

Local Provider Participation Fund

Jonny F. Hipp
Nueces County Hospital District
February 12, 2019

1

Contents

- I. Background
- II. Supplemental Payment Programs
- III. Supplemental Payment Program Participants
- IV. Questions & Answers
- V. Current IGT Funding Process
- VI. Proposed LPPF Funding Process for IGTs

2

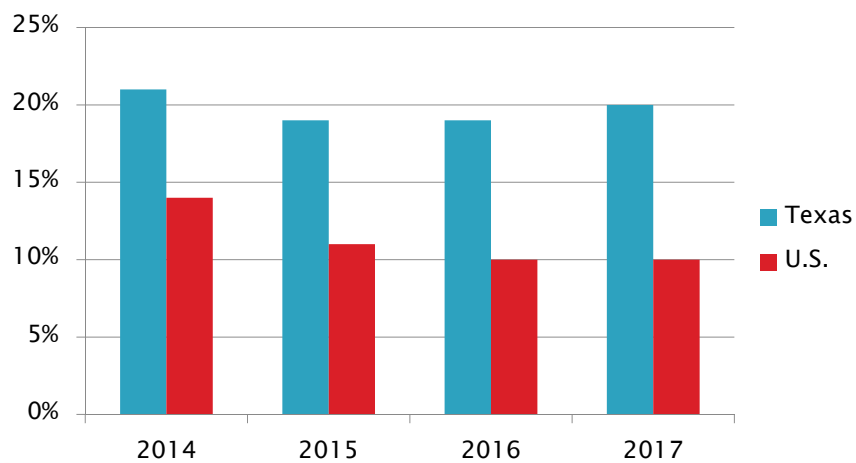


Background

3

Uninsured Rates for the Nonelderly Aged 0–64, 2014–2017, TX vs. U.S.

Source: Kaiser Family Foundation, 2019



4



Medicaid Program Financing

- ▶ Medicaid is **jointly financed** by states and the federal government:
 - FFY 2018 FMAP %: 56.9 (Fed)/43.1 (Texas)
 - FFY 2019 FMAP %: 58.2/41.8
 - FFY 2020 FMAP %: 60.9/39.1
- ▶ Medicaid **enrollment varies** significantly among states **based on each state's decision to expand or not expand Medicaid as a result of the Affordable Care Act**; to date, 37 states have adopted Medicaid expansion.
- ▶ **Texas fee schedules reimburse about 55 – 65 %** of the total cost of care for Medicaid patients.
- ▶ Medicaid **supplemental payments** are used as an enhancement to fee schedule payments.
- ▶ Medicaid **partially funds services to medically indigent patients*** through supplemental payments.

* Adults who do not have health insurance and who are not eligible for other health care such as Medicaid, Medicare, or private insurance.



Supplemental Payment Programs in Nueces County

Supplemental Payment Programs in Nueces County

▶ **Medicaid 1115 Waiver:**

- **Delivery System Reform Incentive Payment (DSRIP) Program**
 - Incentivizes hospitals and other providers to improve access to care and how care is delivered; targets Medicaid enrollees and low-income uninsured individuals.
- **Uncompensated Care (UC) Pool**
 - Reimburses unreimbursed costs (the excess of costs over payments) from patient care services provided to Medicaid enrollees; commonly referred to as Medicaid shortfall; and
 - Reimburses unreimbursed costs from patient care services provided to uninsured persons.

▶ **Medicaid Disproportionate Share Hospital (DSH) Program:**

- Compensates certain hospitals for providing care to a disproportionate number of uninsured, indigent, and Medicaid patients; commonly referred to as safety-net hospitals.

7



Supplemental Payment Programs in Nueces County continued...

▶ **Network Access Improvement Program (NAIP):**

- Increases the availability, quality, coordination, and effectiveness of primary care for Medicaid clients by providing incentive payments administered by Medicaid managed care organizations to certain hospitals.

▶ **Uniform Hospital Rate Increase Program (UHRIP):**

- Rate increases by paid by Medicaid managed care organizations to participating hospital providers.

8



Supplemental Payment Program Participants in Nueces County

9

Supplemental Payment Program Participants in Nueces County

Provider	DSRIP	UC	DSH	NAIP	UHRIP
Christus Spohn Hospitals – Corpus	X	X	X	X	X
Christus Spohn Hospitals – Rural	X	X			X
Corpus Christi Medical Center	X	X			X
Driscoll Children's Hospital	X	X			
South Texas Surgical Hospital					X
Nueces County Public Health District	X				

10



Questions & Answers

11

Local Provider Participation Fund ("LPPF") Q & A

- ▶ **What is the purpose of an LPPF?**
 - Produce federal matching funds for non-federal share of Medicaid supplemental payment programs to hospital providers in the County.
 - Provide stable revenue stream for non-federal share of Medicaid supplemental payments to hospital providers in the County.
- ▶ **What is an LPPF?**
 - Inter-Governmental Transfer (IGT) financing mechanism, not a reimbursement program.
 - Only hospital providers pay into the fund; **individual taxpayers and businesses do not pay into the fund.**
 - Accumulates quarterly assessments on hospital providers located in the County; assessments may not exceed 6% of each providers' annual total net patient revenues.

12



Local Provider Participation Fund ("LPPF") Q & A continued...

▶ What is the history of LPPFs in Texas?

- During the 83rd – 85th Legislative Sessions, Texas passed legislation that granted 3 hospital districts, 15 counties, and 1 city the "local option" authority to create an LPPF the authority to administer an LPPF assessment on hospital providers in the County to produce federal matching funds for non-federal share of Medicaid supplemental payment programs to hospital providers in the County.

▶ Which jurisdictions in Texas have LPPFs?

- Hospital Districts: Amarillo Hospital District, Dallas County Hospital District, and Tarrant County Hospital District.
- Counties: Angelina, Bell, Bowie, Brazos, Cameron, Cherokee, Grayson, Gregg, Hays, Hidalgo, McLennan, Smith, Tom Green, Webb, and Williamson.
- Cities: Beaumont.

13



Local Provider Participation Fund ("LPPF") Q & A continued...

▶ Who can administer LPPFs?

- Hospital Districts.
- Counties with more than one hospital.
- Cities with more than one hospital
 - County and City may not both have LPPFs.

▶ Is legislation required to establish an LPPF?

- State legislation is required for granting "local option" that provides local hospital district the authority to administer an LPPF assessment on hospital providers in the County.

14



Local Provider Participation Fund ("LPPF") Q & A continued...

▶ **Do LPPFs have rules?**

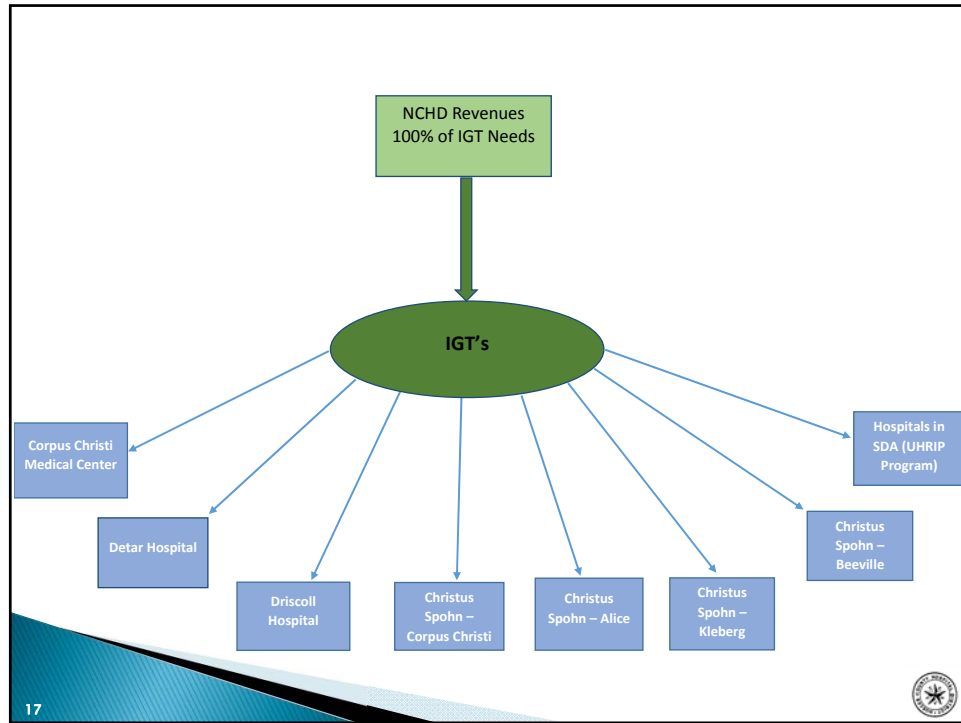
- LPPFs must be operated consistent with federal rules:
 - **Broad-based:** The assessment must apply to every hospital in the County that provides inpatient care.
 - **Uniform:** The same assessment rate must apply to all providers subject to the assessment.
 - **No hold harmless:** No unit of government may guarantee that a paying provider is held harmless for all or any portion of the funds paid into the LPPF.

15



Current IGT Funding Process

16



Proposed LPPF Funding Process for IGTs

