



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. HHSC is requesting an amendment to the THTQIP that would allocate unutilized Demonstration Year (DY) 2 (October 1, 2012 – September 30, 2013) DSRIP funds into DYs 3-5 (October 1, 2013 – September 30, 2016). Based on the initial Regional Healthcare Partnership plans submitted to CMS, there are approximately \$232 million unspent DY 2 DSRIP funds, but this may grow as project valuations are finalized with CMS. This amendment would allow HHSC to fund state priority initiatives with unspent DSRIP funds for DY 2.

The state would seek federal approval for the specific priority state initiatives, which may include, but are not limited to, behavioral healthcare, primary care, interconception care, adult immunizations, tobacco cessation and workforce issues.

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,



Kay Ghanemian
State Medicaid Director

cc: Bill Brooks, ARA, CMS Dallas Regional Office

Attachments

Fifth Proposed Amendment to the Texas Healthcare Transformation and Quality Improvement Program §1115 Demonstration Waiver: DSRIP for State priority projects

The Delivery System Reform Incentive Payment (DSRIP) program is a supplemental funding program that is part of the §1115 waiver. The DSRIP pool is capped at roughly \$11.4 billion (all funds) and that amount is split up by demonstration year according to Table 5 in the Standard Terms and Conditions (STCs) (§46). Funding in the DSRIP pool totals roughly \$2.3 billion (all funds) for the second demonstration year (DY2). Funds from one demonstration year cannot currently be moved into another demonstration year.

Additionally, the DSRIP performing providers are organized into RHPs. Each DSRIP project must be proposed in a RHP plan and must be based geographically within that RHP. Consequently, there is no ability for the State to pursue a statewide DSRIP initiative.

Since HHSC and CMS have completed their reviews of Regional Healthcare Partnership (RHP) plans, we now know that there will be approximately \$232 million in DY2 DSRIP funding that will completely lapse. Instead of allowing those funds to disappear completely, HHSC proposes two amendments to the STCs that would allow the State to propose statewide DSRIP projects in demonstration years three through five utilizing the DY2 DSRIP allocation that would otherwise lapse.

The first amendment would provide for statewide DSRIP projects performed by HHSC:

Delivery System Reform Incentive Payment (DSRIP) Pool. The DSRIP Pool is available for the development of a program of activity that supports hospitals' efforts to enhance access to health care, the quality of care, and the health of the patients and families they serve. The program of activity funded by the DSRIP shall be based in Regional Healthcare Partnerships (RHPs) that are directly responsive to the needs and characteristics of the populations and communities comprising the RHP. Each RHP will have geographic boundaries, and will be directed and financially supported by a public hospital or a local governmental entity with the authority to make intergovernmental transfers (IGTs). In collaboration with participating providers, the public hospital or local governmental entity will develop a delivery reform and incentive plan that is rooted in the intensive learning and sharing that will accelerate meaningful improvement within the providers participating in the RHP. Individual hospitals' DSRIP proposals must flow from the RHP plans, and be consistent with the hospitals' shared mission and quality goals within the RHP, as well as CMS's overarching approach for improving health care through the simultaneous pursuit of three aims: better care for individuals (including access to care, quality of care, and health outcomes; better health for the population; and lower cost through improvement (without any harm whatsoever to individuals, families or communities). Additionally, the State may, with CMS approval, initiate statewide DSRIP projects. These projects need not be based in an RHP but must still fulfill the three aims. (STC 45)

The second amendment would allow the state to shift unutilized DSRIP allocation in DY2 to the third, fourth, and fifth years of the waiver:

The State may adopt funding pool allocations within the range identified in Tables 5 and 6 if, within DY 1, the State determines that the final RHP DSRIP Plans and associated DSRIP Payments require increased funding for the DSRIP Pool. In order to implement the alternative pool allocations across Demonstration Years provided in Table 6, the State shall submit a letter of intent to CMS during DY 1, with final amounts within the range defined by Tables 5 and 6. Additionally, at the election of the State, the State may shift unutilized DY 2 DSRIP allocation to the third, fourth, and fifth demonstration years. Such funds may only be utilized by the State for three-year statewide DSRIP projects. Any further modifications to funding pool allocations will be subject to the amendment process. (STC 46)

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