



TEXAS HOSPITAL ASSOCIATION

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Sent via email to
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RE: *§354.1445 - Potentially Preventable Readmissions, §354.1446 - Potentially Preventable Complications, §355.8052 - Inpatient Hospital Reimbursement, §355.8061 - Outpatient Hospital Reimbursement published in the June 26, 2015 Texas Register.*

Dear Ms. Doan, Mr. Niemeyer and Ms. Skaggs:

On behalf of its more than 450 member hospitals and health systems, the Texas Hospital Association appreciates the opportunity to provide comment on the agency's proposed rules for adjusting Medicaid payments for potentially preventable readmissions and complications, hospital trauma and safety-net inpatient rate add-ons and hospital outpatient payment adjustments. For most hospitals implementation of these rules represent the only increase in Medicaid payment rates for many years. We know that agency personnel provided invaluable support to the Texas Legislature during the recent Legislative session, and we appreciate the efforts made by staff in developing and proposing these rules.

Potentially Preventable Readmissions and Complications

Texas hospitals appreciate the fact that, consistent with Legislative direction the agency is providing an incentive payment for hospitals that achieve high quality patient care standards. In accordance with other sections of the rule, **our hospitals would support an approach to rulemaking that provides a higher degree of specificity** as to the exact amount of Potentially Preventable Readmissions and Potentially Preventable Complications adjustments for qualified hospitals.

We understand that the agency is continuing to work out the details of the quality incentive payment adjustment with its partner, the Centers for Medicare and Medicaid Services and we look forward to working with the agency on a communication plan with hospitals once the outcome is known. In addition, as noted in our comments below, we look forward to working with the agency to ensure that incentive payments built into Medicaid MCO capitation rates, if any are passed through to the appropriate hospital in the correct amount.

Finally on this rule our association would like to again comment on the state's Medicaid readmissions policy. While hospitals across the state are working every day to reduce readmissions caused by clinical care practices, there are many other factors beyond the hospital's control that can be a factor in a readmission. These factors include, but are not limited to - inadequate management of follow-up care, lack of member education by Medicaid Managed Care Organizations, socio-demographic factors like extreme poverty and lack of access to supportive services in the community that aid post-hospitalization recovery and chronic care management. These factors are detrimental and certainly increase the risk of readmission.

Inpatient Hospital Reimbursement

Our hospitals appreciate the hard work performed by the agency in developing the rule changes mandated by the 84th Texas Legislature. The agency is implementing two major changes to the inpatient payment rule:

- Increasing the amount of the existing hospital trauma add-on; and
- Developing a safety-net add-on targeting the state's safety-net hospitals, including those hospitals that treat high percentages of Medicaid and low income uninsured patients.

In developing these two add-on payments our hospitals respectfully request that the agency:

- Publish both summarized and detailed data of the calculation, including the number of cases and case mix used to determine the amount of each add-on;
- Allow hospitals the opportunity to review and appeal the published data used by THHC for the calculation; and
- Form an informal, ad-hoc hospital workgroup to review initial data runs and provide recommendations to the agency on policy questions addressed by the agency in determining the rates.

In addition *Section 59 of Special Provisions Relating to all Health and Human Services Agencies* of House Bill 1 directs the Commission to make sure that Medicaid MCOs pass through payment rate increases built into their capitation rate. Section 59 language states:

“To the extent possible, HHSC shall ensure, that any funds included in Medicaid managed care capitation rates are distributed by the managed care organizations to the hospitals.”

To achieve the mandate provided in section 59 our hospitals respectfully request that the agency:

- Provide all of the MCOs with the updated payment schedules prepared by the agency;
- Develop and publish detailed instructions for MCO payment of the add-ons on the agency's **Notices and Alerts for Managed Care Organizations** web page:
<http://www.hhsc.state.tx.us/medicaid/managed-care/mco-notices.shtml>;
- Educate and provide background information to the MCOs on the importance of the add-on for safety-net hospitals; and
- Review and report the MCO's performance related to this legislative mandate.

Section §355.8052(d)(8) of the rule is a new paragraph that describes the eligibility criteria, calculation method and reconciliation for the safety-net add-on. Section (C) of the paragraph establishes a reconciliation and recoupment process for safety-net hospitals. The proposed rule provides that:

(C) Reconciliation. Effective for costs and revenues accrued on or after September 1, 2015, HHSC may perform a reconciliation for each hospital that received the safety-net add-on to identify any such hospitals with total Medicaid reimbursements for inpatient and outpatient services in excess of their total Medicaid and uncompensated care inpatient and outpatient costs. For hospitals with total Medicaid reimbursements in excess of total Medicaid and uncompensated care costs, HHSC may recoup the difference.

While we understand why the agency included this particular language, **our hospitals respectfully disagree with this provision and recommend that it be removed from the rule.** We argue that the establishment of **reconciliation and recoupment process is not appropriate in a prospective rate setting environment.**

The purpose of a prospective rate is to control cost by setting a known, pre-determined rate for performance of services. By setting this rate in advance, state budget makers need only to accurately project the volume of services provided to estimate total costs, and hospitals are able to estimate their payment and make operating decisions accordingly.

Outpatient Hospital Reimbursement

Our hospitals support the agency's efforts to implement the provisions in Section 58 of House Bill 1 passed by the 84th Texas Legislature. Specifically our hospitals strongly support increasing overall hospital outpatient reimbursements and reimbursement for outpatient emergency department services that do not qualify as emergency visits.

Finally, should you have any questions about our comments, please contact me at 512/465-1056, rschirmer@tha.org, or John Berta 512/465-1556 jberta@tha.org.

Sincerely,



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cc. Pam McDonald, Texas Health and Human Services Commission
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