



# COLLIN COUNTY

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May 31, 2012

The Honorable Jodie Laubenberg  
206 N. Murphy Rd.  
Murphy, TX 75094

Dear Representative Laubenberg,

We are now several months into the Medicaid 1115 Waiver design process, and I want to report to you what we have discovered and continue to discover.

We believe that Collin, Denton, Grayson, and Rockwall counties will be designated Regional Healthcare Partnership (RHP) 18 with Collin County as the anchor for administrative purposes.

There are a number of acronyms in the program; I chose to generally not use them.

The most significant aspect of the waiver program when it was first introduced to counties was the voluntary participation in any additional Intergovernmental Transfer (IGT) funds in the form of public tax dollars. Of course, it was immediately apparent that the huge increase in federal match dollars available to the program required a substantial increase in local tax dollars in order to pull down the match. This issue remains the single most important to the program.

Under the draft Texas Transformation and Quality Improvement Program 1115 Waiver Program Funding and Mechanics Protocol, it is now mandatory that groupings of counties, known as Regional Healthcare Partnerships (RHP), must initiate new Medicaid programs or significantly enhance current programs, each requiring additional local tax dollars in order to pull down federal match dollars. It is not longer voluntary.

As the State led us through the design process, it became increasingly apparent that the federal government is now making program design decisions. The State is making a valiant effort to protect the counties from federal decisions, but the Texas legislature has effectively made Texas counties agents of the federal government for Medicaid funding under this waiver.

Some traditional Medicaid programs are happy with the 1115 Waiver. That is because the dollars involved were so large that provisions were made to continue traditional funding streams. In addition, other provider organizations are happy with the new waiver because they can now get current expenditures matched with federal funds through the 1115 waiver process. However, this maintains the status quo or adds federal match for current programs. Since one of the fundamental federal goals of the 1115 Medicaid Waiver program is to increase numbers of citizens receiving Medicaid services (increased access) in exchange for the huge increase in federal match dollars, maintenance of current programs will not achieve that goal.

Even if every effort to match current expenditures is successful, the fundamental federal goal to add numbers of Medicaid recipients will not be achieved.

Therefore, I do not believe that these efforts will ultimately be successful, and the federal government will require new programs funded by new dollars, or significantly enhanced current

projects offering increased access. And apparently the federal government will offer "suggestions" on local project design, giving more federal control over local projects. This control is still evolving, and will become clearer once projects are actually submitted for federal approval.

We see the mandatory nature of the 1115 Waiver in the requirements for new programs in the draft protocol. There are defined numbers of mandatory new programs, however, the 1115 Waiver was initially briefed to counties as a voluntary program, "You must belong to an RHP, but there is no requirement to participate with new tax dollars." In our case, the State is attempting to help us by defining RHP 18 as a rural RHP rather than an urban RHP since that lowers the number of required new programs, but there will be a requirement for new tax dollars.

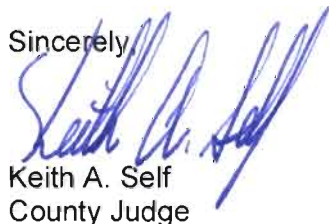
The sanction for RHP 18, should the member counties choose to not fund required programs, would be to cut the traditional Medicaid funding to our hospitals, formerly known as UPL.

To highlight the belief that the federal government is in charge of 1115 Waiver program design: no one knows how programs submitted for approval and federal match will be valued. We have been told that it will not be cost-based, although beyond that, no decisions have apparently been made. With an unknown match funding formula, it will be difficult to make budget decisions on new programs to fund.

The bottom lines are these:

- 1) The program is no longer described as voluntary. Some as-yet-undetermined increase in additional local tax dollars will be necessary in order to pull down the increase in federal dollars. Most efforts to date are to protect current match or to add match for current spending.
- 2) The federal government is now making design decisions and requiring new programs by each RHP, including a 4-year funding commitment, although State law precludes multi-year funding commitments other than debt.
- 3) The 1115 Waiver Program is still evolving, and more federal control is evident as it evolves; particularly toward federal ability to mandate local tax dollars be allocated to new Medicaid projects. I hope that was not the intent of the legislature.

Sincerely,



Keith A. Self  
County Judge

c: Rep. Jerry Madden  
Rep. Ken Paxton  
Rep. Van Taylor  
Senator Florence Shapiro  
Senator Craig Estes