



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

KYLE L. JANEK, M.D.
EXECUTIVE COMMISSIONER

June 21, 2013

Rob Nelb, MHP
Centers for Medicare and Medicaid Services
Center for Medicaid, and CHIP Services
Division of State Demonstrations and Waivers
7500 Security Boulevard
Mail Stop S2-02-26
Baltimore, MD 21244-1850

Dear Mr. Nelb:

The Texas Health and Human Services Commission (HHSC) is requesting to amend the Texas Healthcare Transformation Quality Improvement Program (THTQIP-11-W-00278-6) waiver program, a Medicaid waiver program operating under the authority of the §1115 Social Security Act. The current waiver is approved for the five-year period beginning December 12, 2011, and ending September 30, 2016. The proposed effective date for the amendment is September 1, 2013.

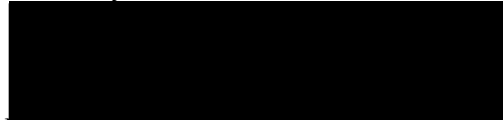
The Delivery System Reform Incentive Payment (DSRIP) funding in the waiver is for incentive payments to hospitals and other providers who develop programs or strategies to enhance access to health care, and increase the quality of care, cost-effectiveness of care provided, and the health of the patients and families served. For DSRIP projects, the non-federal share of the payment (roughly 40 percent) is funded through intergovernmental transfers (IGT) from local and state governmental entities to draw down the associated federal funds (roughly 60 percent). HHSC is requesting an amendment to the THTQIP that would create an administrative pool funded by a small portion of DSRIP IGT funds (up to one percent or \$10,000,000 per year of the waiver). The IGT allocated to the administrative pool will be matched at the 50/50 rate. CMS and HHSC would agree to an administrative protocol governing the specific use of these funds and limiting the use to the monitoring of the DSRIP program. CMS has indicated that such a monitoring program is necessary in order to affect the continued progression of the DSRIP program.

The Health and Human Services Commission is requesting that the Centers for Medicare & Medicaid Services approve the waiver amendment beginning September 1, 2013, and ending September 30, 2016. The amendment does not impact budget neutrality.

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Please let me know if you have any questions or need additional information, Betsy Johnson, Policy Analyst in the Medicaid and CHIP Division, serves as the lead staff on this matter and can be reached at (512) 462-6286 or by email at betsy.johnson@hhsc.state.tx.us

Sincerely,

A large black rectangular redaction box covering the signature of Kay Ghahremani.

Kay Ghahremani
State Medicaid Director

cc: Bill Brooks, ARA, CMS Dallas Regional Office

Attachments

Sixth Proposed Amendment to the Texas Healthcare Transformation and Quality Improvement Program §1115 Demonstration Waiver: IGT allocation for DSRIP monitoring and the creation of an administrative funding pool

The Delivery System Reform Incentive Payment (DSRIP) program is a supplemental funding program that is part of the §1115 waiver. Individual providers work within Regional Healthcare Partnerships (RHPs) to submit plans containing DSRIP projects meant to address regional needs. These DSRIP projects are funded by intergovernmental transfers (IGTs) that are then matched according to the federal medical assistance percentage (FMAP).

In the course of DSRIP project approval, CMS required that the State retain an independent entity to oversee the new mid-point assessment and monitoring of the DSRIP program. This entity could not be controlled by local entities participating in the waiver nor could it be the State itself. General revenue was not provided for this function in the previous legislative session. Thus, after multiple discussions with CMS, the State determined that the best option to fund the monitoring program was to allocate a small portion of all IGTs submitted for the purpose of DSRIP payments.

According to CMS, in order to allow for this method of finance, an amendment to the waiver is required. The amendment, described below, provides the state a method by which the state can allocate a portion of IGTs into a new administrative pool wherein the IGTs will be matched at the 50/50 federal rate. Those matched funds will then be used to fund the entities retained by the State to conduct DSRIP monitoring. In order for the State to allocate a portion of the IGTs, CMS required the State to reduce the DSRIP pool by the amount that would ultimately be available in the administrative pool.

The State proposes to add the following amendment, new STC 47, to effectuate this monitor funding proposal:

From the amounts listed under “DSRIP” in Table 5, the state must create an administrative funding pool for the purpose of funding an independent entity to monitor the DSRIP program in accordance with the Program Funding and Mechanics Protocol. The non-federal share of the funds in this administrative pool must be comprised of intergovernmental transfers made by IGT entities on behalf of performing providers for the DSRIP program.

This amendment has no impact on Medicaid beneficiaries and would no effect evaluation design.