

# The Shifting Landscape of Medicaid in Texas

**HFMA  
Valley Forum  
October 22, 2015**



**TEXAS HOSPITAL ASSOCIATION**

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Texas Hospital Association**

# Outline



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- **Timeline**
- Actions of 84<sup>th</sup> Texas Legislature
- Waiver Renewal
- 2017
- Timeline

# Medicaid Provider Reenrollment



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- Providers that enrolled before January 1, 2013, must re-enroll by March 24, 2016
- Long process – **up to 6 weeks to complete** – factor in wait on TMHP/HHSC
- Stop and start process
- <http://www.tmhp.com/Pages/Topics/Reenrollment.aspx>

# Timeline



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## Texas Medicaid Timeline

2015												2016												2017											
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# Texas Way Campaign



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- The Texas Way Campaign
- Expands Private Marketplace Coverage
- **Uses designated Funds** for Uninsured Texans
- Requires Personal Responsibility
- Promotes Prevention and Primary Care
- Ensures State Fiscal Responsibility
- Mandates enrollees to be employed or actively seeking employment



# 84<sup>th</sup> Texas Legislature Request



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- \$300M GR for DSH 2014-15
- **\$555M** GR DSH **initial request** for 2016-17
- HOUSE BUDGET: \$250 million for DSH
- SENATE BUDGET: \$0 for DSH

# 84th Texas Legislature Pivot I



- Pivoted to request to \$500 million for improvement in Medicaid rates
- Texas has very low Medicaid rates
- **Florida waiver** negotiations forecasts potential difficulty with CMS on Texas' Medicaid rates
- CMS considers Medicaid **rate adequacy** a guiding principle in evaluating **waiver renewals**



# 84th Texas Legislature Pivot II



- \$129 million in state funding for a Medicaid rate add-on for safety net hospitals
- \$67 million for trauma add-on over 2016-2017 biennium in addition to the \$44 million already appropriated add-on payment for trauma care
- \$25 million for rural outpatient services at 100% of costs
- All but \$5 million comes from unspent trauma funds

# Safety Net Adjustment - I



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- **90% paid to:**
  - Medicaid DSH Hospitals
  - Urban or children's Hospitals
  - Uses Medicaid Days as Basis

# Safety Net Adjustment - II



- **10% paid on Quality**
- Proposed Rule?? Nov 5<sup>th</sup> HPAC
  - Medicaid DSH Hospital – Hi Volume
  - Lump Sum Payment
  - 50% PPR 50% PPC
  - Weighs measure and volume

# Trauma Adjustment



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- (Previous adjustment \* 2.2)

Trauma Level	Add to Base FY2015	Add to Base FY2016
Level I	+12.8%	+28.3%
Level II	+8.2%	+18.1%
Level III	+1.4%	+3.1%
Level IV	+0.9%	+2.0%

# Rural Adjustment



## Outpatient policy changes

- General outpatient reimbursement = 100 percent of cost
- Outpatient emergency department services that do not qualify as emergency visits = 65% percent of cost
- Create rural hospital add-ons to the outpatient hospital imaging services fee schedule

# Preserving Trauma Care Funding



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- ***Legislation authored to repeal and alter DRP***
- Sen. Rodney Ellis (D-Houston) authored SB 93 to repeal DRP without proposing an alternative source of trauma care funding
- Sen. Kirk Watson (D-Austin), Rep. Sylvester Turner (D-Houston), and Sen. Chuy Hinojosa (D-McAllen) proposed bills that would alter how DRP is administered while preserving some trauma funding
- Continue engaging lawmakers and others on importance of DRP to funding trauma care in Texas
  - Senate Interim Study – October

***Driver Responsibility Program: Evaluate the necessity of the Driver Responsibility Program and make recommendations for alternative methods of achieving the programs objectives.***

# Local Provider Participation Fund



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- Local Provider Option
  - Bowie
  - McLennan
  - Bell
  - Beaumont
  - Gregg
  - Hays
  - Rusk
  - Brazos

# Cost Containment - Therapy



- “Texas Senate leaders: \$350 million cut to Medicaid therapy is goal, not requirement”
- “And just last week a state district **court issued an injunction** to prevent implementing the full therapy rates that would likely impact access to care.”
- Monitor for Developments



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# Medicaid 1115 Waiver



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- Method of Finance - Private Hospitals
- UC Pool - \$34.6 Billion Request
- Reconcile UC Shortage - \$466M
- DSRIP Pool - \$15.5B
- HL7 Data Collection
- Other Issues

# Method of Finance



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CMS Deferral – One year ago

Public/Private Affiliation Agreements Reviewed

THHSC met with CMS over the summer

CMS notifies Texas current arrangements are good thru August 2017

THHSC to continue to “draw out” CMS on August 2017 position

# Texas UC Part I - Florida LIP



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- Florida LIP 2014 = **\$2.16 billion**
- For 2015-2016, the federal government will send approximately **\$1 billion** to the low-income pool.
- In 2016-2017, that amount will drop to about **\$600 million.**

# Texas UC Part I - Florida LIP2



- CMS Three Principles
- Use Rates to Fix Medicaid Rates
- Use Medicaid Expansion to Fix Uninsured
- Other Uninsured Cost LIP funds are available

# Texas UC Pool



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- \$34.6 Billion Requested
- CMS will Request a Cost Study from Texas
  - Study Used by CMS in Florida
  - Lengthy Procurement Process
  - High demand on Hospitals to provide data



## Texas Medicaid Timeline - B

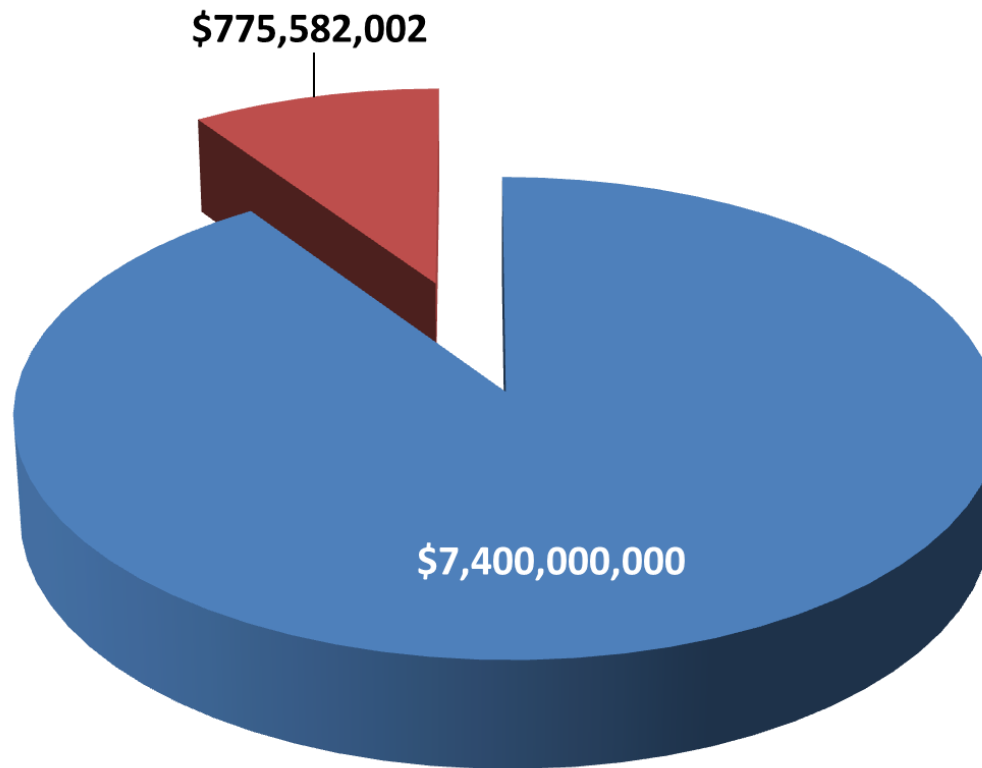
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# Medicaid Waiver – UC Pool



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Estimated FY2021 UC Costs - \$8.2B



■ Requested    ■ Not Requested

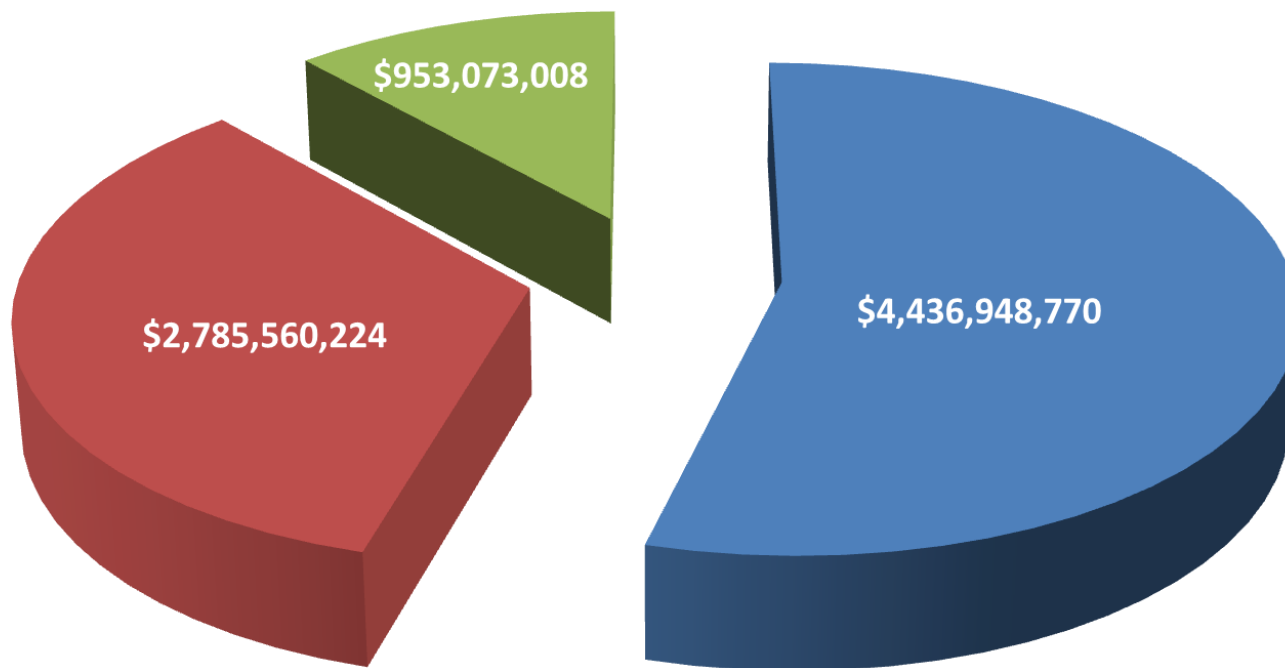


# Medicaid Waiver – UC Pool



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Estimated FY2021 UC Costs - \$8.2B



■ Medicaid Shortfall

■ Uninsured - Non-Expansion

■ Uninsured - Expansion

# UC Shortage in Current Waiver



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- The supplemental provider payments to hospitals and physicians made in November and December 2011 under the Medicaid State plan in the amount of **\$466,091,028** will be considered **as if they were** payments **under this Demonstration**, and will be included in the budget neutrality test, and the amount available as payment from the UC Pool.
- Pushed into subsequent period?

# HHSC DSRIP Principles



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- Further incentivize transformation
- Maintain program flexibility
- Integrate with Texas Medicaid managed care quality strategies
- Streamline and lessen administrative burden
- Improve project-level evaluation
- Support the healthcare safety net for Medicaid and low income uninsured Texans

# New Federal DSRIP Attributes



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- Have all-or-nothing payment (instead of partial payment)
- Require participating providers to submit project budgets.
- Require providers to report at a high level how incentive payments are spent.
- Use attribution models to assign a large portion of the state's low-income patients to specific participating providers
- Emphasize the importance of sustainability after quality improvements are achieved

# Performance Bonus Pool



- HHSC proposes to set aside 5-10% of each provider's total DY 6 valuation to lay the groundwork for the performance bonus pool (PBP) that will reward high performing regions from DY 7 onward
- Providers will be paid in DY 6 based on regional agreement on, and selection of, the region's shared performance measures

# HL7 Reporting - EDEN



- Create Statewide Reporting Hub
- Collect HL7-ADT information for all emergency room patients from hospitals
- Match the HL7-ADT data collected to Medicaid patient eligibility rolls
- Report the matched Medicaid data to Medicaid Managed Care Organizations
- Implement the program by December, 2017
- Require UC or DSRIP hospitals provide ER HL7-ADT data to a HIE or to the State
- Influence Medicaid MCOs to use the information to better manage care for their members

# Waiver Budget Neutrality FY2017-21



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- NAIP = \$3.9B -- FY2017-21
- NF UPL=MPAP=QIPP=\$3.9B

# NETWORK ACCESS IMPROVEMENT PROGRAM



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- Public Hospitals and health-related institutions
- Existing Medicaid managed care structure
- Costs incorporated into MCO capitation rate
- MCOs develop and implement provider incentive programs with hospitals and HRIs



# Quality Incentive Payment Program



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- The Texas Legislature directed HHSC to base payments through the QIPP upon **improvements in quality and innovation in the provision of nursing facility services**:
  - Culture change
  - Small house models
  - Staffing enhancements
  - Improved quality of care and life for nursing facility resident

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# STAR Kids



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- Medicaid managed care program serving youth and children who get disability-related Medicaid
- Beginning Fall 2016 children and youth age 20 will be enrolled in Medicaid MCOs

# Replace Trauma Funds



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Texas Hospitals will need to address the trauma fund balance to maintain trauma and safety-net add-ons

# State Sales Tax



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*“Forecast: Texas to see a \$4.1 billion drop in oil and gas tax revenue”*

*“Little growth in Texas’ sales tax collection”*

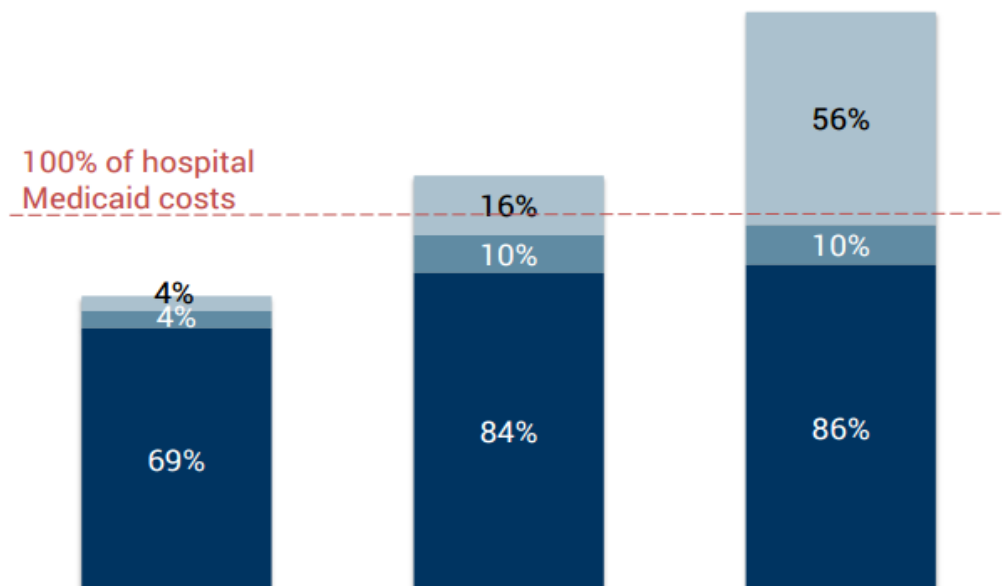
# Medicaid Waiver - DSH



MACPAC – Actively Reviewing the State Allocations

## Medicaid payment to DSH hospitals as percent of Medicaid costs, SPRY 2010

■ Standard Medicaid payments ■ Non-DSH supplemental payments ■ DSH payments



Lowest paying state: 78% of costs    National average: 110% of costs    Highest paying state: 153% of costs

**Note:** DSH is disproportionate share hospital. UPL is upper payment limit. SPRY is state plan rate year.  
**Source:** MACPAC analysis of 2010 DSH audit data, excluding institutions for mental diseases (IMDs)

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# Medicaid Waiver -85<sup>th</sup> Legislature 2017



## Important Dates

9/30/2016 – Current Waiver Expires

11/8/2016 – November Election

1/10/2017 – 85<sup>th</sup> Texas Legislature Begins

5/29/2017 – 85<sup>th</sup> Texas Legislature Ends Regular  
Session

Thru 8/31/2017 – No Deferral of Private Hospital  
Payments





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												<b>1 Year Extension?</b>				<b>New?</b>															

# Questions



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**Questions and  
comments, please**

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