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1115 Waiver Extension

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Public Health Emergency



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- COVID-19 is an unprecedented public health emergency.
- Initially approved in 2011. Current waiver was set to expire September 30, 2022.
- The extension adequately enables Texas to respond to the pandemic while also working with providers through the DSRIP transition.
- The extension provides approval from January 15, 2021 through September 30, 2030.

Waiver Successes



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- Initially approved in 2011. Current waiver expires September 30, 2022.
- Texas has aimed to:
 - Expand risk-based managed care statewide;
 - Support the development and maintenance of a coordinated care delivery system;
 - Improve outcomes while containing cost growth; and
 - Transition to quality-based payment systems across managed care and hospitals.

Continuity



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- Texas Medicaid has a mature 1115 waiver inclusive of
 - 17 Medicaid Managed Care Organizations,
 - 288 performing providers in DSRIP,
 - 864 nursing facilities in QIPP,
 - 529 providers in the Uncompensated Care Program, and
 - 3 Dental Maintenance Organizations.
- HHSC will continue to advance the goals of the 1115 waiver under this extension and align new programs with overall Medicaid quality goals.

New Pool for Public Health Providers (PHP-CCP)

Creates the Public Health Provider-Charity Care Program

- Begins on October 1, 2021
- Offsets costs associated with care, including behavioral health, immunizations, chronic disease prevention and other preventive services for the uninsured
- Public providers only
- Financed by certified public expenditures
- Year 1 (FY 2022) pool will be \$500 million and providers will be reimbursed for Medicaid shortfall and uncompensated costs



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PHP-CCP Cont'd



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- Year 2 and onward pool will be up to \$500 million payments will be based on charity care costs
- Year 3 (for FY 2024) program will be resized based upon actual charity care cost data from Year 2

Framework for DPP Approvals

Directed-Payment Programs for FY22

- Directed-Payment Programs are key to the DSRIP and NAIP transitions
- DPP levels in FY22 are also critical in the determination of BN for the rest of the waiver
- The waiver includes a framework for the state and CMS to work together to get FY22 DPPs approved
- Includes new reporting requirements about provider-level payments and achievements
- Programs include: CHIRP; TIPPS; QIPP; RAPPS; and Ambulance ACR



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Milestone Dates for DPP Approvals



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Timelines	Description	Responsible Party
Day 1	Texas submits pre-prints to CMS	Texas
Day 31 (+30 days)	CMS sends Texas Requests for Additional Information (RAIs) necessary for approval	CMS
Day 45 (+15 days)	Texas provides responses to RAIs	Texas
Day 65 (+20 day)	CMS notifies Texas of anticipated approval or sends Round 2 RAIs	CMS
Day 67 (+2 days, and every 2 business days after)	If Round 2 RAIs are sent, Texas and CMS have call to discuss outstanding questions	Both
Day 70 (+5 days, and every 5 days after any additional RAIs)	Texas provides responses to Round 2 RAIs	Texas

Anticipated DPPs

1. Comprehensive Hospital Increased Reimbursement Program (CHIRP)
 - a. Proposed Program Size: \$5,020,000,000
2. Quality Incentive Payment Program (QIPP)
 - a. Proposed Program Size: \$1,100,000,000
3. Texas Incentives for Physicians and Professional Services (TIPPS)
 - a. Proposed Program Size: \$600,000,000
4. Rural Access PPS (RAPPS)
 - a. Proposed Program Size: \$18,700,000
5. Ambulance Average Commercial Reimbursement Program
 - a. Proposed Program Size: \$150,000,000
6. Behavioral Health Services
 - a. Proposed Program Size: \$43,500,000

Programs must be approved annually by CMS, with approval/disapproval typically occurring in late spring/early summer.



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Budget Neutrality

Key Take-Aways

- Extension preserved budget neutrality and created room for new programs
- Rebase of Without Waiver expenditures will include directed payment program funding, both current and new DSRIP transition replacement programs (upwards of \$6.9 billion per year)
- In addition to sustained DSRIP level funding and Public Health Charity Care Pool, achievement of an estimated \$10 billion in budget neutrality room over the 1115 extension



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Table 1. Supplemental and Directed-Payment Programs & Providers



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Pools/Programs	Benefiting Providers
Existing Programs	
Uncompensated Care Program (UC)	Hospitals, Physician Practice Grps, Ambulance Grps, Public Dental Providers
Quality Incentive Payment Program (QIPP)	Nursing Facilities (Public and Private)
Programs Phasing Out	
Delivery System Reform Incentive Payment (DSRIP)	Hospitals, Physician Practice Grps, Local Mental Health & Local Health Dpts
Network Access Improvement Program (NAIP)	Publicly owned Academic Health Science Centers and Hospitals
New or Expanding Programs	
Public Health Providers - Charity Care Pool (PHP-CCP)	Public Community Mental Health Centers and Local Health Departments
Comprehensive Hospital Increased Reimbursement (CHIRP)	Hospitals
Ambulance Average Commercial Reimbursement	Ambulance Providers
Texas Incentives for Physician and Prof. Services (TIPPS)	Physician practice groups
Behavioral Health Services	Community Mental Health Centers (CMHCs)
Rural Access to Primary and Preventive Services (RAPPS)	Rural Health Clinics (RHCs)



Table 2. Supplemental and Directed-Payment Program Estimates

Pools/Programs	DY 10 (FFY 21)	DYXX + W/O Extension	DYXX + Post-Extension
Uncompensated Care Program (UC)	\$ 3,873,206,193	\$ 3,873,206,193	\$ 3,873,206,193
Quality Incentive Payment Program (QIPP)	\$ 1,112,777,522	\$ 1,100,000,000	\$ 1,100,000,000
Delivery System Reform Incentive Payment (DSRIP)	\$ 2,490,000,000	\$ -	\$ -
Network Access Improvement Program (NAIP) ^{1,2}	\$ 493,364,220	\$ 250,000,000	\$ 250,000,000
Public Health Providers - Charity Care Pool (PHP-CCP)	\$ -	\$ -	\$ 500,000,000
Comprehensive Hospital Increased Reimbursement (CHIRP) ¹	\$ 3,050,461,866	\$ 3,050,461,866	\$ 5,020,000,000
Ambulance Average Commercial Reimbursement	\$ -	\$ -	\$ 150,000,000
Texas Incentives for Physician and Prof. Services (TIPPS)	\$ -	\$ -	\$ 600,000,000
Behavioral Health Services	\$ -	\$ -	\$ 43,500,000
Rural Access to Primary and Preventive Services (RAPPS)	\$ -	\$ -	\$ 18,700,000
Total³	\$ 11,019,809,801	\$ 8,273,668,059	\$ 11,555,406,193

¹ Both NAIP and CHIRP (UHRIP) are larger than initially projected for FY2021 as a result of increased caseload.

² NAIP is estimated to be \$427.3 M in DY11 (FFY22), winding down to \$250.0 M in DY12-DY16, and 0 in DY17 onward.

³ **Post extension total represents estimated amounts that are subject to change based on submitted preprints and/or CMS approval.**

UC Pool Resizing

The UC Pool will be resized twice

- First re-sizing will take place in DY11 to take effect in DY12 (FY2023)
In recognition that the PHE will impact FY20 and FY21 cost report data, resizing will use the 2019 cost reports and the 2017 DSH payment data
- Second re-sizing will take place in DY16 to take effect in DY17 (FY2028)
Sizing will use the 2025 cost reports and 2023 DSH payment data
- Resizing will allow for adjustments to uncompensated care pool based on fluctuations in care



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Monitoring & Reporting

Creates new STCs to emphasize importance of Monitoring & Reporting

- Emphasizes the responsibility of the state to provide oversight of funds
- Requires some additional reporting on sources of funds
- Requires the state to reaffirm some existing certifications related to funds and payments



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Monitoring and Reporting



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The extension expands transparency and reporting:

- Home and Community Based Services
- Revised External Evaluations
- Quality Improvement

Total Estimated Value of the Waiver Extension



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- Potential of an average of \$11.4 billion per year above base expenditures
 - Includes \$3.9 billion per year for payments for uncompensated care
 - Includes \$500 million per year for payments for new Public Health Provider-Charity Care Program
 - Includes opportunity for \$6.9 billion per year for quality and access improvements
- Saves an estimated \$10 billion for taxpayers over the life of the waiver.



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Thank you
