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# 1115 Demonstration Waiver

## Texas Healthcare Transformation and Quality Improvement Program

# Agenda

## Provide the public with an update on the following 1115 Transformation waiver topics:

- Overview
- Evaluation
- Amendments Update
- End of Continuous Medicaid Coverage
- Legislative Update
- Supplemental Payments
- Directed Payment Programs (DPPs)
- Budget Neutrality
- Links to the 1115 Demonstration Year (DY11) annual report
- Opportunity for Public Comment

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# Historical Overview

Since 2011, the waiver has enabled the State to expand use of Medicaid managed care to achieve program savings, while also preserving locally funded supplemental payments to hospitals.

- The goals of the demonstration are 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 providers.

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# Medicaid Managed Care

**The waiver is the federal authority that Texas uses to deliver Medicaid managed care.**

- The following programs are under the 1115 authority:
  - **STAR** - acute care services provided primarily to low-income families, children, and pregnant women.
  - **STAR+PLUS** - acute and long-term services and supports provided primarily to older adults and adults with disabilities.
  - **STAR Kids** - acute and long-term services and supports provided to children with disabilities.
  - **Children's dental program** - dental care provided to most children under the age of 21.

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# Evaluation (1 of 2)

- **Purpose**: Examine the state's progress on the overarching goals of the Demonstration.
- **Main components**:
  - Medicaid Managed Care
  - Supplemental Payment Programs
    - Uncompensated Care
    - Public Health Providers Charity Care Pool
  - Cost outcomes for the Demonstration as a whole

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# Evaluation (2 of 2)

- **Evaluation Design Plan**:
  - Approved by CMS in May 2022
- **External Evaluator**:
  - Contract expected in September 2023
- **Three Interim Evaluation Reports:**
  - Draft prepared in March 2024
  - Draft prepared in March 2027
  - Draft prepared in September 2029
- **One Summative Evaluation Report:**
  - Draft prepared in March 2032

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# Amendments Update: House Bill (H.B.) 4533

- Section 32 of H.B. 4533, 86th Legislature, Regular Session, 2019, directed "[I]f the Health and Human Services Commission determines it would be cost effective, the executive commissioner of the Health and Human Services Commission shall seek a waiver or authorization from the appropriate federal agency to provide Medicaid benefits to medically fragile individuals:

  (1) who are 21 years of age or older; and

  (2) whose health care costs exceed cost limits under appropriate Medicaid waiver programs, as defined by Section 534.001, Government Code."

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# Amendments Update: Senate Bill (S.B.) 1096

- S.B. 1096, 86th Legislature, Regular Session, 2019, directed HHSC to seek a waiver of comparability to exempt STAR Kids members from all preferred drug list prior authorizations.

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# Amendments Update: House Bill (H.B.) 133

- H.B. 133, 87th Legislature, Regular Session, 2021, directed HHSC to include the Case Management for Children and Pregnant Women (CPW) Medicaid benefit in the managed care service array.
- H.B. 133 87th Legislature, Regular Session, 2021, directed HHSC to provide an additional four months of Medicaid eligibility to women receiving Medicaid at the time they deliver or experience an involuntary miscarriage, for a total of six months postpartum coverage.

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# Future Actions: Enrollment at Eligibility

- Senate Bill (S.B.) 1, 87th Regular Session, 2021 [Article II, Health and Human Services Commission, Rider 27 (b)] and from SB 8, 87th Legislature, Third Called Session, 2021 (SECTION 14). Rider 27 (b) requires HHSC to create program efficiencies in Medicaid managed care by streamlining managed care enrollment and disenrollment via implementation of automatic enrollment into managed care.

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# Future Actions: Dual Demonstration Phase-Out

- The Center for Medicare and Medicaid Services (CMS) requires states to phase-out their Dual Demonstration Medicare-Medicaid Plans (MMPs) and encourages states to convert them to integrated Medicare Advantage Dual Eligible Special Needs Plans (D-SNPs) by December 2025.

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# End of Continuous Medicaid Coverage

- Congress passed the 2023 Consolidated Appropriations Act, which separated the continuous Medicaid coverage requirement from the federal public health emergency.
- The continuous coverage requirement ended on March 31, 2023.Beginning April 1, 2023, states may disenroll members who are no longer eligible after a Medicaid redetermination.
- Texas is using a population-based staggered approach for redetermining eligibility. Members receiving continuous Medicaid coverage were assigned to one of three cohorts.
- Texas initiated the first cohort in April 2023 and will stagger initiating the remaining cohorts through September 2023.

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# 88th Legislative Session

- HHSC is evaluating legislation that passed from the 88th legislative session that may impact the THTQIP 1115 waiver.

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# Supplemental Payments

## Uncompensated Care Payments

- Eligible providers include: hospitals, physician groups, public ground ambulance, and public dental providers.
- Demonstration Year (DY) 9-11 Pool Size is $3.87 billion.
- DY12 to DY16 is $4.5 billion.

## Public Health Providers Charity Care Program

- $500 million in All Funds for DY 11 and DY 12.
  - Payments issued for DY11 totaled ~$460 million.
- Program will transition to charity care only for DY 12 and after.

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# Directed Payment Programs (DPPs)
## (1of 2)

- **Concept:** programs that direct payments to enrolled providers through Medicaid MCOs.

- **Programs totaling over $7 billion annually include:**
  - Implemented September 1, 2018, Quality Incentive Payment Program (QIPP) for nursing facilities.

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# DPPs (2 of 2)

- **Implemented September 1, 2021:**
  - Comprehensive Hospital Increased Reimbursement Program (CHIRP) for hospitals.
  - Texas Incentives for Physician and Professional Services (TIPPS) for physician groups.
  - Rural Access to Primary and Preventive Services (RAPPS) for Rural Health Clinics.
  - Directed Payment Program for Behavioral Health Services (DPP BHS) for Community Mental Health Centers.

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# Budget Neutrality (1 of 2)

## Key Principles

- Preserve budget neutrality and create room for Delivery System Reform Incentive Payment (DSRIP) transition, including directed payment and charity care programs.
- Sustain an estimated $7 billion per year in vital budget neutrality for directed payment programs moving forward.
- "Without Waiver" expenditures will be rebased and include directed payment program funding.

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# Budget Neutrality (2 of 2)

## Key Principles

- Account for potential adjustments for COVID-19 adverse impacts to enrollment and expenditures used for rebasing.
- Incorporation of new CMS budget neutrality policies for state 1115 waivers, released in early FY 2023 (positive outcome for states).
- Rebasing effective in FFY 2023 is currently underway; discussions with CMS regarding the application of above adjustments and policies are ongoing.

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# Web Links to Resources

- **1115 Transformation Waiver Demonstration Year 11 annual report:**
  - https://www.hhs.texas.gov/sites/default/files/documents/2022-q4-1115-report.pdf

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# Public Comment

**HHSC will now take public comments**

- Oral comments provided virtually.
- Oral comments provided in-person.

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# Thank you