



Texas Healthcare Transformation  
and Quality Improvement Program  
1115 Waiver Update

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# Brief Review

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## 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

## Brief Review

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- 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

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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

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- 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

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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

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- 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.

# Impact on Local Entities

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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.



# RHP Principles

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- RHPs are formed around the hospitals 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.
  - 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 an exception for regions without a public hospital.

# RHP Stakeholder Participation

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- 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

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- 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

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- 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

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- Expand behavioral health care access.
- Expand primary and specialty care access.
- Enhance health promotion and disease prevention.
- Improve urgent and emergent care.
- Enhance Health Information Exchange and Health Information Technology for Performance Improvement and Reporting Capacity .

# DSRIP Category 2: Program Innovation and Redesign

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- Create and implement:
  - Strategies to impact Potentially Preventable Events.
  - Behavioral health delivery systems.
  - Delivery models using telemedicine.
  - End-of-life care models.
  - Health promotion and disease prevention improvements.
  - Strategies to reduce inappropriate ED use.
  - Medical Home Model.
  - Disease registry management.

# DSRIP Category 3: Quality Improvements

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Prevention improvements and/or management of:

- Behavioral health admissions
- Congestive heart failure
- Asthma
- Diabetes
- Healthcare-acquired Infections
- HIV
- Hypertension
- Medication management
- Obesity
- Potentially preventable admissions
- Pre-39 week elective induction
- Birth trauma rate
- Central line-associated bloodstream infections
- Surgical site infections
- Stroke/chest pain

# DSRIP Category 4: Population-focused Improvement

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- Patient-centered care & care coordination.
- Preventative health.
- At-risk populations (e.g. diabetes).



# 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
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%

**DY = Demonstration Year**

FY 2011 UPL hospital payments: \$2.8 billion per year.

## Under Development

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- 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).

# Stakeholder Outreach

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- Through the Executive Waiver 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

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- March 1, 2012 - UC protocol submitted to CMS
- March - April 2012 - Preliminary RHP participants meet and establish RHP areas .
- May 1 - All RHP regions should be formed. HHSC will provide a form that can be submitted via the waiver email address to confirm RHP regions.
- August 31, 2012 – Due to CMS:
  - Finalized RHP regions.
  - DSRIP menu of projects and payment protocol.
- September 1, 2012 – RHP plans due to HHSC.
- October 31, 2012 - Final RHP plans due to CMS.

# Contact Information

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- Waiver website:
  - <http://www.hhsc.state.tx.us/1115-waiver.shtml>
- Waiver email address:
  - [TXHealthcareTransformation@hhsc.state.tx.us](mailto:TXHealthcareTransformation@hhsc.state.tx.us)

## Takeaway Points

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- Anchors do not control the funding for IGT entities. Each IGT entity will direct where and to whom they would like to fund.
  - Anchors are administrative entities serving as the single point of contact, organizes stakeholder meetings, and compiles the RHP Plan.
- This is not a block grant opportunity - local match is required and determined by IGT entities.
- This is a voluntary program.
- All projects must be from the DSRIP menu.
- Send inquiries to [TXHealthcareTransformation@hhsc.state.tx.us](mailto:TXHealthcareTransformation@hhsc.state.tx.us) for timely response.