



Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver Update

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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
 - UPL hospital payments: \$2.8 billion per year.



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.
- How to Participate?



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.



RHPs 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, coordinate RHP activities, and serve administrative functions.
 - Members' intergovernmental transfer (IGT) funding does not flow through the anchor.
 - 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 a rural exception.



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.



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 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 emergency room 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.



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
UC	\$3.7	\$3.9	\$3.534	\$3.348	\$3.1	\$17.582
DSRIP	\$0.5	\$2.3	\$2.666	\$2.852	\$3.1	\$11.418
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%



Under Development

- RHP governance structures.
- Allowable sources of match (intergovernmental transfer or IGT) for the waiver.
- 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.



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 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.
 - Meetings began September 2011.



Next Steps

- February 2012 - Establish preliminary RHP areas and participants.
 - Large urban areas with hospital districts (South Texas, Big Country, East Texas/Tyler and UTMB Corridor).
 - Rural Texas - Continue discussions with:
 - IGT transferring entities.
 - Texas Organization of Residential Care Homes.
 - 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.