



# **Presentation to the House Select Committee on Mental Health: Medicaid 1115 Transformation Waiver**

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# 1115 Transformation Waiver: Overview

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- Five year waiver through September 30, 2016
- Managed care expansion
  - Allows statewide Medicaid managed care services – STAR, STAR+PLUS, and children’s dental managed care (including carve in of hospital services)
- Supplemental financing component
  - Preserves historical upper payment limit (UPL) hospital funding under a new methodology
  - Uncompensated Care (UC) Pool (\$17.6 billion)
  - Delivery System Reform Incentive Payment (DSRIP) Pool (\$11.4 billion)
  - Creates Regional Healthcare Partnerships (RHPs)

# Delivery System Reform Incentive Payment Program

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- Delivery System Reform Incentive Payment (DSRIP) is an incentive program to transform delivery systems through infrastructure development and testing innovative care models.
  - Improve care for individuals (including access, quality, and health outcomes)
  - Improve health for the population
  - Lower costs through efficiencies and improvements
- Projects are funded at the Medicaid federal match rate with the non-federal share of funds coming from a local or state public entity (Intergovernmental Transfers, or IGT).
- DSRIP funds are earned based on achievement of project-specific metrics each year.
  - Different than Medicaid fee-for-service or encounter-based payments
- Approximately \$7.1B in total DSRIP payments to date

# 1115 Transformation Waiver: Extension Request

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- On September 30, 2015, Texas submitted to the federal Centers for Medicare & Medicaid Services (CMS) a request to extend the waiver.
- Texas requested to continue all three components of the waiver for another five years:
  - Statewide managed care
  - UC pool
  - DSRIP pool
- Texas has made progress related to the waiver goals, and will propose program improvements toward those goals to support and strengthen the healthcare delivery system for low-income Texans.

# Extension Request for the Pools

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- The extension request on the funding pools:
  - To continue the FFY 2016 funding level for DSRIP (\$3.1 billion annually)
  - A UC pool equal to the unmet need in Texas, adjusted to remain within budget neutrality each year (\$5.8 billion in FFY 2017, \$6.6 billion in FFY 2018, and \$7.4 billion each year from FFY 2019-2021)
- HHSC recently submitted a request to CMS for an initial 15-month extension at level funding from demonstration year (DY) 5 of the waiver during which negotiations will continue on a longer-term agreement.