



Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver

Webinar for County Officials

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Background: Medicaid Waivers

- State Medicaid services are established in the State Medicaid Plan.
- The federal Center for Medicare & Medicaid Services (CMS) allows for exceptions to the state plan based on a waiver process.
- Waivers are subject to CMS approval and must be budget neutral.
 - 1115 waivers allow states to test innovative Medicaid services.

Background: Upper Payment Limit

- Supplemental payments made to hospitals for inpatient and outpatient services.
- Upper Payment Limit (UPL) is the difference between what Medicaid reimbursed for the service and what Medicare would have paid.
- The non-federal portion of UPL payments is matched with intergovernmental transfers (IGT).
 - IGTs are funded through local tax funds.

Background: Upper Payment Limit

- HHSC estimates that in FY 11, hospitals will receive \$2.7 billion in UPL payments.
- Current federal regulations do not allow UPL in a capitated managed care delivery system.
 - Managed care expansion without a waiver would result in an estimated loss of \$1 billion in UPL payments to Texas hospitals.

Changes to UPL Under the Waiver

- Under the Healthcare Transformation and Quality Improvement Program 1115 waiver, funding is redirected to:
 - Uncompensated Medicaid and indigent care.
 - Provide hospitals with financial incentives to:
 - Improve quality of care.
 - Support creation of a coordinated health system.
 - Contain costs.
 - Improve the patient experience of care.

Brief Review

Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver

- Managed care expansion
 - Allows statewide Medicaid managed care services.
 - Includes legislatively mandated pharmacy carve-in and dental managed care.
- Hospital financing component
 - Preserves upper payment limit (UPL) hospital funding under a new methodology.
 - Creates Regional Healthcare Partnerships (RHPs).
- Five Year Waiver 2011 – 2016

Brief Review

- Supplemental payments to hospitals for Medicaid enrollees
 - Based on the difference between Medicaid and Medicare.
 - Payments must include a state or local government match.
 - \$100 in spending: use \$40 in state or local funds to pull down \$60 in federal funds.
- Public hospitals can provide match for their own UPL payments
 - Private hospitals cannot provide match for their UPL payments.
 - Public hospitals or local entities (counties) can provide the match for private hospital UPL payments.

Brief Review

Under the waiver, trended historic UPL funds and additional new funds are distributed to hospitals through two pools:

- **Uncompensated Care (UC) Pool**
 - Costs of care provided to individuals who have no third party coverage for the services provided by hospitals or other providers (beginning in first year).
- **Delivery System Reform Incentive Payments (DSRIP)**
 - Support coordinated care and quality improvements through Regional Healthcare Partnerships (RHPs) to transform care delivery systems (beginning in later waiver years).

Current Status

- Waiver approved December 12, 2011.
- UPL payments have a one year transition through September 2012.
 - Funding to hospitals largely the same as under UPL program.
- Effective October 2012 payments to hospitals from the former UPL program will be made only through UC and DSRIP.

Impact on Local Entities

Get involved if you:

- Receive UPL funding.
- Provide state match for hospital UPL funding.
- Are interested in participating in this program.

Impact on Local Entities

- The waiver provides ways for local entities to access additional federal funding:
 - Through a program and process that is transparent and accountable for public funds.
 - To help pay for health-care services to individuals who are uninsured.
 - To help pay for “incentive” payments (DSRIP) for health-care related projects and investments to increase:
 - Access to health-care services.
 - Quality of health-care and health systems.
 - Cost/effectiveness of services and health systems.
 - Regional collaboration and coordination.

Impact on Local Entities

Local Entities with match funds can:

- Collaborate in regions with other local entities, hospitals, and other key stakeholders to create RHPs.
- Through RHP participation, determine:
 - Which hospitals to support with funds.
 - Which projects and what UC will be funded.
 - What regional collaborative projects to support with other local entities.

County Participation

Counties and local governments can:

- Join an RHP and contribute to regional planning.
- Participate in UC and DSRIP by:
 - Providing IGT.
 - Working with regional partners (e.g. hospitals, providers).
 - Planning and developing projects.

RHP Principles

- RHPs are formed around the hospitals currently receiving UPL and one of these would serve as an anchor.
- Anchors serve as the single point of contact, coordinate RHP activities, and serve administrative functions.
 - The anchor does not make decisions regarding other entities' funds.
- Develop plans to address local delivery system concerns with a focus on improved access, quality, cost-effectiveness, and coordination.
- RHP regions should reflect delivery systems and geographic proximity.
- UC and DSRIP pools are dependent on RHP plan participation.
- Waiver funds still go directly to hospitals (not to counties).
 - With an exception for regions without a public hospital.

RHP Stakeholder Participation

- RHPs shall provide opportunities for public input in plan development and review.
- HHSC is seeking broad local plan engagement including:
 - County medical associations/societies.
 - Local government partners.
 - Other key stakeholders.

RHPs and DSRIP

- Anchors will bring RHP participants and stakeholders together to develop plans for public input and review.
- Participants with match funds will select incentive projects and identify hospitals to receive payments based on incentive projects.
- Participating hospitals will report performance metrics and receive waiver incentive payments if metrics are reached.

Anchoring Entities

- As outlined in the Special Terms and Conditions, in RHPs with a public hospital, the anchoring entity must be a public hospital.
- In RHPs without a public hospital, the following entities may serve as the anchor:
 - A hospital district.
 - A hospital authority.
 - A county.
 - A State university with a health science center or medical school.

RHPs and DSRIP

- RHP Plans include:
 - Regional health assessments.
 - Participating local public entities.
 - Identification of hospitals receiving incentives and of yearly performance measures.
 - Incentive projects by DSRIP categories.
- RHPs and RHP plans do not:
 - Require four-year local funding commitments.
 - Determine health policy, Medicaid program policy, regional reimbursement, or managed care requirements.

DSRIP Category 1: Infrastructure Development

- Expand behavioral health care access.
- Expand primary and specialty care access.
- Enhance health promotion and disease prevention.
- Improve urgent and emergent care.
- Enhance Health Information Exchange and Health Information Technology for Performance Improvement and Reporting Capacity.

DSRIP Category 2: Program Innovation and Redesign

- Create and implement:
 - Strategies to impact Potentially Preventable Events.
 - Behavioral health delivery systems.
 - Delivery models using telemedicine.
 - End-of-life care models.
 - Health promotion and disease prevention improvements.
 - Strategies to reduce inappropriate ED use.
 - Medical Home Model.
 - Disease registry management.

DSRIP Category 3: Quality Improvements

Prevention improvements and/or management of:

- Behavioral health admissions
- Congestive heart failure
- Asthma
- Diabetes
- Healthcare-acquired Infections
- HIV
- Hypertension
- Medication management
- Obesity
- Potentially preventable admissions
- Pre-39 week elective induction
- Birth trauma rate
- Central line-associated bloodstream infections
- Surgical site infections
- Stroke/chest pain

DSRIP Category 4: Population-focused Improvement

- Patient-centered care & care coordination.
- Preventative health.
- At-risk populations (e.g. diabetes).

Pool Funding Distribution

Pool Funding Distribution in Billions

Pool Type	DY* 1 (2011-2012)	DY 2 (2012- 2013)	DY 3 (2013- 2014)	DY 4 (2014-2015)	DY 5 (2015-2016)	Totals
Total/DY	\$4.2	\$6.2	\$6.2	\$6.2	\$6.2	\$29
% UC	88%	63%	57%	54%	50%	60%
% DSRIP	12%	37%	43%	46%	50%	40%

DY = Demonstration Year

FY 2011 UPL hospital payments: \$2.8 billion per year.

Under Development

- Allowable sources of match
 - intergovernmental transfer or IGT for the waiver.
- Determination of statewide requirements
 - for UC and DSRIP allocations within RHPs.
- RHP map.
- Menu of DSRIP projects and metrics.
- RHP plan template.
- Project values
 - incentive payments within plans.

Stakeholder Outreach

- Through the Executive Waiver Committee (EWC), HHSC is working with hospitals and local and county officials to share information and seek input on the implementation of the waiver.
- EWC members include representatives from:
 - Texas Association of Counties
 - County Judges & Commissioner Association of Texas
 - Texas Association of Local Health Officials
 - Texas Organization of Rural & Community Hospitals
 - Texas Hospital Association
 - Texas Medical Association
 - Children's Hospital Association of Texas
 - Texas Coalition of Transferring Hospitals
 - Texas Association of Voluntary Hospitals
 - Teaching Hospitals of Texas

Next Steps

- March 1, 2012 - UC protocol submitted to CMS
- March - April 2012 - Preliminary RHP participants meet and establish RHP areas.
- May 1, 2012 - All RHP regions should be formed.
 - HHSC will provide a form that can be submitted via the waiver email address to confirm RHP regions.

Next Steps

- August 31, 2012 – Due to CMS:
 - Finalized RHP regions.
 - DSRIP menu of projects and payment protocol.
- September 1, 2012 – RHP plans due to HHSC.
- October 31, 2012 - Final RHP plans due to CMS.

Contact Information

- Waiver website:
 - <http://www.hhsc.state.tx.us/1115-waiver.shtml>
- Waiver email address:
 - TXHealthcareTransformation@hhsc.state.tx.us

Takeaway Points

- Anchors do not control the funding for IGT entities. Each IGT entity will direct where and to whom they would like to fund.
 - Anchors are administrative entities serving as the single point of contact, organizes stakeholder meetings, and compiles the RHP Plan.
- This is not a block grant opportunity - local match is required and determined by IGT entities.
- This is a voluntary program.
- All projects must be from the DSRIP menu.
- Send inquiries to TXHealthcareTransformation@hhsc.state.tx.us for timely response.