Presentation to Senate Health and Human Services Committee

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Director, Hospital Finance and Waiver Programs

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Deputy Associate Commissioner, Quality and Program Improvement

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Deputy Executive Commissioner, Health, Developmental and Independence Services

December 3, 2019
1115 Demonstration Waiver Timeline

- Dec 2011: 1115 Waiver Approval from CMS
- Sep 2016: 1115 Waiver ends
- Dec 2017: 1115 Waiver Extension Approval
- Oct 2016 - Dec 2017: 15-month waiver extension
- Sep 2019: CMS approves new UC pool size
- Oct 2019: DSRIP Pool reductions start
- Oct 2019: HHSC submits draft DSRIP transition plan to CMS
- Sep 2021: Deadline for Waiver extension request & DSRIP pool ends
- Sep 2022: Current waiver renewal period ends
- Mar 2020: HHSC & CMS finalize DSRIP transition plan
- Dec 2022:
Medicaid 1115 Demonstration Waiver

- Allows states to operate programs that test policy innovations likely to further the objectives of the Medicaid program
- Must be budget neutral to federal government
- Five year extension of the Medicaid waiver approved through Sept. 30, 2022
- Allowed roll out of Medicaid managed care across the state
- Supports funding for hospitals and for local entities to access additional federal match funds for:
  - Uncompensated Care
  - Delivery System Reform Incentive Payments
Budget Neutrality

Medicaid Expenditures

Budget Neutrality “Room”
- DSRIP
- Directed Payments
- UC

With Waiver

Without Waiver

Maximum spend limit
Budget Neutrality

• 1115 Waivers must be budget neutral to the federal government

• Budget neutrality is a long-standing policy of Centers for Medicare and Medicaid Services (CMS); it is not based in statute, nor federal regulations

• States and the federal government negotiate budget neutrality terms

CMS Budget Neutrality Policy Changes

• CMS will rebase Without Waiver (WOW) cost baselines for all renewals starting in January 2021

• Limit unused savings rollover to most recent 5-year period

• Ongoing discussions with CMS are needed for guidance to determine budget neutrality flexibility
Texas must transition from the DSRIP pool to sustainable reforms

- The DSRIP pool ends October 2021 under the 1115 Waiver
- CMS specified in waiver renewal approval:
  
  "Texas’ DSRIP program will transition to a more strategic systemic effort focusing on health system performance measurement and improvement that achieves sustainable and effective delivery system reform."
DSRIP Transition Plan

HHSC must get CMS approval of DSRIP transition plan

By Oct. 1, 2019
• HHSC submitted draft transition plan to CMS per the waiver special terms and conditions*

By Apr 1, 2020
• HHSC and CMS must finalize the DSRIP transition plan

* DSRIP Federal Financial Participation (FFP) is at-risk if Texas fails to achieve milestones outlined in the plan
**HHSC Actions**

HHSC is actively preparing for the end of the current DSRIP pool funding.

<table>
<thead>
<tr>
<th>Planning</th>
<th>Analyzing</th>
<th>Engaging</th>
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<tbody>
<tr>
<td>• Finalizing DSRIP transition plan with CMS</td>
<td>• Analyzing DSRIP populations served and successful interventions</td>
<td>• Developing ongoing partner engagement plan</td>
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<tr>
<td>• Developing detailed plan for achieving milestones in DSRIP transition plan</td>
<td>• Collecting and analyzing other data and options to sustain delivery system reforms</td>
<td>• Refining parameters with CMS</td>
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<td>• Identifying opportunities to promote collaboration between Managed Care Organizations (MCOs) and providers</td>
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Healthy Texas Women (HTW) Waiver Application

The Health and Human Services Commission (HHSC) submitted an application to the Centers for Medicare and Medicaid Services (CMS) for the HTW Section 1115(a) demonstration waiver on June 30, 2017

• The demonstration waiver would enable federal financial participation in the fee-for-service aspect of the program without modifying the existing Healthy Texas Women eligibility or benefit structure

• The waiver application does not account for the existing cost-reimbursement contracts
HTW Waiver Timeline

- March 19, 2017 - HHSC sent CMS a letter with our intent to submit the waiver application.
- June 30, 2017 - HHSC submitted the HTW application to CMS with a requested effective date of September 1, 2018.
- July 5, 2017 - HHSC received notification from CMS that the HTW waiver application submission met completeness requirements and provided notification that the federal review and federal 30-day public comment period would begin.
- August 4, 2017 - The federal public comment period ended.
- January 19, 2018 - HHSC participated in the first call with CMS on the status of the HTW application.

On average HHSC has continued to have bi-weekly calls since January 2018 and has provided multiple written answers.
Appendix
# DSRIP Pool Amounts

<table>
<thead>
<tr>
<th>Demonstration Year (DY)</th>
<th>Pool Amount* (All Funds)</th>
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<tbody>
<tr>
<td>DY7 (10/1/17 – 9/30/18)</td>
<td>$3.10</td>
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<td>DY8 (10/1/18 – 9/30/19)</td>
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<tr>
<td>DY9 (10/1/19 – 9/30/20)</td>
<td>$2.91</td>
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<tr>
<td>DY10 (10/1/20 – 9/30/21)</td>
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<tr>
<td>DY11 (10/1/21 – 9/30/22)</td>
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*All amounts shown in billions*
# Draft DSRIP Transition Plan Goals

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<td>4. Cross-Focus Areas</td>
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<td>5. Strengthen Supporting Infrastructure to Improve Health</td>
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* Incentivize MCOs to enter into quality-based alternative payment models
## Draft DSRIP Transition Plan

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Draft Transition Plan Milestones

- Update the Texas Value-Based Purchasing Roadmap to address strategies to sustain key DSRIP initiative areas
- Identify and submit to CMS any proposals for new programs, including state-directed payment programs, to sustain key DSRIP initiative areas in DY 11 of current Waiver period
- Update the Texas Medicaid quality strategy to address program and stakeholder goals
- Review DSRIP activities as possible Medicaid state plan benefits and policy changes, and submit to CMS review results or approval requests, as necessary
- Assess the current capacity and use of telemedicine and telehealth, particularly in rural areas of Texas, to inform next steps to address access gaps
- Conduct a preliminary analysis of DY 7-8 DSRIP quality data and related core activities to outline lessons learned on health system performance measurement and improvement
- Assess Texas’ current financial incentives for Medicaid MCOs and providers to enter into meaningful quality-based alternative payment models and identify potential opportunities to strengthen or align incentives
- Complete an assessment of which social factors are correlated with Texas Medicaid health outcomes
- Identify options for the Regional Healthcare Partnership structure post-DSRIP
- Identify and submit to CMS any additional proposals for new programs to sustain key DSRIP initiative areas that would start in the next Waiver renewal period

Ongoing, Active Stakeholder Engagement
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**Texas Health and Human Services**

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