



Texas Hospital Association

MILESTONES FOR Texas' New Medicaid 1115 Waiver

In late December, the Centers for Medicare & Medicaid Services approved a new five-year, approximately \$25 billion Medicaid 1115 Waiver for Texas. While maintaining significant funding for uncompensated care payments and Delivery System Reform Incentive Payments, the Waiver implements two major changes:

1. Transitioning from use of the current "UC tool" to a modified S-10 Worksheet to calculate and distribute UC payments based on hospital charity care costs alone. Medicaid shortfall and bad debt costs no longer will be allowed.
2. Winding down DSRIP projects and funding.

The terms of the new Waiver establish a timeline for Texas to implement these changes and penalties for not achieving milestones.

Additional information on the Medicaid 1115 Waiver is available from www.tha.org/waiver.

OCT. 2017 -
SEPT. 2018

UC + DSRIP = \$6.2 billion

DEC. 21, 2017 CMS approves a new 5-year Medicaid 1115 Waiver, through Sept. 2022.

JAN. 20, 2018 Deadline for CMS to approve THHSC's proposed requirements for provider participation in DSRIP. THHSC submitted the proposal last year but is working with CMS to amend it for compliance with the new Waiver requirements.

MARCH 30, 2018 THHSC submits to CMS draft UC funding policy to guide how costs and revenue for eligible charity care are defined. CMS is expected to approve within 90 days.

JULY 31, 2018 THHSC proposes rules to implement the new UC funding policy; hospitals will have the opportunity to comment.

OCT. 2018 -
SEPT. 2019

UC + DSRIP = \$6.2 billion

JAN. 30, 2019 THHSC finalizes rules to implement the new UC funding policy.

MAY 1, 2019 THHSC submits to CMS a draft revised tool for providers to apply for UC funds.

AUG. 31, 2019 Deadline for CMS to approve revised UC application tool.

SEPT. 30, 2019 Deadline for amended rules to take effect.

OCT. 2019 -
SEPT. 2020

UC = TBD DSRIP ≤ \$2.9 billion

OCT. 1, 2019 UC pool is resized based on hospital-reported 2017 S-10 charity care costs. Payments to hospitals will be based on the new UC funding policy.

THHSC submits to CMS the draft DSRIP transition plan outlining how delivery system reforms can continue without DSRIP funding and/or phase out DSRIP-funded activities. DSRIP transition plan must be finalized within 6 months of submission.

OCT. 2020 -
SEPT. 2021

UC = TBD DSRIP ≤ \$2.5 billion

OCT. 1, 2020 UC pool is resized based on hospital-reported 2017 S-10 charity care costs. Payments to hospitals will be based on the new UC funding policy.

OCT. 2021 -
SEPT. 2022

UC = TBD DSRIP = \$0

OCT. 1, 2021 UC pool is resized based on hospital-reported 2017 S-10 charity care costs. Payments to hospitals will be based on the new UC funding policy.