visibility into key steps of the licensing process, such as receipt of initial licensing application, application withdrawal, and a change in CHOW effective date. Real-time notifications will ensure the licensing, contracting, and payment processes can begin as early as possible.

TULIP should provide prompt notification to downstream process-owners. For example, providing notification to MCS of new license applications will ensure that MCS can start the Medicaid contracting process in parallel to licensure, which will reduce overall timeframes. In addition, HHSC staff could proactively adjust staffing levels based on variations in the number of CHOWs.

This recommendation would benefit multiple steps in the licensing process as well as downstream processes. While estimating specific time savings is difficult, prompt notifications will enable HHSC process owners to be proactive when key status changes occur in the CHOW application, helping to mitigate delays throughout the overall CHOW process.

3. Contract Administration Issues and Opportunities for Improvement

Summary

MCS Contract Administration and Provider Monitoring administers, oversees, and manages Medicaid contracts for services related to non-managed care contracts. This includes community-based services and long term care facilities.

As part of the CHOW process, a provider must execute a new Medicaid contract with HHSC, which involves the following activities:

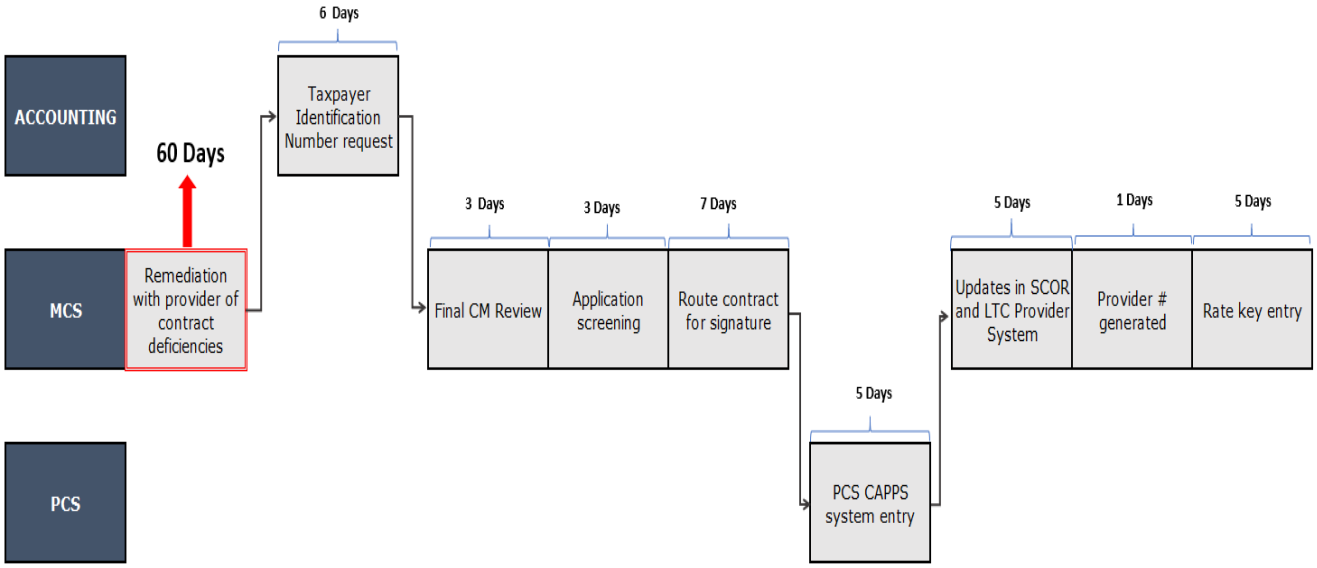
- MCS sends a contract packet to the provider to complete and return to HHSC,
- MCS submits the contracting documents to PCS for creation of a new contract number,
- MCS updates contract information for the new owner,
- MCS creates the provider ID, and
- MCS enters payment information for the new contract.

To identify recommendations, HHSC mapped the contracting portion of the CHOW process, determined processing times, and identified opportunities for improvement. Figure 4 details the full contracting process and shows the average number of days associated with different steps in the process, which takes an average of 95 days in total.

MCS team members now have access to TULIP, facilitating their ability to identify providers undergoing CHOW and to begin their contract work. As previously noted, ensuring MCS has early notification of upcoming CHOWs will also shorten the overall processing time.

In evaluating the contracting process, HHSC focused on two key areas: the contract application forms and contract administration procedures in MCS. In September 2019, HHSC formed a workgroup to evaluate consolidating, updating, or abolishing forms as appropriate.

Figure 4. The CHOW Contracting Process and Average Timeframes.



Contracting Opportunities for Improvement

Provider contracting forms are cumbersome and outdated, contributing to delays.

Providers have expressed concerns about the administrative burdens associated with contracting forms, specifically the lack of clarity and duplication of effort involved. The workgroup found that, collectively, these 17 forms include almost 450 fields that must be completed, many of which are duplicative, unclear, or lack helpful information. The majority of providers return these forms with errors, contributing to delays and re-work. This is captured in the "Remediation with provider of contract deficiencies" step in Figure 4, which takes on average 60 days.

The workgroup's initial findings show that of these 17 forms, seven are not needed, and another seven would benefit from updates to align information fields, simplify the forms, and ensure accuracy of information. Table 4 summarizes these recommendations.

Table 4. Analysis of Nursing Facility Contracting Forms.

Form #	Form Title	Recommendation
H2046	Certification Regarding Debarment	Previously abolished; not needed.
4880	Affidavit Concerning Payment of Child Support	Previously abolished; not needed.
5871	Disclosure of Ownership and Control Statement	Abolish and leverage information in TULIP.
4732 & 4732-A	Nongovernmental Contractor Certification	Abolish, replace with updated affirmations, and repeal rule.
D	Contract Affirmations, v.1.4, July 2019	Abolish and replace with updated affirmations.
A	Affirmations and Solicitation Acceptance	Abolish and replace with updated affirmations.
No Form Number	Certification Regarding Lobbying	Abolish and replace with updated affirmations.
2039	Medicaid Provider Agreement for Provider Services	Transfer from PCS to MCS and update.
3684	Texas Medicaid Provider Enrollment Application	Transfer from PCS to MCS and update.
3698	Resident Fund Surety Bond	Retain and update.
3604	Ownership Transfer Affidavit	Retain and update. *
3695	Prospective Owner Intentions Regarding Medicare Certification	Retain and update.
H2047	Certification Regarding Federal Lobbying	Retain and update.
2031 & 2031-G	Governing Authority Resolution Business Organization	Retain and update.

Form #	Form Title	Recommendation
74-176	Direct Deposit Authorization	Retain; Comptroller form.
AP-152	Application for Texas Identification Number	Retain; Comptroller form.
4040-0007	Assurances – Non-Construction Programs	Determine need for form.
***RSD is updating this form.**		

There are inefficiencies in the contract administration process.

MCS relies on numerous paper-based processes, lacks a database for tracking the contracting process, and does not have adequate policies and procedures.

- **Overly burdensome review process:** After a provider has completed each of the 17 contracting forms and submitted them to HHSC, MCS team members then spend considerable time reviewing the forms, manually noting errors, notifying providers of needed corrections, and working with providers to address deficiencies.

- **Lack of information management system:** MCS does not have a free-standing database or application for the initial contracting process, including tracking progress, housing forms, and generating letters. However, MCS has initiated the development of a tracking system in SharePoint to help track progress on CHOW contracts.

- **Lack of policies and procedures:** Although RSD provided available documentation and support to MCS upon transfer of CHOW contracts, limited policies, procedures, training, or guidance specific to CHOWs was available. Despite lacking complete resources, MCS has worked diligently to eliminate the backlog of provider contracts.

Contracting Recommendations

3.1 Streamline contracting processes.

MCS has identified contract process issues and should continue to build on efforts to streamline contracting forms, map its internal business processes, and collaborate with RSD to identify further improvements. Table 5 provides a summary of the current processing times and estimates of potential savings due to process improvements.

As MCS implements improvements, it should see measurable reductions in contract processing and administration time. By simplifying processes and reducing administrative burdens, the time necessary to remediate contracting deficiencies and associated re-work for contracting staff can be significantly reduced.

Table 5. MCS Estimated Process Time Savings.

This table shows current times associated with CHOW payment processes and estimated time savings resulting from process improvements.

Process	Current Process Time	Potential Estimated Savings	Future Process Time
Remediation with provider of contract deficiencies	60 days	30 days	30 days
Texas Identification Number request	6 days	0 days	6 days (no change)
Final contract manager review	3 days	0 days	3 days (no change)
Applicant screening	3 days	0 days	3 days (no change)
Routing for contract signature	7 days	0 days	7 days (no change)
PCS CAPPS system entry	5 days	0 days	5 days (no change)
MCS updates to SCOR and LTC Provider System	5 days	1 day	4 days
Generation of provider ID	1 day	0 days	1 day (no change)
MCS entry of rate keys in LTC Provider System	5 days	1 days	4 days
Totals	**Current Total: 95 days**	**Potential Savings: 32 days**	**Future Total: 63 days**

3.2 Streamline and create auto-populating contracting forms.

Streamlining and updating contracting forms should reduce the number of forms returned with errors and the time needed to remediate contract deficiencies. HHSC estimates the amount of time could be reduced by 30 days, or 50 percent. MCS is currently streamlining forms and piloting the consolidation and auto-filling of contracting forms.

3.3 Continue to coordinate with RSD on simplifying the ownership disclosure process.

MCS should continue to collaborate with RSD to streamline requirements for submitting levels of ownership information in TULIP and eliminate the Disclosure of Ownership and Control Statement, while ensuring all federal requirements are met. Ideally, MCS would access this information in TULIP as the single source of record. However, RSD and MCS would need to ensure that the capture of disclosure information in TULIP meets both licensing and contracting requirements.

This improvement would reduce duplication of efforts by providers, who must enter information in TULIP and also submit the form to MCS. This recommendation would also save MCS team members significant time spent attempting to reconcile any information contained in TULIP that conflicts with the form. MCS relies on accurate ownership information to effectively screen providers before executing a new Medicaid contract.

3.4 Maintain contracting documents in the TULIP licensing system.

To ensure a seamless licensing and contracting process, TULIP functionality should support downstream contracting processes and requirements. TULIP should serve as a repository for contracting forms, which could be provided to applicants in advance to speed up the contracting process. This recommendation could resolve several issues as follows.

- MCS staff could access these documents from TULIP instead of relying on back and forth email, thereby reducing contracting delays.
- MCS does not have a contracting application to house documents for ease of access and management, functionality that TULIP currently possesses.
- MCS could use TULIP's functionality to auto-generate letters to providers, replacing the manual process for generating letters and other notices.

While TULIP could be leveraged to more effectively support the contracting process, MCS would be the sole owner of these contracting documents and would be responsible for their content and maintenance.

3.5 Develop clear policies and procedures to guide the nursing facility contracting process.

MCS should build on current efforts to map its business processes and develop clear policies and procedures for MCS team members. The new set of policies could take a format similar to the existing *Contract Administration: Provider Enrollment Manual*, which could be updated or serve as a framework for new procedures. MCS is continuing to develop a tracking tool for the contracting process. MCS could also develop more detailed desktop procedures and checklists for contracting staff.

4. Payment Issues and Opportunities for Improvement

Summary

TMHP is a key HHSC partner in the CHOW process and is responsible for administering HHSC's claims adjudication and payment processing for Medicaid fee-for-service reimbursements to nursing facility providers. Analysis of payment processes is not a requirement of the *Blueprint;* however, Rider 171 directs HHSC to evaluate the payment component of the CHOW process.

While providers can submit claims directly through MCO portals, they still submit the majority of managed-care claims through THMP, which then forwards these claims to the MCOs for payment. Although payment steps occur later in the CHOW process, TMHP relies on timely, accurate CHOW information to effectively carry out its work. During this review, TMHP worked with HHSC to identify potential improvements to the payment process, as discussed below.

Payment Opportunities for Improvement

Several TMHP payment-related processes are paper-based, adding significant time to the claims process.

TMHP payment processes occur at the end of HHSC - administered CHOW activities. To start the payment process for provider claims, TMHP relies on execution of the new HHSC contract, creation of a new provider ID, issuance of a new PIN, and the transfer of service authorizations to the new owner.

The processes currently required for providers to submit a claim and be reimbursed are paper-based, including executing a new Electronic Data Interchange agreement and TMHP issuance of a new PIN by regular mail. In contrast, for acute care providers, TMHP provides the PIN by secure email. TMHP estimates that these current processes can add, on average, about 37 days to the reimbursement process, as shown in Table 6.

Payment Recommendation

4.1 HHSC and TMHP should collaborate to streamline processes.

HHSC and TMHP, through the CHOW committee, should evaluate the potential to streamline payment processes. THMP estimates that streamlining processes could reduce the time associated with submitting claims by about 25 days, as shown in Table 6. HHSC was unable to determine potential costs associated with this recommendation, and a cost/benefit analysis would be required.

Table 6. TMHP Estimated Process Time Savings.

This table shows current times associated with CHOW payment processes and estimated time savings resulting from process improvements.

Process	Current Process Time	Potential Estimated Savings	Future Process Time
Issue PIN by mail	7 days	7 days	0 days
Execute new Electronic Data Interchange agreement	30 days	18 days	12 days
Totals	**Current Total: 37 days**	**Potential Savings: 25 days**	**Future Total: 12 days**

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Conclusion

This report meets the requirements of Rider 171 for HHSC to evaluate the CHOW-to-payments process – as well as the complementary requirements of the *Blueprint* to reduce the time from provider licensure to contracting, offer training on the CHOW process, and continue to identify opportunities for improvement.

Implementation of this report's recommendations will result in significant reductions in the time it takes for a provider to complete the CHOW process and be reimbursed for services. However, implementing improvements involves the time and resources of staff also tasked with ensuring day-to-day operations continue. Although HHSC is moving forward with implementation of these recommendations within existing resources, future improvements may require additional funding and staffing resources.

Texans rely on nursing facilities to provide critical long-term services to one of our most vulnerable populations. Through the licensing and contracting process, HHSC both regulates nursing facilities and authorizes them to provide Medicaid services to eligible residents. As customers, providers should receive quality customer service from HHSC that ensures they are able to effectively operate and do business in Texas.

Glossary of Acronyms

Acronym	Full Name
CAPPS	Centralized Accounting and Payroll/Personnel System
CAPM	Contract Administration and Provider Monitoring
CHOW	Change of Ownership
HHS	Health and Human Services
HHSC	Health and Human Services Commission
LTC	Long-Term Care
MCO	Managed Care Organization
MCS	Medicaid & CHIP Services
MPAP	Minimum Payment Amount Program
OTI	Office of Transformation and Innovation
PIN	Provider Identification Number
PCS	Procurement and Contracting Services
QIPP	Quality Incentive Payment Program

Acronym	Full Name
RAD	Rate Analysis Department
RSD	Regulatory Services Division
SCOR	System of Contract Operation and Reporting
TMHP	Texas Medicaid & Healthcare Partnership
TULIP	Texas Unified Licensure Information Portal