The Uniform Hospital Rate Increase Program (UHRIP) is a Medicaid directed payment program operated by the Health and Human Services Commission (HHSC). UHRIP's purpose is to reduce the Medicaid shortfall of hospitals who serve persons with Medicaid. Eligible hospitals receive a percent increase paid on every inpatient and outpatient claim submitted to contracted Medicaid managed care organizations (MCOs).

Starting in September 2020, significant changes are coming to UHRIP. The program will transform into the Uniform Hospital Reimbursement Increase Program (still known as UHRIP), which will differ from the current program in the following ways:

- Reduce administrative steps for HHSC and providers.
- Use of a uniform dollar increase per encounter paid through quarterly lump sums via MCOs.
- IGT will occur in closer proximity to payments to hospitals.
- Link pool distribution to Medicaid managed care.
- Achieve a quality outcome/positive policy change by linking a portion of the pool to that outcome or change.

HHSC proposes the following policies to improve the mission and effectiveness of the program and increase value for the State of Texas.

Reduce administrative steps for HHSC and providers

Currently, HHSC allows for service delivery area (SDA) liaisons to apply for rate increases on behalf of all eligible hospital classes in the SDA. To reduce administrative steps, HHSC will determine the uniform dollar increase for all hospital classes in each SDA; thereby, eliminating the need for liaisons and applications.

Use a uniform dollar increase per encounter paid through periodic lump sums via MCOs

HHSC will use a uniform dollar increase with periodic lump sum payments, instead of a percentage increase paid on each claim. Payments will be made for encounters within a state fiscal quarter and will be based on managed care utilization. HHSC will allow a 3-month run-out period for encounters. Inpatient encounters are included based on discharge date and outpatient encounters are based on date of service.

Because of the run-out period and necessary state administrative processes, HHSC currently estimates payments will be made approximately six months after the end of a quarter. However, HHSC is still evaluating the administrative timeline. To follow a strict payment schedule, HHSC cannot

allow challenges to the accuracy of the encounter data submitted by MCOs to TMHP.

Ensure IGT occurs in closer proximity lump sum payments

UHRIP will continue to be funded through intergovernmental transfers (IGTs) from local governments in the same manner and with the same procedures. Local jurisdictions will submit their transfer of funds in closer proximity to hospitals receiving their payments. HHSC will work with MCOs to determine an appropriate payment schedule. Given that the actual payments will be made on a retrospective basis, there will not be a need for an additional 10% IGT to cover unexpected shifts in utilization.

Link pool distribution to Medicaid managed care

Currently, HHSC calculates the total Medicaid shortfall for UHRIP as the combination of fee-for-service and managed care shortfalls. HHSC then allocates the available UHRIP pool across SDAs and hospital classes using that shortfall calculation. HHSC is considering two alternative methods for calculating the allocations in the new UHRIP:

1. **Medicaid managed care shortfall** is defined as using only the managed care portion of the Medicaid shortfall to allocate the pool to hospital classes.
2. **Payment methodology shortfall** is defined as the difference between a hospital's cost (as determined the last time HHSC rebased) and current payment rate.

HHSC will no longer restrict a class to 95 percent of its Medicaid shortfall. Regarding the amount available to UHRIP, HHSC cannot commit to a specific amount or percentage because HHSC must continually monitor the budget neutrality of the 1115 Waiver.

Achieve a quality outcome or positive policy change by linking it to a portion of the pool

HHSC must continue to move in the direction of value-based payments. UHRIP currently only takes Medicaid shortfall into account for payments. HHSC proposes to reserve some or all the UHRIP pool for demonstrating achievement in a quality outcome or achieving a change in practice that benefits the state. HHSC is evaluating the following three options:

1. **Potentially Preventable Conditions:** HHSC employs a PPC algorithm to determine high and low performers. HHSC may use this algorithm to determine which hospitals will receive higher UHRIP increases than others.

2. **Antibiotic Stewardship and Hospital Acquired Infections:** Decreasing the incidence of hospital acquired infections (HAIs) while responsibly using antibiotics is vital to the future of the treatment of infectious diseases.

3. **Increase Health Information Exchange (HIE) Linkage:** Hospitals will apply to link with a regional HIE or the Texas Health Services Authority and transfer admission, discharge, and transfer (ADT) data and/or Consolidated-Clinical Document Architecture (C-CDA) information.

HHSC would appreciate stakeholder feedback on these options and is open to others. When deciding, HHSC must consider timelines, access to data, value to the state, ability of different classes to participate.