



**TEXAS**  
Health and Human  
Services

# Medicaid Update: Texas Organization of Rural & Community Hospitals

---

**Jami Snyder, Associate Commissioner**

**Medicaid and CHIP Services Department**

**Texas Health and Human Services Commission**

**June 27, 2017**

# Payment Reform

---

- Moving away from volume-based payment models with no linkage to quality or value toward models that link payments to quality or value
- Incentivize improved delivery and coordination of care at multiple levels within the system
- Result in improved health outcomes for patients and greater system efficiencies over time

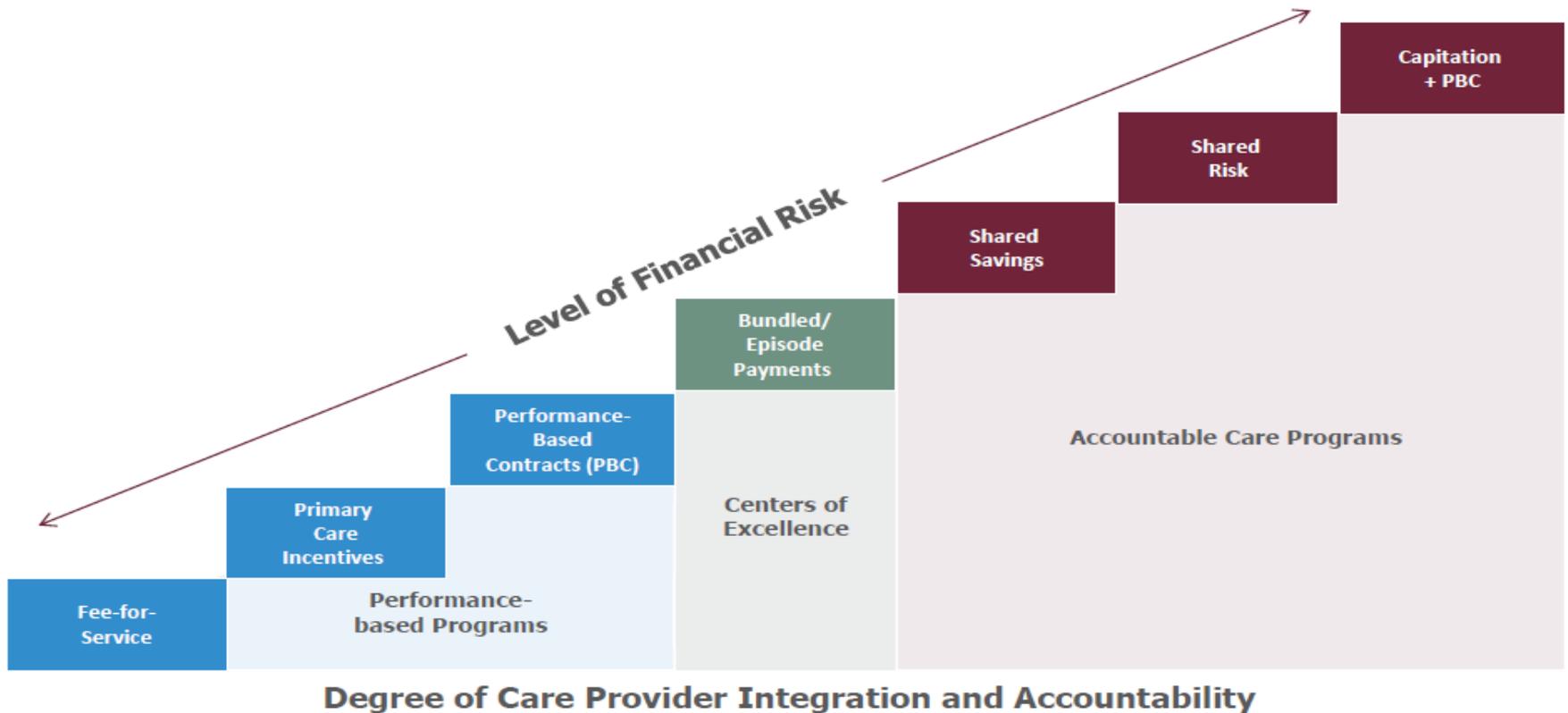


TEXAS  
Health and Human  
Services

# Payment Reform Strategies



TEXAS  
Health and Human  
Services



# Managed Care Organization (MCO) Value-Based Contracting Efforts

---

- Provide flexibility for MCOs to meet providers where they are in regard to interest and aptitude
- Align with national priorities of tying provider payments to quality or value
- Many MCOs are currently engaged in value-based contracting with providers
- Effective in FY 2018, HHSC will implement contract language to require that a percentage of payments to providers are governed by an Alternative Payment Model
  - Measurement year to begin January 2018 to coincide with P4Q start date
  - Annual percentage increase



**TEXAS**  
Health and Human  
Services

# Pay For Quality (P4Q)

---

- Recently redesigned for go-live in January 2018
- Percentage of MCO capitation is placed at-risk, contingent on performance on targeted measures
- Three ways through which MCOs can earn or lose money
  - Within year performance
  - Year-to-year improvement
  - Bonus pool (no risk)
- Selected measures for 2018
  - Prevention
  - Chronic disease management, including behavioral health
  - Maternal and infant health



TEXAS  
Health and Human  
Services

# Delivery System Reform Incentive Payment Program (DSRIP)

---

- Over 1,300 active DSRIP projects
- 296 providers, including
  - Hospitals (public and private)
  - Physician groups
  - Community mental health centers
  - Local health departments



TEXAS  
Health and Human  
Services

# DSRIP Projects

---

- Draft program parameters for Demonstration Years 7 and 8 released as draft Program Funding and Mechanics (PFM) protocol
  - New structure
    - Transitions provider payments from project-based to outcome-based for achievement on measure bundles
    - Provides an opportunity move towards sustainability of transformed systems, including APMs, and to end or replace current projects, if desired
  - Dependent on CMS approval of the extension and PFM



TEXAS  
Health and Human  
Services

# Safety Net Hospital Incentive Program

---

- Safety Net Hospital Incentive Program
  - Focus on reducing hospital readmission rates (PPR) and complications rates (PPC)
  - Required per Special Provisions Sec. 59(b) of House Bill 1 (2015)



TEXAS  
Health and Human  
Services

# Selected Potentially Preventable Events (PPE) Data By Hospital Location, Texas Medicaid, State Fiscal Years 2014 & 2016 \*



**TEXAS**  
Health and Human  
Services

		POTENTIALLY PREVENTABLE COMPLICATIONS (PPC)			
		STATE FISCAL YEAR			
		2014		2016	
		Percent of Hospitals Penalized		Percent of Hospitals Penalized	
		Yes	No	Yes	No
LOCATION	Non-Metro	29%	71%	38%	62%
	Metro	36%	64%	42%	58%

		POTENTIALLY PREVENTABLE READMISSIONS (PPR)			
		STATE FISCAL YEAR			
		2014		2016	
		Percent of Hospitals Penalized		Percent of Hospitals Penalized	
		Yes	No	Yes	No
LOCATION	Non-Metro	17%	83%	29%	71%
	Metro	28%	72%	38%	62%

**\* NOTES:**

Sources - AHA / THA / DSHS Annual Survey of Hospitals; HHS Hospital-based Medicaid Potentially Preventable Events data system.

Hospital location - Based on the population concentration of the hospital's county, per US Census designation.

PPC - A harmful event or negative outcome, such as an infection or surgical complication, that occurs after a hospital admission or a long-term care facility stay and might have resulted from the care, lack of care, or treatment provided during the admission or stay.

PPR - A return hospitalization within a set time period that might have resulted from problems in the care during a previous hospital stay or from deficiencies in a post-hospital discharge follow-up.

Prepared by - Quality Oversight, Medicaid / CHIP Services Department, Medical and Social Services Division, Texas Health and Human Services, June 2017.

# 1115 Waiver Update

---

- 1115 Waiver Update
  - Additional 21 months requested: January 2018 through September 2019.
  - Requested level funding for both DSRIP and UC, \$3.1B per DY (all funds)
  - Provides financial and operational certainty for Texas providers to continue serving Medicaid and low-income uninsured populations that benefit from the waiver while the new administration determines its policies regarding Section 1115 Demonstration Waivers



TEXAS  
Health and Human  
Services

# Health Care Reform

---

- HHS staff are working to understand the implications of the Senate bill released last week
  - Comparing House and Senate bills
  - Determining impact to Texas Medicaid providers and members
- Considerations
  - Impact of per capita allotment
  - DSH funding
  - State flexibility (e.g. work requirements)



TEXAS  
Health and Human  
Services



**TEXAS**  
Health and Human  
Services

# Thank You

---