



Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver:

Program Funding and Mechanics (PFM) Protocol Overview

Lisa Kirsch

Deputy Medicaid CHIP Director

Transformation Waiver Operations and Cost Containment

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PFM Protocol Overview

- As defined in the 1115 Waiver Special Terms and Conditions (STCs), the PFM Protocol includes:
 - State and CMS review and approval processes for RHP Plans.
 - Reporting requirements.
 - Incentive payment methodologies.
 - Penalties for missed milestones.
- The PFM Protocol and the RHP Planning Protocol (DSRIP Menu) serve as the basis for RHP Plan development and DSRIP funding.

HHSC intends to:

- Ensure compatibility with the Waiver STCs.
- Allow flexibility in regional planning.
- Encourage broad public and private provider participation in DSRIP.
- Maximize available pool funding while ensuring fairness across RHPs.
- Provide standardization in valuing projects.
- Minimize administrative burden at the local and state level.

PFM Protocol Items Under CMS Negotiation

- DSRIP requirements to be eligible for uncompensated care (UC) payments.
- Minimum number of projects in each DSRIP Category.
- UC and DSRIP allocation methodology.
- Methodology for allocating funding among the four DSRIP Categories.
- Valuation of projects.
- Variation of requirements across regions.

RHP Anchor Responsibilities

Under the 1115 Waiver, all RHP anchors are required to:

- **Develop:**
 - Community needs assessment for the region.
 - A four-year RHP plan in collaboration with local intergovernmental transfer (IGT) entities and performing providers.
- **Provide:**
 - Ongoing communication with HHSC, IGT entities, and performing providers.
 - Ongoing monitoring and reporting to HHSC on status of projects and performance of performing providers in the region.
 - Opportunities for regional stakeholder engagement.
- **Ensure:**
 - Required number of projects from each Category is met.
 - RHP Plan is consistent with the PFM Protocol's UC and DSRIP allocation requirements.
 - Compliance with the RHP Plan Checklist, which will be based on the PFM Protocol and DSRIP menu.

Proposed Minimum Number of Projects

- **Urban RHP:**
 - At least five projects from Category 1 or Category 2.
 - With at least two of the five projects from Category 2.
- **Rural RHP:**
 - At least two projects from Category 1 or Category 2.
 - With at least 1 project from each category.
- **DSRIP hospital:**
 - 1 common Category 3 intervention selected by HHSC.
 - 1 additional Category 3 intervention selected by the hospital.
 - Report on all Category 4 measures.
 - Participate in one of the following:
 - Categories 1, 3, and 4.
 - Categories 2, 3, and 4.
 - Categories 1, 2, 3, and 4.

- Executive summary.
- RHP organization.
- Community needs assessment.
- Stakeholder engagement.
- DSRIP projects from DSRIP menu with:
 - Goals.
 - Rationale.
 - Relationship to other projects.
 - Milestones and metrics table with estimated funding.

Review and Approval Process

- **September 1, 2012:** RHPs submit 4-year plans to HHSC.
- **September 30, 2012:** HHSC completes initial review of plans and notifies RHPs of questions or concerns.
- **October 15, 2012:** RHPs must submit requested changes.
- **October 31, 2012:** HHSC submits plans to CMS for review and DY 1 DSRIP funds are disbursed.
- **December 15, 2012:** CMS completes review of plans and provides approval or notification of concerns.
- **January 15, 2013:** HHSC submits revised RHP Plans to CMS.
- **February 1, 2013:** CMS provides final approval or denial of RHP Plans.

DY1 Disbursement of Funds

- RHP Plan submission to CMS on October 31, 2012 is the basis for demonstration year (DY) 1 DSRIP.
- Maximum DSRIP allocation for DY1 by RHP is based on:
 - The RHP's historical IGT for upper payment limit (UPL).
 - Number of residents with income below 200 percent federal poverty level (FPL) as compared to the entire state.
- DY1 DSRIP allocated to Performing Providers within an RHP is based on participation in DSRIP projects in DY2-DY5.

Reporting Requirements

- Twice a year, performing providers are required to report on achievement of milestone bundles to be eligible for incentive payments.
 - IGT entities will confirm the reported performance.
 - DSRIP will be paid twice per year based on reporting.
- Reported partial and late performance will be eligible for incentive payments with a penalty.
- Each RHP will submit an annual year-end report to summarize DSRIP performance and findings.

- Plan modifications are allowed in DY2 and DY3 for implementation the following demonstration year.
- Plan modifications will be allowed for:
 - New performing providers.
 - New IGT entities.
 - New DSRIP projects.

PFM Protocol: Next Steps

- **May 31, 2012:** Public feedback due to HHSC on draft PFM Protocol.
 - HHSC will only accept public comments submitted via the feedback form.
 - Feedback forms can be submitted via:
 - Email: TXHealthcareTransformation@hhsc.state.tx.us
 - Fax: 512-491-1972
- **June 15, 2012:** HHSC submits protocol to CMS.
- **July 15, 2012:** CMS approval of protocol.
- **August 31, 2012:** RHP Plans due to HHSC.

Waiver Communications

- Find updated materials and outreach details:
 - <http://www.hhsc.state.tx.us/1115-waiver.shtml>
- Submit all questions to:
 - TXHealthcareTransformation@hhsc.state.tx.us