



Presentation to House County Affairs Committee on Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver Update

**Thomas Suehs, Executive Commissioner
Billy Millwee, Deputy Executive Commissioner
for Health Services Operations**

January 17, 2012

Transformation Waiver Background

- 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.

Transformation Waiver Purpose

- Develop Regional Healthcare Partnerships (RHPs).
- Expand range of reimbursement eligible uncompensated care services.
- Develop delivery system improvements incentives.

Waiver Pools

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 RHPs to transform care delivery systems (beginning in later waiver years).

RHP Principles

- RHPs are formed around the hospitals that today are currently receiving UPL, and one of these would serve as an anchor.
- Anchors serve as the single point of contact and coordinate RHP activities.
- Develop plans to address local delivery system concerns with a focus on improved access, quality, cost-effectiveness, and coordination.
- RHP should reflect delivery systems and geographic proximity.
- UC and DSRIP pools are dependent on RHP plan participation.

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 will select incentive projects and identify hospitals to receive payments based on incentive projects.
- Participating hospitals will report performance metrics and receive state incentives if metrics are reached.

RHPs and DSRIP

- RHP Plans include:
 - Regional health assessments.
 - Participating local public entities.
 - Hospitals receiving incentives and 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 primary and specialty care access.
- Increase behavioral health care access.
- Improve performance and reporting capacity.
- Develop and expand telemedicine use.
- Increase prenatal and healthy birth care access.
- Enhance health promotion and disease prevention.

DSRIP Category 2: Program Innovation and Redesign

- Create and implement:
 - Disease registry management.
 - Medical Home Models and Care Coordination Initiatives.
 - Innovations in pregnant women care and infant delivery.
 - Health promotion and disease prevention improvements.
 - Appointment redesign and referral processes.
 - Post-discharge coordination models.
 - Reduce inappropriate ER use.
 - Alternative financing models.

DSRIP Category 3: Quality Improvements

Improvements in prevention and management of:

- Diabetes.
- Asthma.
- Congestive heart failure.
- HIV care.
- Hypertension.
- Obesity.
- Stroke/chest pain.
- Medication management.

Reduction in:

- Surgical site infections and birth trauma rates.
- Behavioral health inpatient admissions.

DSRIP Category 4: Population-focused Improvement

- Patient/care giver experience.
- Care coordination.
- Preventative health.
- At-risk populations.

Under Development

- Determination of statewide requirements for UC and DSRIP allocations within RHPs.
- Project values (incentive payments within plans).
- Roles and potential IGT/General Revenue of Health Science Centers.
- Other possibilities - IGT/General Revenue full waiver pools.

Stakeholder Outreach

HHSC has conducted meetings and presentations to inform stakeholders about the waiver. These meetings include, but are not limited to, the following:

- July 21, 2011 – Regional Advisory Committee waiver summary.
- September 15, 2011 – House County Affairs Interim Committee Hearing.
- October 11, 2011 – Texas Teaching Hospital law seminar presentation.
- October 20, 2011 – Regional Advisory Committee waiver update.
- October 21, 2011 – CHIP coalition meeting and presentation to the Texas Medical Association.
- October 25, 2011 – Healthcare Financial Management Association presentation.
- November 21, 2011 – STAR+PLUS stakeholders quarterly meeting presentation.
- December 2, 2011 – Community mental health association member webinar.

Stakeholder Outreach

- Through the Executive Waiver Advisory Committee, HHSC is working with hospitals and local and county officials to share information and seek input on the implementation of the waiver.
- HHSC created a rural Texas workgroup on to identify waiver implications for rural areas and to assist in outreach coordination and RHP development.
 - Workgroup consists of associations representing counties, rural hospitals, and county commissioners and judges.
 - Four meetings held since September 2011.

Next Steps

- February 2012 - Establish preliminary RHP areas and participants.
 - Rural and South Texas - Continue planning discussions and outreach with:
 - IGT transferring entities.
 - Texas Organization of Rural and Community Hospitals
 - Texas Association of Counties.
 - County Judge and Commissioners Association of Texas.

Next Steps

- March 1, 2012 - UC protocol submitted to CMS
 - HHSC working with Deloitte and hospital representatives.
- August 31, 2012 – Due to CMS:
 - Finalized RHP regions.
 - DSRIP menu of projects and payment protocol.
- October 31, 2012 - Final RHP plans due to CMS.