Hospital Payment Advisory Committee

November 4, 2021

Hospital Payment Advisory Committee, a subcommittee of the Medical Care Advisory Committee, advises MCAC and HHS about hospital reimbursement methodologies for inpatient hospital prospective payment and on adjustments for disproportionate share hospitals. Members include:

Diana J. Strupp, HPAC Chair
Tenet Health Systems
Dallas
Steven Hand, HPAC Vice Chair
Memorial Hermann Health System
Houston
Frank L. Beaman (RHAC member)
Faith Community Health System
Jacksboro
William R. Bedwell
University Health System
San Antonio
Sharon Clark
Tarrant Country Hospital District (JPS)
Fort Worth
Natalie Erchinger
Baylor Scott & White Health
Temple
Nathan Flood (RHAC member)
Castro County Hospital District
Dimmitt
John Henderson (RHAC member)
Texas Organization of Rural and Community Hospitals (TORCH)
Round Rock
Julie Holly
Seton Healthcare
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Stephen W. Kimmel
Cook Children's Healthcare System
Fort Worth
Rebecca McCain, MHA (RHAC Chair)
Electra Hospital District
Electra
Michael L. Nunez
University Medical Center of El Paso
El Paso
Daniel Olvera
Covenant Health System
Lubbock
Jerry Pickett (RHAC member)
Bosque County District Hospital
Clifton
Todd Scroggins (RHAC member)
Wise Health Systems
Decatur

1. Welcome, introductions, and opening remarks. The meeting was convened by Diana J. Strupp, HPAC Chair.

2. Consideration of August 5, 2021, draft meeting minutes. The minutes were approved as written.

3. Briefing on Comprehensive Hospital Increase Reimbursement Program (CHIRP), Texas Incentives for Physician and Professional Services (TIPPS)

program, and Rural Access to Primary and Preventive Services (RAPPS) program.

There are four directed payment programs HHSC has submitted for CMS approval as part of the Delivery System Reform Incentive Payment Transition Plan. The proposed start date is September 1, 2021. CMS sent 19 requests for modification on these programs and the three programs are pending before CMS. CMS offered a temporary fix of temporarily extending URHIP, DSRIP and approve the QIPP program. HHSC accepted the offer in a letter that is still pending as they work on the other programs. There is no agreement currently to move forward with any of the directed payment programs. A number of modifications have been offered to CMS and CMS concerns include:

- Limit CHIRP to 90% of the commercial reimbursement for the class which reduced the program size by a little less than 300 million
- Transition the TIPPS and RAPPS programs to no longer include pay for performance but to limit them to uniform rate increases
- Updates were made to measures
- CMS expressed concern with the source of the local funds across all the programs
- HHSC has filed a motion in federal court in the context of the 1115 waiver seeking judicial intervention on some of the issues that seem not in such with the terms and conditions of the waiver

CHIRP is a DPP for hospitals providing healthcare services to adults and children enrolled in STAR and STAR+PLUS. Eligible hospitals include children's hospitals, rural hospitals, mental health hospitals, state-owned hospitals, and urban hospitals.
The program is a change to the existing Uniform Hospital Rate Increase Program, currently in its fourth year of operation. Beginning in program year 5, the program would include two components:

- Component 1: CHIRP will continue to provide a uniform rate enhancement similar to UHRIP.
- Component 2: CHIRP's Average Commercial Incentive Award payment component will allow participating providers to earn higher reimbursement rates based upon a percentage of the estimated average commercial reimbursement.

Program Rules and Requirements

- CHIRP rules §353.1306(link is external) and §353.1307(link is external)
- CHIRP Requirements (PDF)
- CHIRP Stakeholder Feedback (PDF) (3/8/2021)
- Measure Specifications for CHIRP (Excel) (8/2/2021)
- Measure Specifications FAQs (Excel) (8/2/2021)

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TIPPS is a value-based directed payment program for certain physician groups providing health care services to children and adults enrolled in the STAR, STAR+PLUS and STAR Kids Medicaid programs. Eligible physician groups include health-related institutions, indirect medical education physician groups affiliated with hospitals and other physician groups.
In Year 1, the program would include the three components:

- Component 1 would be paid as a per-member-per-month payment tied to requirements to implement quality improvement activities. HRIs and IMEs are eligible for Component 1.
- Component 2 would serve as a uniform rate enhancement based on achievement of quality metrics focused on primary care for adults and children and chronic care. HRIs and IMEs are eligible for Component 2.
- Component 3 would serve as a rate enhancement for certain outpatient services based on achievement of quality metrics focused on maternal health, chronic care, behavioral health, and Social Determinants of Health. All physician practice groups are eligible for Component 3.

Program Rules and Requirements

- TIPPS rules §353.1309(link is external) and §353.1311(link is external)
- TIPPS Requirements (PDF) (3/1/2021)
- TIPPS Stakeholder Feedback (PDF) (3/8/2021)
- Measure Specifications for TIPPS (Excel) (8/2/2021)
- Measure Specifications FAQs (Excel) (8/2/2021)

RAPPS is a directed payment program for rural health clinics that provide primary and preventative care services to STAR, STAR+PLUS, and STAR Kids members.
In Year 1, the program would include two components:

- Component 1 would provide a uniform dollar increase in the form of prospective, monthly payments to all participating RHCs to enhance structures that promote better access to primary and preventive services.

  The amount of the increase would vary by RHC class. The structure measures would include reporting on electronic health record use, telemedicine/ telehealth capabilities, and ensuring access to care for Medicaid clients.

- Component 2 would be a uniform percent rate increase for certain services based on achievement of quality metrics focused on preventive care and screening and management of chronic conditions.

Program Rules and Requirements

- Proposed RAPPs rules §353.1315(link is external) and §353.1317(link is external)

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- RAPPS Requirements (PDF)
- RAPPS Stakeholder Feedback (PDF) (3/13/2021)
- Measure Specifications for RAPPS (Excel) (8/2/2021)
- Measure Specifications FAQs (Excel) (8/2/2021)

Questions/Answers/Comments

Any feedback on the motion that was filed? The meetings are continuing every other business day until there is a determination on the programs.

On the September 7th acceptance there were two options and DSRIP. HHSC stated that they agree with that observation, but CMS has not responded.

Is there a fix of the concerns outside of the regular legislative timing? CMS is seeking an attestation that no private business arrangements among two private entities where there is no governmental involvement. The state's position is that the federal statute that governs tax utilization in the Medicaid program does not extend to those types of relationships and there would not be a state legislative modification that could change that federal statute to make it applicable.

On the motion that was filed this week when can we expect a response? HHSC stated that the next step is that the judge will set a scheduling order/CMS response timeframe. This is uncertain.

Will the time frame keep advancing with the payment date advancing as well and will it be retroactive or eventually go prospective. HHSC cannot compress the payment time frame because payments must be reasonable and appropriate. CMS has the discretion for timeframe approvals. The MCOs will also have separate time frames to load the data for payment. When contract modifications are required, this will add time to the payment. HHSC is trying to get all the contract changes in place for UHRIP.

Uniform Hospital Rate Increase Program (UHRIP) is a statewide program that provides for increased Medicaid payment for inpatient and outpatient services. Texas Medicaid managed care organizations (MCOs) receive additional funding through their monthly capitation rate from HHSC and are directed to increase payment rates for certain hospitals. UHRIP program operational information

The announcement for the CHIRP IGT 21 day schedule. Is there flexibility for this to extend to 30 days. HHSC stated that they are proceeding with the 21 days. At the point CMS responds then we would let everyone know the timing based on the formal approval letter.

4. Hospital Augmented Reimbursement Program (HARP) update

Hospital Augmented Reimbursement Program

The Hospital Augmented Reimbursement Program (HARP) is a statewide supplemental program providing Medicaid payments to hospitals for inpatient and outpatient services that serve Texas Medicaid fee-for-service (FFS) patients. The program serves as a financial transition for providers historically participating in the Delivery System Reform Incentive Payment program. HARP will provide additional funding to hospitals to assist in offsetting the cost hospitals incur while providing Medicaid services. Subject to CMS approval, eligible participants in Federal Fiscal Year 2022 include non-state government-owned and -operated hospitals and private hospitals.
Enrollment

The Texas Health and Human Services Commission (HHSC) announces enrollment for the Hospital Augmented Reimbursement Program (HARP). The application period runs from September 17, 2021, through October 1, 2021 5:00 PM CST. A link to the application can be found here.
Methodology/Rules

HHSC has adopted new §355.8070 concerning Hospital Augmented Reimbursement Program for the program period on or after September 1, 2021. The HARP rule was published in the September 24, 2021 issue of the Texas Register and became effective September 29, 2021.

The HARP rule is available here: §355.8070.

There is no update on this. There were two plan amendments submitted but have not heard back from CMS. The final response date is December 13th. The Chair inquired if there is no word from CMS what happens? HHSC stated that CMS always lets HHSC know either written or by telephone. When questions are asked the approval timeframe starts again.

A question was asked if an information letter for IGT and HARP will be sent out. HHSC state that they will send nothing out until there is approval.

5. Private Hospital Graduate Medical Education (GME) program update

There has not been any continued discussion with CMS. The questions they had received for this program are similar to the ones in the directed payment programs related to source of defunding. Work is being done at HHSC to address the CMS questions.

6. Uncompensated Care update

For DY10 all of the payment was not issued in September in order to make rural updates. Some hospitals have had mergers and so definitions had to be made. Sole community hospitals in a metropolitan area will no longer be able to be classified as rural hospitals. A change was suggested the way the rural set aside was calculated. The changes have been made and funds were held back. The rules allow HHSC to determine allocation for physician, ambulance and dental providers. The revised payment will be made in December or January.

Questions/Answers/Comments

The p[public health emergency has been extended until January. Is the UC or DSH being adjusted for the enhanced FMAP. HHSC confirmed that the emergency was extended until January 16th. This will provide enhanced FMAP into March. The Build Back Better proposed legislation has a step down process for the enhance FMAP. This applies even if the public health emergency continues.

The best estimate of the final calculation for the DY10 payment will be January. HHSC stated December of January.

Does the rule have to be out there for 30 days before the DY10 payment can be made? HHSC stated the rule does not have to be out for 30 days. The payment will not be made until the rule has been adopted.

7. Delivery System Reform Incentive Payment (DSRIP) program update.

On July 14, 2021, Texas submitted to CMS its request to extend and to amend the Texas Healthcare Transformation Quality Improvement Program waiver under section 1115 of the Social Security Act. Below please find links to the submitted cover letter, Extension Appendices, and Preliminary Evaluation Findings (Supplement A-Preliminary Draft Results).

- 1115 Transformation Waiver Extension Cover Letter (PDF)
- 1115 Transformation Waiver Extension Appendices (PDF)
- 1115 Transformation Waiver Preliminary Evaluation Findings (Supplement A-Preliminary Draft Results) (PDF)

There was an offer to extend DSRIP for another year as well as QIPP adjustments and HHSC accepted those conditions but have not received the confirmation from CMS. Measures and bundle protocols are out for comment and will close on November 15th. The waiver amendment application will be sent in November 22 and then work to finalize the extension will occur. DSRIP would be operating pretty much as it does now. Valuation would remain the same but would have to be approved by CMS. For STCs we have proposed state level data equity measures.

Questions/Answers/Comments

Assuming DSRIP is extended does that mean for DY10 will have a carry forward? HHSC stated that is what HHSC has proposed.

HHSC has requested $2.49 billion for DY 11 and there will be a 20% reduction from that.

For DSRIP there is no approval but has CMS commented at all. HHSC stated that there have been informal conversations. DY11 has started already (October 1). The application for amendment assumes 120 days before approval would be received. The payments will be eligible starting retro to October 1, so there will not be a break in the program.

Why the 20% reduction? HHSC stated CMS requested health equity measures. The 20% is at risk pending measures approval. It is $2.49 billion but with 20% at risk. We expect to meet the measures as a state so everyone could maintain their DY10 valuation.

There is discussion about reductions in programs if the state does not expand Medicaid. HHSC stated that there are two provisions: 12.5% DSH allotment reduction for states that do not expand Medicaid; Reduction to the UC pool for failure to expand also. The impact is hard to quantify. Uptake rates can impact this.

8. Rural Hospital Advisory Committee update.

- They received an update of the ARPA and vaccine mandates that are required for Medicaid. The rules will be published tomorrow with a 60 day comment period.
- Update on Community Health Access… Grant for 14 rural hospitals moving to an ACO payment
- A SB809 update was provided, and cost reporting was discussed

Questions/Answers/Comments

Is SB809 reporting for all hospitals or just rural hospitals? The speaker stated It is just for rural hospitals. HHSC stated that the reporting is to address the costs related to COVID 19 and as such p All providers are encouraged to report.

Will the survey instrument be corrected to clarify COVID costs. HHSC stated that they will work with staff to update the survey instrument. The grace period for submittal was extended.

9. Medicaid funding issues related to Texas hospitals

The public health emergency extension and the step down in enhanced FMAP. Will there be a stepdown process for disenrollment. The Build Back Better Act includes a phased disenrollment also for clients on Medicaid but with no eligibility verification.

There is no effective date for the scale down, correct? HHSC stated that the bill has not passed yet so there are no verified timelines. As drafted, it would be based on federal quarters.

Any update on the application fee for UC. HHSC stated that the comments related to a fee are being reviewed. They anticipate adopting the rule. HHSC plans to use the funds received by the program for monitoring.

10. Public comment. There was no public comment offered

11. Proposed next meeting: February 3, 2022, at 1:30 p.m.

A comment was made to have all members attend in person for the next meeting.

12. Adjourn. There being no further business, the meeting was adjourned.

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