



Texas Healthcare Transformation and Quality Improvement Waiver Update

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Healthcare Transformation Waiver**

Transformation Waiver Overview

- **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**

UC and DSRIP

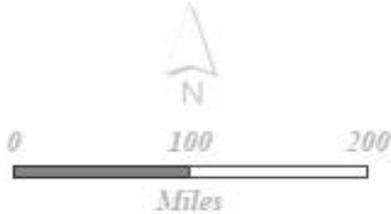
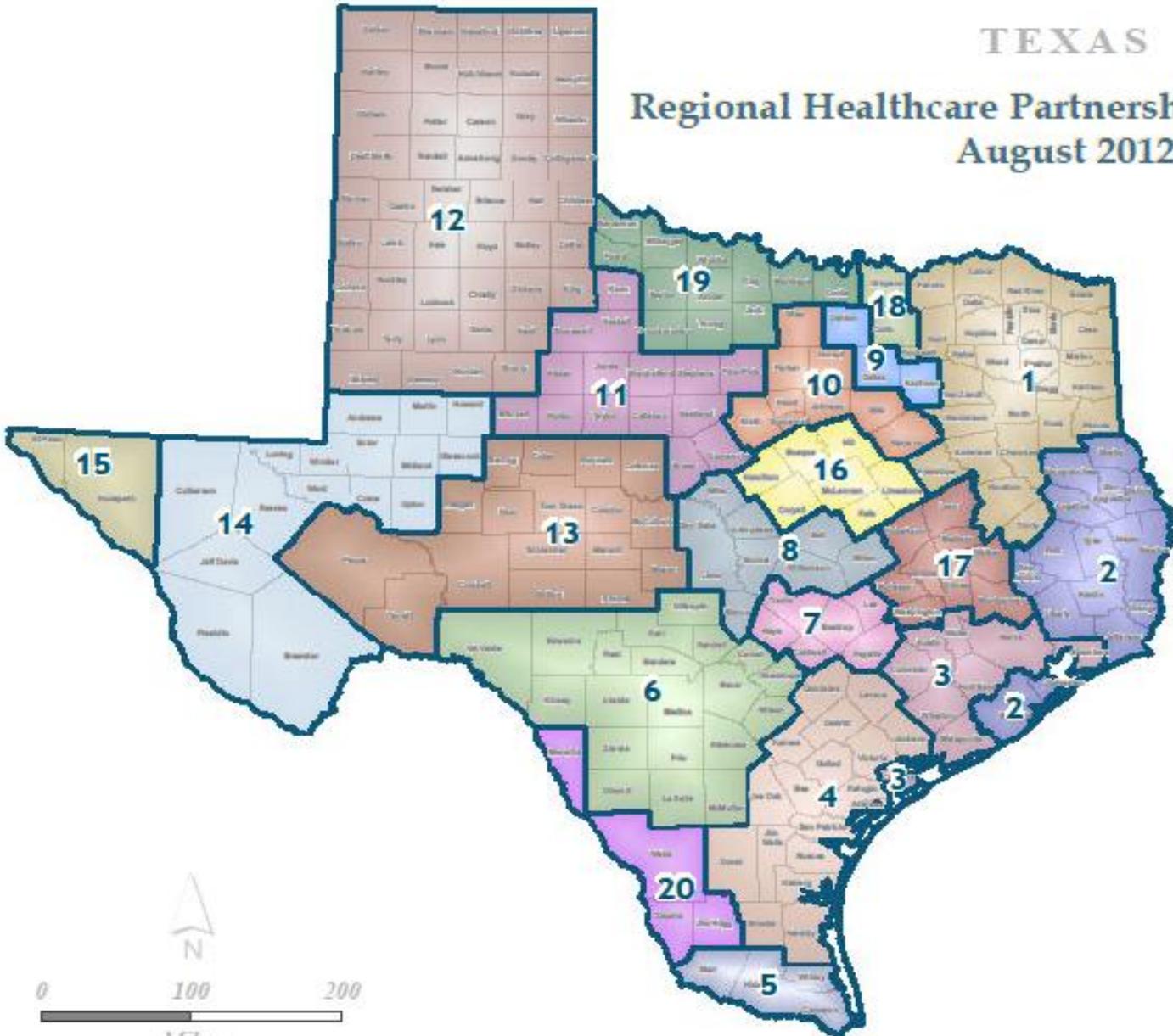
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- Under the waiver, historic Upper Payment Limit (UPL) funds and new funds are distributed to hospitals and other providers through two pools:
 - **Uncompensated Care (UC) Pool**
 - Replaces UPL under a new methodology, and includes new services
 - Costs for care provided to individuals who have no third party coverage for hospital and other services and Medicaid underpayment
 - **Delivery System Reform Incentive Payments (DSRIP) Pool**
 - New program to support coordinated care and quality improvements through Regional Healthcare Partnerships (RHPs)
 - Transform delivery systems to improve care for individuals (including access, quality, and health outcomes), improve health for the population, and lower costs through efficiencies and improvements

Regional Healthcare Partnerships

- In May 2012, HHSC established 20 RHPs:
 - Each RHP is anchored by a public hospital or other public entity
 - Each RHP will submit an RHP plan no later than December 31, 2012, that outlines priority community needs and DSRIP projects to improve regional health care delivery
- Effective October 1, 2012, hospitals and other providers must participate in a Regional Healthcare Partnership (RHP) to access UC and DSRIP funds.

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Regional Healthcare Partnership (RHP) Regions August 2012



Map Prepared by: Strategic Decision Support Department,
Texas Health and Human Services Commission,
August 7, 2012

Waiver Milestones

- In July 2012, CMS approved UC applications for hospital and physician practice plan services to document their UC costs.
- Texas Administrative Code reimbursement rules became effective in July 2012:
 - Hospital specific limit methodology is used in the calculation of a hospital's uncompensated care waiver payments and disproportionate share hospital program payments
- HHSC posted pre-populated UC applications on its website in September 2012.

Waiver Milestones

- CMS approved the Program Funding and Mechanics (PFM) protocol on August 31, 2012.
 - This protocol provides DSRIP requirements including: DSRIP eligibility criteria, minimum number of DSRIP projects, RHP plan organization, plan review process, required reporting, allocation of DSRIP funds, project valuation, and plan modifications.
- CMS approved the RHP Planning protocol (DSRIP menu of projects) on September 26, 2012.
- Texas Administrative Code DSRIP program rules became effective October 31, 2012.

Waiver Milestones

- Hospitals and physician practice plan UC applications were due to HHSC by November 9, 2012.
- Some hospitals will receive advance UC payments for Demonstration Year 1 in October or November 2012:
 - Hospitals that received disproportionate share hospital program payments in 2012
 - Hospitals currently receiving waiver transition payments
- The 20 RHPs have submitted a subset of their RHP plans to HHSC
 - Community needs assessment (October 31, 2012)
 - Pass 1 projects (November 16, 2012)

Upcoming Deadlines

- Final RHP plans are due to HHSC on December 31, 2012.
- HHSC and CMS will review and approve projects in early 2013.
- UC payments for Demonstration Year 1 for all hospitals are scheduled for disbursement beginning early 2013.

Waiver Communications

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