TEXAS DEMONSTRATION
FACT SHEET

December 12, 2011

Name of Section Demonstration/Waiver: Texas Healthcare Transformation and Quality Improvement Program section 1115 Demonstration

Date Proposal Submitted: July 15, 2011
Date Proposal Approved: December 12, 2011
Date Implemented: December 12, 2011
Date Expires: September 30, 2016

SUMMARY

Texas' new section 1115 Demonstration has a twofold purpose: to expand the existing Medicaid managed care programs, STAR and STAR+PLUS, statewide, and to use savings from the expansion of managed care and the discontinuation of current supplemental provider payments to finance new funding pools to assist hospitals and other providers with uncompensated care costs and to promote health system transformation in preparation for new coverage demands beginning in 2014.

The STAR program is the primary managed care program serving low-income families and children. STAR+PLUS provides acute care and long-term service and supports (including home and community based care) to the aged, disabled and chronically ill.

The Uncompensated Care Pool will help defray the actual uncompensated care costs incurred by hospitals and other eligible providers for serving Medicaid eligible and uninsured individuals. The Delivery System Incentive Reform Payment (DSRIP) Pool is designed to incentivize programs that support efforts at the provider level to enhance access to care and the health of the patients and families they serve. The programs rewarded by the DSRIP will align with the following four broad categories, which are under development by the State: infrastructure development, program innovation and redesign, quality improvements, and population-focused improvement. Reform activities will be conducted by Regional Healthcare Partnerships (RHPs) that are financially anchored by a public hospital or local governmental entity that will collaborate with a variety of healthcare providers to evaluate current challenges in the delivery system and agree to a course of investment and action to address those challenges over the course of the Demonstration. The State will work with CMS and providers over the course of the first year of the Demonstration to organize the RHPs, identify the projects under the four categories, and determine the amount of incentive payments associated with performance metrics.

AMENDMENTS

Number of Amendments: 0

ELIGIBILITY

All individuals eligible under the title XIX State plan are enrolled in the Demonstration, except the following:

- Individual's whose only coverage consists of payment for Medicare premiums;
- Medically Needy;
- IV-E eligible adoption assistance individuals, STAR Health enrollees, transitioning foster care youth, non-IV-E Foster Care and State subsidized adoption children, independent foster care adolescents, and optional categorically needy children eligible under 42 CFR 435.222;
- Women in the Breast and Cervical Cancer Program
- Residents in Intermediate Care Facilities for Persons with Mental Retardation (ICF/MRs)
- Undocumented or Ineligible (5-year bar) Aliens only eligible for emergency medical services
- Persons who have resided in a nursing facility for more than four months.

DELIVERY SYSTEM

As of March 2012, or later if the readiness review conducted by CMS shows that managed care networks are inadequate, the STAR program will be expanded to operate in all areas of the State, and the STAR+PLUS program will operate in all service areas of the State except the Medicaid Rural Service Area (MRSA). The MRSA is comprised of 164 rural counties and State law prohibits the operation of STAR+PLUS in those counties. Medicaid beneficiaries residing in the MRSA that require home and community based services (HCBS) will enroll in STAR and receive HCBS through an existing section 1915(c) waiver that operates outside of the Demonstration. Enrollees in both STAR and STAR+PLUS will receive unlimited monthly prescriptions, which will provide a more comprehensive benefit than the monthly prescription limit imposed under the State plan. Additionally, STAR+PLUS will include non-behavioral health inpatient services, which have historically been carved out of the program.

BENEFITS

STAR and STAR+PLUS enrollees receive the full benefit package available under the Medicaid State plan. Contingent upon a satisfactory readiness review, the State will implement STAR and STAR+PLUS statewide in March 2012. With that expansion, STAR+PLUS beneficiaries will receive non-behavioral health inpatient services through their health plan, and beneficiaries in both programs will have unlimited monthly access to medically necessary prescription drugs. Additionally, Medicaid beneficiaries under age 21 will receive the full array of primary and preventative dental services through pre-paid dental health plans.

QUALITY AND EVALUATION PLAN

The quality strategies in place under the section 1915(b) and 1915(c) waivers for STAR and STAR+PLUS that were subsumed by this Demonstration remain in full effect under this Demonstration. The State intends to submit a comprehensive quality strategy for both programs within the first year of the Demonstration. The impact of each Demonstration-related program

during the period of approval, particularly: network adequacy of covered services for Medicaid beneficiaries throughout the State, the use of and accountability of pool funds at the provider level, and the effectiveness of the RHP structure in realizing delivery system improvements, will be evaluated. The State will submit a draft evaluation plan during the first year of the Demonstration.

COST SHARING

There are no cost-sharing obligations imposed on the populations covered by this Demonstration.

STATE FUNDING SOURCE

The demonstration is funded by a combination of state general revenue funds, certified public expenditures (CPEs) and intergovernmental transfers (IGTs).

CMS CONTACT

Nicole Kaufman, 410-786-6604
Email: nicole.kaufman@cms.hhs.gov
Cheryl Rupley, 214-767-6278
Email: cheryl.rupley@cms.hhs.gov