

Amendment 10: Texas 1115 Demonstration Year 2 Carry Over Amendment Request

7. Amendment Process. Requests to amend the Demonstration must be submitted to CMS for approval no later than 120 days prior to the planned date of implementation of the change, and may not be implemented until approved. CMS reserves the right to deny or delay approval of a Demonstration amendment based on non-compliance with these STCs, including, but not limited to, failure by the State to submit required reports and other deliverables in a timely fashion, according to the deadlines specified therein. Amendment requests must include, but are not limited to, the following:

- a) An explanation of the public process used by the State, consistent with the requirements of paragraph 14, to reach a decision regarding the requested amendment;

HHSC published the public notice of intent to submit the amendment in the Texas Register on October 31, 2014 (attached). The proposed amendment does not have a direct impact on the federally recognized tribes in Texas. As such, according to our agreements with the tribes, no tribal notice is warranted. Since August 2014, HHSC has had a number of discussions with DSRIP participants and other interested stakeholders regarding the development of the amendment and how to implement the amendment if it is approved.

- b) A data analysis which identifies the specific “with waiver” impact of the proposed amendment on the current budget neutrality agreement. Such analysis must include current total computable “with waiver” and “without waiver” status, on both a summary and detailed level, through the current extension approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the “with waiver” expenditure total as a result of the proposed amendment which isolates (by Eligibility Group (EG)) the impact of the amendment;

This waiver amendment request does not have a net impact on the current budget neutrality agreement or Eligibility Groups. It simply seeks to move existing funds from the demonstration year 2 DSRIP pool to the demonstration year 5 DSRIP pool within the currently agreed upon budget neutrality.

- c) A detailed description of the amendment, including impact on beneficiaries, with sufficient supporting documentation, including a conforming title XIX State plan amendment, if necessary; and

HHSC submitted a description of the proposed amendment to CMS on December 1, 2014. A conforming title XIX State plan amendment is not required.

The amendment seeks to utilize unallocated DSRIP funds from DY2 to build on existing, approved DSRIP projects in DY5 by increasing project capacity (more Medicaid/low income uninsured individuals served and encounters provided), increasing data exchange, and improving project-specific evaluation. Since DSRIP is an incentive payment program rather than a payment per service, HHSC does not have specific information at this time on the exact number of beneficiaries that may benefit from the amendment. To

give a sense of beneficiary impact, however, if through these additional funds current DSRIP projects are able to increase capacity by 5% in DY5 compared to what's currently planned, this would equate to over 300,000 additional individuals served and/or encounters provided. If the amendment is approved, HHSC will be able to provide CMS more specific estimates of beneficiary impact once we know which projects qualify for and are interested in earning these additional funds.

- d) A description of how the evaluation design will be modified to incorporate the amendment provisions.

HHSC does not intend to change the formal waiver evaluation design as a result of this amendment, which is within the framework of the existing program and approved projects. However, HHSC believes the project-specific evaluation that will be done with some of these funds will complement the formal evaluation in helping to inform which projects are most successful and why. Also, the data exchange activities that will be done with some of these funds will support data sharing between providers and program sustainability.

APPLICATION DISPOSITION

To: Governor's Office
Budget and Planning
Sam Houston Building, 4th Floor
Austin, Texas 78701

From: Health and Human Services Commission
4900 North Lamar
Austin, Texas 78751

Transmittal No.
n/a

Date
November 24, 2014

The Texas Healthcare Transformation Quality Improvement Program (THTQIP) serves as the vehicle that allows the state to expand the Medicaid managed care delivery system while preserving hospital funding. THTQIP also provides incentive payments for health care improvements and directs more funding to hospitals that serve large numbers of uninsured patients.

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 DY 5 (October 1, 2015 – September 30, 2016). Based on the initial Regional Healthcare Partnership (RHP) plans submitted to CMS, there are approximately \$352 million unspent DY 2 DSRIP funds, which may grow slightly if additional currently active projects withdraw from the program. This amendment would allow HHSC to use these unspent DSRIP funds for DY 2 to increase the impact of many of the existing 1489 active DSRIP projects in DY 5, including projects related to primary and preventive care, behavioral healthcare, and chronic care management. DSRIP providers that also are State contractors for primary health care and behavioral healthcare services may be prioritized in accessing additional funds in order to build on the State's investments in these areas.

DSRIP projects that appear to be on track following the mid-point assessment and that have a funding source for the non-federal share of these incentive payments would have an opportunity to request to add certain defined metrics in DY 5 to enable them to earn additional DSRIP funds. Such metrics may relate to: 1) serving more Medicaid/low-income uninsured individuals than planned; 2) increasing data exchange to support the project, and 3) evaluation of the success of the project. By adding these specified metrics to existing projects, there will be additional healthcare services provided to the program's target populations in DY 5, while the data exchange and evaluation metrics will help strengthen the program going forward, support the sustainability of projects, and continue to build coordinated systems of care.

Depending on how many projects are interested in doing one or more of these additional metrics (and have a source of non-federal share), HHSC will adjust those projects' valuation upward for DY 5 to enable Texas providers to earn the unused DY 2 DSRIP funds. HHSC will coordinate with CMS to finalize how the additional funding will be allocated between the eligible projects.

The Texas Health and Human Services Commission is requesting that the waiver amendment be approved for the period beginning April 1, 2015 through September 30, 2016. The amendment does not impact budget neutrality.

Material Attached is:

New

Amended

State Plan

Application

**1. This Transmittal
Contains:**

- Non-Substantive Material
- Substantive Material Covering:
 - (a) Initiation of a new activity that will require the expenditure of State funds, or that significantly affects an existing program, or
 - (b) A change in an existing program that modifies the amount, duration, or scope of benefits, or that may require additional administrative expenses to implement.

**2. Recommended
Action:**

- Note and return without comments.
- Review, coordinate with appropriate agencies and return to this office with comments. Please send this material to the following agencies for their review and comments:



Kay Ghahremani
State Medicaid Director