



Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver

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March 5, 2015

Transformation Waiver Overview

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

Uncompensated Care (UC) and DSRIP

- Under the waiver, historic UPL funds and new funds are distributed to hospitals and other providers through two pools
 - Uncompensated Care (UC) Pool
 - Replaces UPL
 - Costs for care provided to individuals who have no third party coverage for hospital and other services
 - Delivery System Reform Incentive Payment (DSRIP) Pool
 - New incentive program to support coordinated care and quality improvements through 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
- Both UC and DSRIP rely on intergovernmental transfers (IGT) from public entities to fund the non-federal share of payments at the Medicaid matching rate, or about 42 percent.

UC & DSRIP Pool Funding Distribution (All Funds)

Type of Pool	DY 1 (2011-2012)	DY 2 (2012- 2013)	DY 3 (2013- 2014)	DY 4 (2014-2015)	DY 5 (2015-2016)	Totals
UC	3,700,000,000	3,900,000,000	3,534,000,000	3,348,000,000	3,100,000,000	\$17,582,000,000
DSRIP	500,000,000	2,300,000,000	2,666,000,000	2,852,000,000	3,100,000,000	\$11,418,000,000
Total/DY	4,200,000,000	6,200,000,000	6,200,000,000	6,200,000,000	6,200,000,000	\$29,000,000,000
% UC	88%	63%	57%	54%	50%	60%
% DSRIP	12%	37%	43%	46%	50%	40%

Uncompensated Care

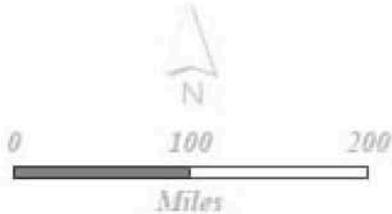
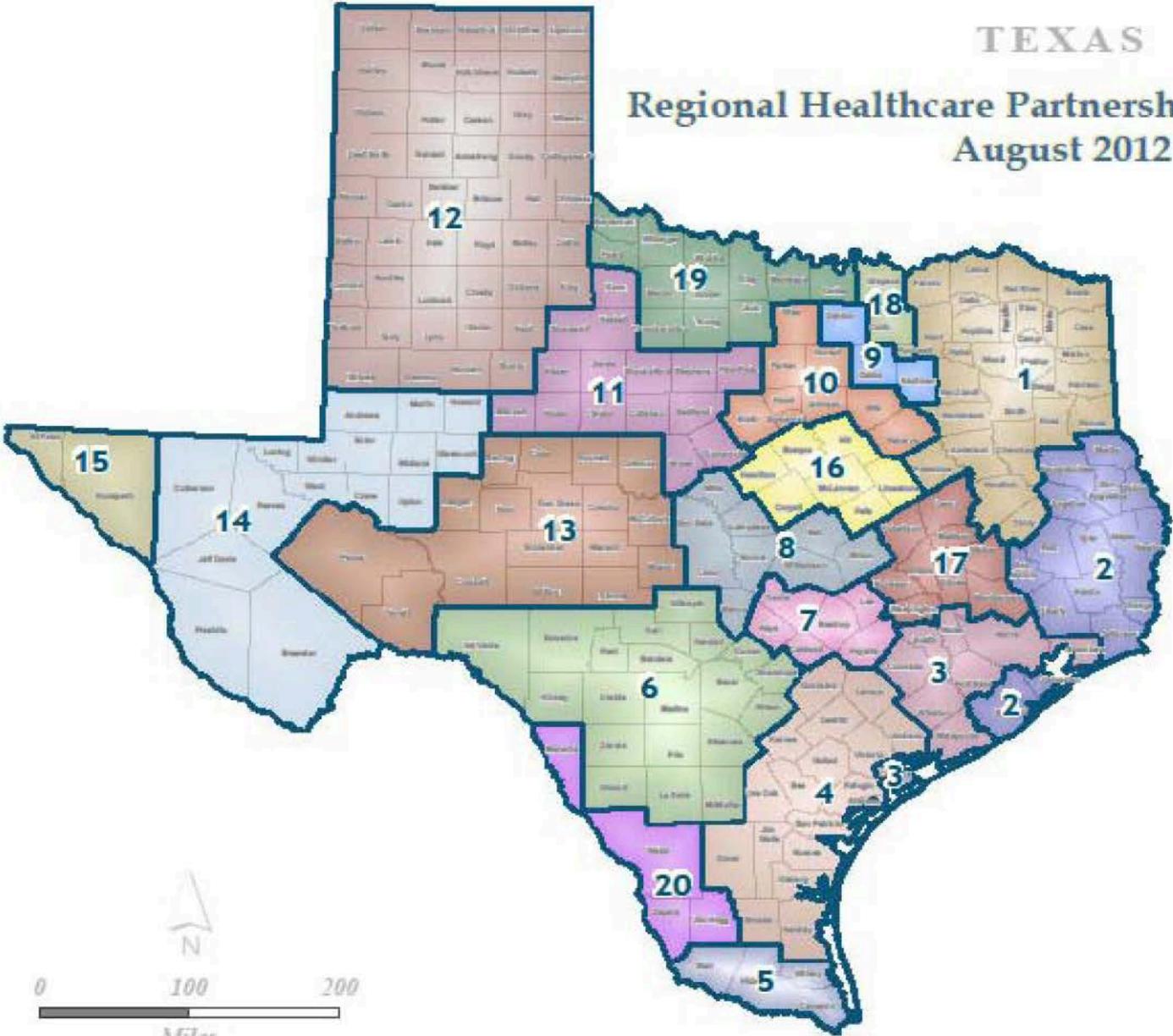
- The following types of providers are eligible to earn UC funds based on allowable costs:
 - Hospitals (public and private)
 - Public physician groups
 - Public ambulance providers
 - Public dental groups
- These are the same types of providers that formerly participated in UPL programs.

Regional Healthcare Partnerships

- Beginning October 1, 2012, to participate in DSRIP and UC, hospitals and other providers must participate in a Regional Healthcare Partnership (RHP).
- In May 2012, HHSC established 20 RHPs:
 - Each RHP is anchored by a public hospital or other public entity.
 - Each RHP submitted an RHP Plan by December 31, 2012, that outlined priority community needs and DSRIP projects to improve regional health care delivery.

TEXAS

Regional Healthcare Partnership (RHP) Regions August 2012



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

What is DSRIP?

- DSRIP is an incentive program to transform delivery systems through infrastructure development and testing innovative care models.
- DSRIP funds must be earned based on achievement of project-specific metrics each year.
 - Different than Medicaid fee-for-service or encounter-based payments
 - Projects earn funds by establishing project infrastructure, serving additional patients, showing improvements in outcomes, and continuous quality improvement.

- Advance the Triple Aim:
 - Better care for individuals (including access, quality and health outcomes)
 - Better health for populations
 - Reduced per person costs of providing care
- Texas DSRIP focuses on both the Medicaid and Low Income Uninsured populations

- 1,485 active DSRIP projects
- 305 providers – hospitals (public and private), physician groups, community mental health centers, and local health departments
- Major project focuses:
 - Over 25% - behavioral healthcare
 - 20% - access to primary care
 - 18% - chronic care management and helping patients with complex needs navigate the healthcare system
 - 9% - access to specialty care
 - 8% - health promotion and disease prevention
- Over \$4.5 billion earned

- The waiver expires on September 30, 2016.
- Per the Texas waiver terms:
 - HHSC must submit a transition plan to the Centers for Medicare & Medicaid Services (CMS) by March 31, 2015, based on the experience with the DSRIP pools, actual uncompensated care trends in the State, and investment in value based purchasing or other reform options.
 - HHSC must submit a renewal request to CMS no later than September 30, 2015, to request to extend/renew the waiver.

Pool Transition Plan Due March 2015

- For the March transition plan submission, HHSC will convey the continued need for both UC and DSRIP funds in Texas.
- Texas' UC burden has not decreased, and the existing funding sources do not offset all UC costs for Medicaid and uninsured patients.
- Regarding DSRIP, more time is needed to evaluate project outcomes and lessons learned.
 - Texas' projects were approved 1 ½ to 2 ½ years into the 5 year waiver, so still are relatively early in implementation.
 - Outcomes baseline data was reported in October 2014 to measure outcomes improvements in years 4 & 5 of the waiver.
 - Early results indicate many promising projects, but more information is needed to identify best practices and how to sustain and replicate them.

Timeline to Develop Renewal Request

- Renewal request due to CMS September 30, 2015
- A waiver renewal request must:
 - Meet public notice requirements.
 - Include a demonstration summary, demonstration objectives, and provide evidence of how objectives were met.
- HHSC is working with Texas stakeholders to inform the waiver renewal request.
- HHSC plans to draft the renewal request by May 2015 pending State Leadership direction during the 84th Legislative Session.
- HHSC will hold stakeholder meetings regarding the renewal request around the state during summer 2015.

Waiver Communications

- Find updated materials and outreach details:
 - <http://www.hhsc.state.tx.us/1115-waiver.shtml>