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1115 Demonstration Waiver

**Texas Healthcare Transformation and Quality Improvement
Program**

Post Award Forum – May 14, 2024

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Agenda

Updates on the following 1115 Transformation waiver topics:

- Historical Overview
- Amendments Update
- STAR+PLUS Procurement
- Supplemental Payments
- Directed Payment Programs (DPPs)
- Evaluation
- Budget Neutrality
- Links to the 1115 Demonstration Year (DY12) annual report
- Public Comment





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Historical Overview

Historical Overview cont..

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.



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**
 - **STAR+PLUS**
 - **STAR Kids**
 - **Children's dental program**



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Amendments Update

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

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.”

- HHSC received approval from CMS for the Medically Fragile amendment on November 16, 2023.



Amendments Update: House Bill Revised (H.B.) 133 (1 of 2)

- 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.
- CMS approved the CPW amendment on November 16, 2023.



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Amendments Update: H.B. 133

(2 of 2)

- 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.
- In October 2023, following direction from the 88th Legislature, Regular Session, 2023, H.B. 12, HHSC submitted Medicaid and CHIP state plan amendments (SPA), requesting to extend postpartum coverage for pregnant women to 12 months following the last month of the woman's pregnancy.
- CMS approved the SPA requests on January 17, 2024, effective March 1, 2024.





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STAR+PLUS Procurement

STAR+PLUS Procurement cont..

In March 2022, HHSC solicited a Request for Proposal for the STAR+PLUS procurement.

- On July 14, 2023, HHSC issued a Notice of Award to the following Respondents:
 - United Healthcare Community Plan of Texas, LLC.
 - Molina Healthcare of Texas, Inc.
 - Superior HealthPlan, Inc.
 - Wellpoint (formerly Amerigroup)
 - Community First Health Plans, Inc.
 - El Paso Health
 - Community Health Choice Texas, Inc.





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Supplemental Payments

Supplemental Payments cont..

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 DY11 and DY12.
 - Payments issued for DY11 (uncompensated care) ~\$460 million.
 - Payments issued for DY12 (charity care) totaled ~\$498 million





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Directed Payment Programs

Directed Payment Programs (DPPs)

Programs that direct payments to enrolled providers through Medicaid Managed Care Organizations.

- Programs estimated at over \$8 billion annually in FY24 include:
 - Quality Incentive Payment Program for nursing facilities.
 - Comprehensive Hospital Increased Reimbursement Program for hospitals.
 - Texas Incentives for Physician and Professional Services for physician groups.
 - Rural Access to Primary and Preventive Services for Rural Health Clinics.
 - Directed Payment Program for Behavioral Health Services for Community Mental Health Centers.





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Evaluation

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
 - Overall Demonstration
 - Costs of the Demonstration
 - Use of Alternative Payment Models
 - Provider and Managed Care Organization (MCO) Perceptions



Evaluation (2 of 2)

- Evaluation Design Plan approved by the Centers for Medicare and Medicaid Services (CMS) in May 2022
- Texas A&M University will continue their role as the external evaluator
- **Interim Evaluation Reports:**
 - Interim Report #1 submitted to CMS on March 28, 2024
 - Interim Report #2 due March 2027
 - Interim Report #3 due September 2029
- Summative Evaluation Report due March 2032



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Budget Neutrality

Budget Neutrality (1 of 2)

Key Principles

- Preserve budget neutrality and create room for Delivery System Reform Incentive Payment transition, including DPPs 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 12 annual report:**

<https://www.hhs.texas.gov/sites/default/files/documents/2023-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

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