



Presentation to the House County Affairs Committee on the Healthcare Transformation Waiver

Ardas Khalsa

Director, Healthcare Transformation Waiver Operations

Texas Health and Human Services Commission

March 10, 2014

Transformation Waiver Overview

- Five-Year Medicaid 1115 Demonstration Waiver (2011 – 2016)
- Allows expansion of managed care while protecting hospital supplemental payments under a new methodology.
- Incentivize delivery system improvements and improve access and system coordination.
- Establishes Regional Healthcare Partnerships (RHPs) anchored by public hospitals or another public entity in coordination with local stakeholders.

Uncompensated Care (UC) and DSRIP

- Under the waiver, historic Upper Payment Limit (UPL) funds and new funds are distributed to hospitals and other providers through two pools:
 - **Uncompensated Care (UC) Pool**
 - Replaces UPL
 - Costs for care provided to individuals who have no third party coverage for hospital and other services.
 - **Delivery System Reform Incentive Payments (DSRIP) Pool**
 - New program to support coordinated care and quality improvements through 20 RHPs;
 - Transform delivery systems to improve care for individuals (including access, quality, and health outcomes), improve health for the population, and lower costs through efficiencies and improvements;
 - DSRIP providers include hospitals, physician groups, community mental health centers, and local health departments.

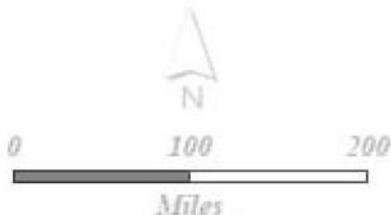
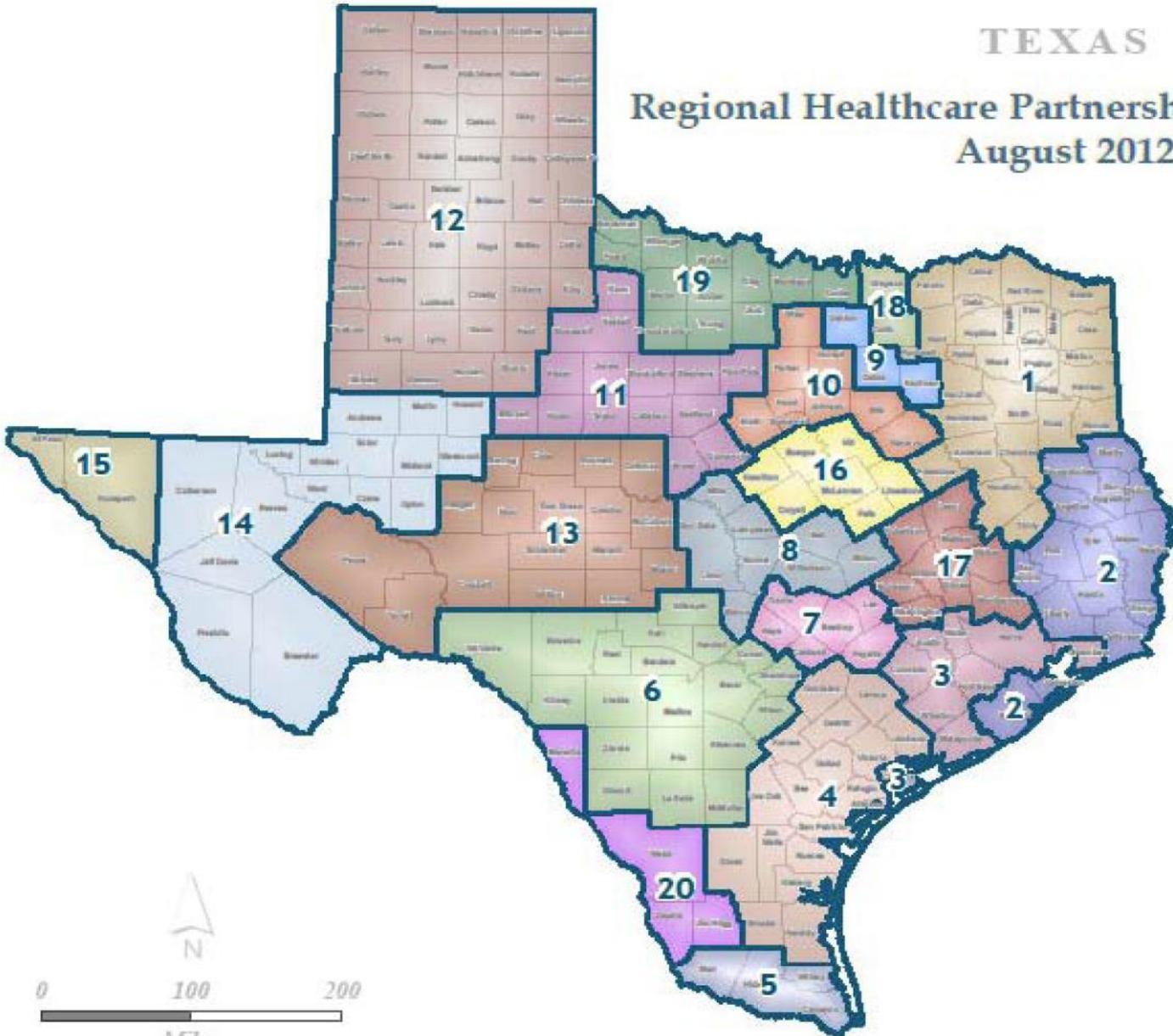
Uncompensated Care Status

- Demonstration year (DY) 1 UC payments totaling \$3.7 million were completed in June 2013.
- Half of the UC payments for DY 2 were advanced to providers in August 2013.
 - The DY 2 UC pool totals \$3.9 billion.
- Final DY 2 UC payments of approximately \$1.95 billion are scheduled for distribution in June 2014.

- The RHP concept is unique to Texas.
 - Hospitals and other providers must participate in an RHP to access UC and DSRIP funds.
- Projects are funded at the Medicaid federal match rate with the non-federal share of funds coming from a local or state public entity.
- Across the 20 RHPs, 300 DSRIP performing providers submitted projects.
 - 224 hospitals (public and private)
 - 18 physician groups
 - 38 community mental health centers
 - 20 local health departments

TEXAS

Regional Healthcare Partnership (RHP) Regions August 2012



Map Prepared by: Strategic Division Support Department,
Texas Health and Human Services Commission,
August 7, 2012

- As of December 31, 2013, there were 1,258 approved and active DSRIP projects.
- Most common project types:
 - Expand access to primary and specialty care
 - Behavioral health interventions to prevent unnecessary use of services in certain settings (e.g. emergency department, jail)
 - Programs to help targeted patients navigate the healthcare system

DSRIP Payments

- DSRIP anchors and providers are eligible to earn \$4.66 billion, All Funds, for the first three years of the waiver.
- While the valuations for the last two years of the waiver are not final, DSRIP projects are estimated to be valued at over \$5 billion total.
- For successful submission of the 20 regional plans in the first year, RHPs received almost \$500 million.
- For project metrics achievement in the second year of the waiver, DSRIP providers received about \$1.6 billion as of January 2014.

Regional Healthcare Partnership 2

- RHP 2 comprises 16 counties in the Galveston and Southeast Texas area
- Anchored by University of Texas Medical Branch (UTMB)
- 15 DSRIP performing providers
- 75 approved and active projects
 - These projects are eligible to earn about \$161 million all funds in demonstration years 2 & 3
- To date, RHP 2 has earned and been paid over \$51 million for submission of its regional plan and project achievement in demonstration year 2

RHP 2 Sample of Active Projects

Provider Name	Project Description	Target Population
Angleton-Danbury Hospital District	Introduce navigation services to a targeted all cause readmission population at risk of receiving disconnected/fragmented care, using a mobile bus staffed by a navigation team that makes house calls to ensure coordinated, timely, and site appropriate health care services are received.	Individuals with inpatient readmissions occurring within 30 days of discharge
University of Texas Medical Branch Hospital	Expand and enhance the delivery of care provided through the Patient-Centered Medical Home (PCMH) model throughout 12 primary care clinics.	Medically underserved areas within Galveston and Brazoria counties
University of Texas Medical Branch Hospital	Provide care management and disease management services in Galveston and Brazoria counties to adult Medicaid, dual eligible (Medicare/Medicaid) and uninsured patients who have chronic disease (i.e. diabetes, hypertension, heart disease, chronic obstructive pulmonary disease ((COPD))).	High risk patients need assistance navigating the healthcare system

RHP 2 Sample of Active Projects

Provider Name	Project Description	Target Population
Spindletop Center	Co-locate primary care clinics in its existing buildings and use an integrated mobile clinic to facilitate coordination of healthcare visits and communication of information among healthcare providers.	Priority population - adult mental health clients that Spindletop serves
Spindletop Center	Refurbish owned buildings to create new apartments in Beaumont and Orange for behavioral health clients who are at risk of being homeless.	Almost all of the individuals who participate in this program will be either indigent or enrolled in Medicaid.
Burke Center	Promote mental health recovery and prevent individuals from experiencing repeated hospitalizations or incarcerations. Create a specialized interdisciplinary team (including psychiatrists, peers, substance use counselors, therapists, community health workers, and mental health deputies) to provide mobile treatment and supports for high risk/high need individuals through a variety of supportive interventions.	Persons with serious mental illness who experience repeated hospitalizations or incarcerations

Transformation Waiver: Next Steps

- December 2013 - RHPs submitted 234 additional 3-year DSRIP projects to potentially earn almost \$1.2 billion in unallocated DSRIP funds.
 - Mid-2014 – Anticipated federal approval for 3-year projects
- March 2014 - DSRIP projects will select or verify outcome measures for each project.
- April 2014 and October 2014 - Demonstration Year 3 reporting periods
 - July 2014 and January 2015 – DY 3 payments scheduled based on approved achievement
- September 2014 – Statewide learning collaborative summit for all RHPs

Transformation Waiver: Next Steps

- The waiver expires on September 30, 2016.
- A renewal request must be submitted to the Centers for Medicare and Medicaid Services no later than September 30, 2015, to extend the waiver.
- HHSC is beginning to discuss the renewal with key stakeholders and plans to hold public meetings in 2014 and 2015 to solicit public input.