

Texas Medicaid Waiver Renewal - Summary

Background

- Initial waiver: December 2011 - September 2016; 15 month extension to December 2017.
- The waiver expanded managed care; established Uncompensated Care (UC) and Delivery System Reform Incentive Payments (DRIP) pools. Cumulative combined pool size: \$29.5 billion over initial five years.
- UC pool funding supports hospitals (inpatient, outpatient, physician, mid-levels, pharmacy, and clinic costs), certain physician provider groups, government ambulance providers, and government dental providers.
- DSRIP pool funding supports hospitals, physician practices affiliated with academic health science centers, community mental health centers, and local health departments.
- Other payment programs (Network Access Improvement Program - NAIP, Quality Incentive Payment Program - QIPP, Uniform Hospital Rate Increase Program - UHRIP) were developed using the available Budget Neutrality (BN) room under the waiver.

Renewal

- Waiver renewal Standard Terms and Conditions (STCs) finalized on December 21, 2017 for five years from October 2017 to September 2022 - Demonstration Years (DY) 7 - 11.
- Managed care will continue statewide.
- CMS requires significant changes in UC and DSRIP pool sizes and administration under the renewal.
- QIPP, NAIP, UHRIP and other similarly configured programs can continue within approved BN room.

UC Pool and Payment Changes

- Pool size will be approximately \$3.1 billion in DY 7 and DY 8. Pool sizes for DY 9 - 11 will be resized based on hospital charity care costs provided in Federal Fiscal Year (FFY) 2017.
- It will be essential for all providers to accurately report charity care costs for 2017 for the resizing exercise. The UC pool size may temporarily default to a reduced amount of \$2.3 billion for DY 9 - 11 until all charity costs are accurately reported. The pool will ultimately be reconciled to reflect the final charity care data and may be more or less than \$2.3 billion depending on the data.
- Charity care costs will be determined by information in Worksheet S-10 of the Medicare hospital cost report (Form CMS-2552-10). For hospitals not required to complete the S-10, which are primarily children's, cancer, and rehabilitation hospitals, and Institutions of Mental Disease) and for non-hospital qualifying providers, an alternate methodology using CMS-approved cost reports will be used to determine charity costs.
- Beginning in DY 9, UC pool payments will be based on charity costs incurred by qualifying providers and must exclude amounts for Medicaid shortfall as CMS prefers that reimbursement rates be adequate to cover Medicaid costs. Providers receiving both DSH and UC payments cannot be paid more than total eligible uncompensated costs.
- The UC payment protocol must include precise definitions of eligible uncompensated provider charity care costs for each qualifying provider type.

UC Protocol and Rules Schedule

- Draft UC protocol is due to CMS by March 30, 2018. Approval expected in 90 days.
- Draft Texas Administrative Code rule on UC payments to be published by July 31, 2018.
- Revised draft UC applications to CMS by May 1, 2019. Approval required by August 31, 2019.
- Revised UC protocol to be implemented by October 1, 2019.
- Final Texas Administrative Code rule on UC payments to be published by January 30, 2019, and effective by September 30, 2019.
- **Failure to meet any of these deadlines will result in a 20% reduction in expenditure authority from the UC pool for the program year. The reductions are cumulative.**

DSRIP

- The DSRIP funding pool has been extended four years, through September 30, 2021. Pool sizes are \$3.1 billion in DY 7 and 8, \$2.91 billion in DY 9, \$2.49 billion in DY 10, and \$0 in DY 11.
- CMS and HHSC to finalize RHP Planning Protocol and the Program Funding and Mechanics Protocol by January 21, 2008.
- Draft DSRIP transition plan due to CMS by October 1, 2019 to describe how the state will further develop its delivery system reform efforts when DSRIP funding is no longer available. Transition plan to be finalized by end March 2020 (DY 10).