

**TEXAS CONCEPT PAPER:
MEDICAID NETWORK ACCESS IMPROVEMENT PROGRAM
SEPTEMBER 26, 2014**

INTRODUCTION

This concept paper describes the Network Access Improvement Program (NAIP) proposed by Texas. The NAIP is designed to further the state's goal of increasing the availability and effectiveness of primary care for Medicaid beneficiaries by incentivizing health-related institutions (HRIs) and public hospitals to provide quality, well-coordinated, and continuous care.

BACKGROUND

During the 83rd session, the Texas Legislature underscored the importance of ensuring primary care access to the Medicaid population through HRIs. The General Appropriations Act for the 2014-2015 Biennium contains two riders to Article II, Health and Human Services Commission, that express legislative intent with respect to HRIs.¹ Rider 79 states:

The Health and Human Services Commission [HHSC] may spend appropriated receipts comprising interagency transfers from or interagency agreements with Health Related Institutions (HRIs) and the Higher Education Coordinating Board and matching Federal Funds to fund per-member per-month payments to HRIs and to establish primary care incentive payments to HRIs for the provision of primary care services to Medicaid and CHIP clients.

Rider 79 further provides that the following entities are eligible for the per-member, per-month payments and primary care incentive payments: (1) Baylor College of Medicine; (2) public HRIs; and (3) a family practice, primary care, or other residency program that receives funds appropriated to the Higher Education Coordinating Board.²

Similarly, Rider 80 states, "It is the intent of the Legislature that the Health and Human Services Commission maximize federal funding for Health Related

¹ The General Appropriations Act for the 2014-2014 Biennium, including Riders 79 and 80, can be accessed here: http://www.lbb.state.tx.us/Documents/GAA/General_Appropriations_Act_2014-15.pdf

² Public HRIs are listed in Texas Education Code § 63.101(a)(1)-(12). These entities are state university teaching hospitals with direct appropriations from the state treasury. Public HRIs and the Texas Higher Education Coordinating Board qualify as units of government under 42 C.F.R. § 433.50(a)(i) and 42 C.F.R. § 433.51.

Institutions should they transfer 2014-15 appropriations to the commission for such purposes.”

The Texas Legislature supported this initiative as a tool to expand access to primary care, understanding the urgent need for primary care providers in our rapidly growing and diverse state.

In addition to promoting increased access to primary care through HRIs, the State has identified the need to enhance the availability, quality and coordination of primary and specialty care services provided through public hospitals. These providers supply critical safety-net services to Texas Medicaid managed care recipients.

In consideration of Riders 79 and 80 and the State's need for improved access to quality, coordinated care, Texas proposes the NAIP. This program will be incorporated into Medicaid managed care as a provider incentive program administered by the managed care organizations (MCOs).³ The NAIP's objectives and program methodology are discussed in more detail below.

OBJECTIVES

Through the NAIP for HRIs, Texas hopes to achieve the following:

- Improve the availability of and Medicaid access to primary care physicians staffed by teaching hospitals (HRIs). NAIP programs should target faculty, adjunct faculty, and other HRI providers, including providers in any of the following practice areas who can serve as PCPs under HHSC's managed care contracts: general practice, family practice, internal medicine, pediatrics, obstetrics/gynecology, and behavioral health. This program may also target specialist physicians willing to provide a medical home to managed care members with special needs and conditions, and advanced practice registered nurses (APRNs) and physician assistants (PAs) practicing under the supervision of an HRI staff provider.
- Enhance the coordination and continuity of services and quality of care of Medicaid managed care members who receive primary care services through those physician practices.
- Increase access to primary care in these settings, underscoring the importance of primary care residency programs and influencing future physician participation.
- Promote provider education on Medicaid program requirements and the specialized needs of Medicaid recipients.

³ Because the NAIP is a program designed to incentivize healthcare providers rather than MCOs, it falls outside the scope of 42 C.F.R. § 438.6(c)(5).

- Measure progress through increased primary care access and physician compliance with selected quality objectives, to be determined later.

Similarly, Texas hopes to achieve the following objectives through the NAIP for public hospitals:

- Improve the availability, quality and coordination of primary and specialty care services provided by public hospitals.
- Promote provider education on Medicaid program requirements and the specialized needs of Medicaid recipients.
- Measure progress through increased care access and physician compliance with selected quality objectives, to be determined later.

The above-stated objectives are important because quality, coordinated care will lead to better health outcomes for Medicaid beneficiaries and decreased overall healthcare costs for the Medicaid program.

METHODOLOGY

As discussed above, HHSC will incorporate the NAIP into the existing Medicaid managed care structure. Although HHSC will encourage MCO and HRI participation in the NAIP, it will be a voluntary program. Neither MCOs nor HRIs are required to participate. Further, implementation and continuation of the NAIP will be conditioned on the receipt of monies received through intergovernmental transfers from or on behalf of: (1) public HRIs as contemplated by Riders 79 and 80, or (2) public hospitals. The transferring entities may use state-appropriated or other permissible sources of funding, as prescribed by federal law.

The agency will amend existing contracts with MCOs participating in STAR, STAR+PLUS, and STAR Health to allow the MCOs to develop and implement provider incentive programs under the NAIP.⁴ If an MCO chooses to implement an incentive program in one or more of its service delivery areas, these costs will be factored into the capitation rate. HHSC will blend these NAIP costs into the capitation rates, but to account for the difficulty in attributing the funds to a particular service component of the rates, HHSC will identify NAIP funds as a separate line-item on the rate-setting documentation it submits for CMS approval.

While MCOs will be responsible for directly negotiating specific terms of the provider incentive programs with their network providers, HHSC will establish general requirements and objectives. Specifically, for the HRI initiative, HHSC will require MCOs to limit NAIP participation to the public HRIs identified in Rider 79

⁴ STAR is Medicaid for children, newborns, pregnant women and some families and children. STAR+PLUS is a Medicaid program for people who have disabilities or are age 65 or older. STAR Health is Medicaid for Children who get Medicaid coverage through the Texas Department of Family and Protective Services.

and Texas Education Code §63.101(a)(1)-(12). These entities qualify as units of state government under 42 C.F.R. § 433.50(a)(1) and 42 C.F.R. § 433.51. Likewise, for the public hospital initiative, a hospital must be operated by or under a lease contract an entity that qualifies as a unit of state government, such as a hospital district, county, or city. HHSC will also require participating MCOs to make per-member-per-month (PMPM) or other forms of incentive payments to HRIs or public hospitals for achieving program objectives. Finally, HHSC may establish performance expectations, including the minimum and maximum thresholds for enrollee assignments to providers. If minimum enrollee thresholds or other performance objectives are not met, HHSC will be allowed to recoup a percentage of the capitation rate from the MCOs through contractual claw-back provisions.

MCOs, in conjunction with HRIs and public hospitals, will be responsible for developing program methodology that furthers the state's objectives and complies with the general NAIP requirements set out by HHSC. For example, MCOs will develop metrics by which to determine provider performance in the program. Further, the MCOs and providers must negotiate the amounts to be paid to providers when goals are achieved, and the frequency of those payments (such as PMPM payments, quarterly lump sum payments, or other arrangements).

Before implementation of the NAIP, MCOs must submit a proposal to HHSC detailing the program methodology to be used. MCOs must include such information as the names of participating HRIs or public hospitals, targeted goals and performance metrics, and the payment structure (the manner and frequency of payment to the HRIs). HHSC will review the proposals to ensure that MCO-proposed methodologies meet the state's objectives. While HHSC must approve a proposal before implementation, HHSC will not condition approval of an MCO's incentive program upon predetermined or threshold amounts of funds to be paid to HRIs.

MCOs will be required to submit progress reports at least quarterly during the course of the NAIP. In these reports, MCOs must provide the following information.

- Plan Code
- MCO ID
- NPI of each participating HRI or public hospital
- NPI for each qualified HRI provider who serves as a primary care provider to one or more of the MCO's members (HRI initiative only)
- Total amount paid per quarter to each participating HRI or public hospital
- Date of payments made to HRIs or public hospitals

In addition to routine reporting, MCOs must report all payments made for the NAIP as separate line items on the Financial Statistical Reports that MCOs submit to HHSC under managed care.

CONCLUSION

Texas believes that through the NAIP, it can achieve its goal of increasing Medicaid access to primary care physicians who are affiliated with teaching hospitals, and providing better access to the primary and specialty care provided through public hospitals. Ensuring adequate primary and specialty care access for Medicaid beneficiaries is an important goal for Texas. Coordinated, continuous, and quality care leads to better health outcomes and decreased overall costs.