

# Regional Uniform Rate Increase Information and Checklist

The Texas Health and Human Services Commission (HHSC) is currently seeking approval from the Centers for Medicare and Medicaid Services (CMS) to implement regional managed-care uniform rate increases for hospital services beginning September 1, 2017. If approved, the rate increases would reduce hospitals' Medicaid shortfall in the managed care service delivery areas in which they are implemented.

This information and checklist is intended to guide hospitals and governmental entities within a Medicaid managed-care service delivery area (SDA) in: (1) understanding the uniform rate increase concept; (2) evaluating the feasibility and benefits of implementing uniform rate increases within their SDA; and (3) timely submitting the required information for HHSC to determine whether a rate increase can be implemented in the SDA beginning September 1, 2017. Should information in this document conflict with language in the related Texas Administrative Code rules once they are adopted, the rules will control.

## KEY COMPONENTS OF THE REGIONAL UNIFORM RATE INCREASE PROPOSAL:

- An SDA must have at least one governmental entity that agrees to provide the non-federal share of all expenditures under the program in that SDA for at least one state fiscal year, including state administrative costs, as well as risk margins, premium taxes, and administrative fees included in payments to the managed care organizations (MCOs).
  - This is required because HHSC will be contractually obligated to pay the MCOs in the SDA a capitation payment that includes amounts attributable to the directed rate increase.
- HHSC will identify the class or classes of hospital within each SDA eligible for the rate increase.
- All MCOs within the SDA will be required to pay the increased rates to all contracted hospitals within each identified class.
- All MCO-contracted hospitals within an identified class will receive the same percentage rate increase from the base rate (generally, the rate paid to the hospital by the MCO before the rate increase).
- The percentage rate increases may vary between classes.
- The rate increases may apply to all or a subset of inpatient services, outpatient services, or both, as directed by HHSC.
- Stakeholders will have input into decisions about classes of hospital, services subject to the rate increases, and the percentage increase applicable to each class, but HHSC retains the final decision-making authority on these aspects of the program.
- Sponsoring governmental entities must be able to transfer the estimated amount of expenditures for the rate increases in the SDA for the first six months of the state fiscal year, plus ten percent that will be returned by HHSC unless needed to cover higher-than-expected expenditures, no later than May 1, 2017.
- Sponsoring governmental entities must transfer additional funds at such times and in such amounts as directed by HHSC to ensure the availability of funding of the non-federal share of the state's expenditures for the remainder of the fiscal year.
- CMS must approve HHSC's contracts with Medicaid MCOs that include the directed rate increases.
- If there is a disallowance of federal matching funds by CMS on the basis of an impermissible provider donation, the governmental entities responsible for the non-federal share must transfer funds to HHSC in the amount of the disallowed federal funds.

***Because of the complexities of this program, stakeholders interested in learning more about implementing a uniform hospital managed-care rate increase in their SDA should contact HHSC's lead on this program, Gary Young, at (512) 707-6098 or [gary.young@hhsc.state.tx.us](mailto:gary.young@hhsc.state.tx.us).***

## Regional Uniform Rate Increase Information and Checklist

HHSC MUST RECEIVE THE FOLLOWING INFORMATION NO LATER THAN MARCH 1, 2017, FOR HOSPITALS IN AN SDA TO BE CONSIDERED TO RECEIVE UNIFORM RATE INCREASES FOR MEDICAID MANAGED CARE SERVICES PROVIDED ON OR AFTER SEPTEMBER 1, 2017:

- The identity of the sponsoring governmental entities.
- The name and contact information of the person who will be the primary liaison between the sponsoring governmental entities and HHSC.
- The classes of hospital that the governmental entities prefer to sponsor.
- The type of service (inpatient, outpatient, or both) that the sponsoring governmental entities request be subject to the rate increase.
- The percentage of rate increase the sponsoring governmental entities want to support for each class of hospital for the first six months of the fiscal year.
- The amount of funds the sponsoring governmental entities agree to transfer for the first six months of the fiscal year.
- If an SDA has more than one sponsoring governmental entity, the governmental entities must work cooperatively to provide a unified proposal to HHSC. The governmental entities will not be allowed to request different percentage rate increases for the same class of hospitals or for individual hospitals within a class. If the proposal is approved, the governmental entities will be allowed to make separate transfers to HHSC.

***Implementation of this program in each SDA is contingent on HHSC receiving written approval from CMS of the contract provisions directing the MCO expenditures in that SDA.***