

TEXAS
SECTION 1115 DEMONSTRATION
FACT SHEET

Program Name: Texas Healthcare Transformation and Quality Improvement Program

Waiver Number: 11-W-00278/6

Date Proposal Submitted: July 15, 2011

Date Proposal Approved: December 12, 2011

Date of Implementation: December 12, 2011

Expiration Date: December 31, 2017

SUMMARY

On July 15, 2011, Texas submitted its formal proposal for the Texas Healthcare Transformation and Quality Improvement Program (THTQIP) section 1115(a) demonstration to CMS. THTQIP is designed 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 supplemental provider payments to finance a new safety net care pool to assist hospitals and other providers with uncompensated care costs and to promote health system transformation in preparation for new coverage demands that began in 2014. The demonstration was approved in December of 2011.

In June 2013, 67 slots were added to the STAR+PLUS 217-like group. In addition, the restriction for family members to serve as caregivers for adult foster care was removed.

In September 2013, a spell-of-illness limitation for STAR+PLUS was added to align the demonstration with the state plan and adjustments were made to conform with 2014 eligibility changes.

In March 2014, multiple managed care changes were approved, including expanding STAR+PLUS to the Medicaid Rural Service Area, carving nursing facility services into managed care, and adding additional mental health and home and community based services to managed care.

In February 2015, an amendment was approved to assist the state in implementing its Texas Dual Eligible Demonstration. Budget neutrality language was added to the Special Terms and Conditions (STCs) to address how the savings will be attributed to the demonstration.

In October 2015, an amendment was approved to remove the spell of illness limitation for beneficiaries with severe and persistent mental illness.

Texas submitted a five year extension request for the demonstration on September 30, 2016. The state and CMS worked together, and decided upon a 15 month temporary extension to the demonstration. This temporary extension lasts from October 1, 2016, until December 31, 2017, and allows CMS and Texas time to design a new Delivery System Reform Incentive Payment (DSRIP) program that utilizes managed care contracts to drive changes. The temporary extension

also includes an amendment, which clarifies an electronic statewide process for reviewing managed care plans, and adds additional program slots for home and community based service programs within the state.

In November 2016, an amendment was approved to implement the STAR Kids statewide mandatory managed care program for disabled children, and in December 2016, an amendment to transition the NorthSTAR behavioral health waiver program into STAR, STAR+PLUS, AND STAR Kids.

The state's goals in implementing the demonstration are to:

- Expand risk-based managed care statewide;
- Support the development and maintenance of a coordinated care delivery system through the creation of Regional Healthcare Partnerships (RHPs) and RHP five year care and quality improvement transformation plans;
- Improve outcomes while containing cost growth;
- Protect and leverage financing to improve and prepare the health care infrastructure to serve a newly insured population;
- Transition to quality-based payment systems across managed care and hospitals; and
- Provide a mechanism for investments in delivery system reform including improved coordination in the current indigent care system now providing services to individuals likely to gain coverage in 2014.

The state will employ the following principles in achieving the above goals:

Managed Care Delivery System: 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. STAR Kids provides services through managed care to disabled children.

Both the STAR and STAR+PLUS programs have been expanded to operate in all areas of the State. Enrollees in both STAR and STAR+PLUS receive unlimited monthly prescriptions, which provides a more comprehensive benefit than the monthly prescription limit imposed under the State plan. Additionally, STAR+PLUS includes non-behavioral health inpatient services, which have historically been carved out of the program.

Safety Net Care Pool: Up to \$29 billion (total computable) was available for the 5 initial years for the Uncompensated Care (UC) Pool and the Delivery System Incentive Reform Payment (DSRIP) Pool. An additional \$7.75 billion (total computable) is available for the 15 month temporary extension period. The demonstration funding totals to \$36.8 billion over the 6 year and 3 month period.

- *Uncompensated Care:* The \$21.5 billion UC pool will help defray the actual uncompensated care costs incurred by hospitals and other eligible providers for serving Medicaid eligible and uninsured individuals.
- *Delivery System Reform Incentive Program:* The \$15.3 billion 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: infrastructure development, program innovation and redesign, quality improvements, and population-focused improvement. Reform activities are 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 address identified challenges in the delivery system.

ELIGIBILITY

All individuals eligible under the Title XIX state plan are enrolled in the demonstration, except the following:

- a. Medically Needy;
- b. 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;
- c. Women in the Medicaid Breast and Cervical Cancer Program;
- d. Residents of State Supported Living Centers;
- e. Undocumented or Ineligible (5-year bar) Aliens only eligible for emergency medical services;
- f. Prior to September 1, 2014, individuals residing in a nursing facility, who entered the nursing facility while enrolled in STAR+PLUS, and who have been in the nursing facility for at least four months;
- g. Individuals residing in a nursing facility who entered the nursing facility while enrolled in STAR, beginning with the month after the State receives notification that they entered the nursing facility;
- h. Individuals enrolled in the Program for All Inclusive Care for the Elderly (PACE) program;
- i. Individuals enrolled in the Medically Dependent Children Program (1915(c)); and
- j. Individuals residing in a facility in the pediatric care facility of nursing facilities, or any Veterans Land Board (VLB) Texas State Veterans Homes.

DELIVERY SYSTEM

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. STAR Kids provides services through managed care to disabled children.

The STAR+PLUS program has been expanded to operate in all areas of the state. Enrollees in both STAR and STAR+PLUS receive unlimited monthly prescriptions, which will provide a more comprehensive benefit than the monthly prescription limit imposed under the state plan. Additionally, STAR+PLUS includes non-behavioral health inpatient services, which have historically been carved out of the program.

BENEFITS

STAR, STAR Kids, and STAR+PLUS enrollees receive the full benefit package available under the Medicaid State plan. STAR+PLUS beneficiaries receive non-behavioral health inpatient services through their health plan, and beneficiaries in both programs have unlimited monthly access to medically necessary prescription drugs. Additionally, Medicaid beneficiaries under age 21 receive the full array of primary and preventative dental services through pre-paid dental health plans.

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 and intergovernmental transfers (IGTs).