

Texas Essential Healthcare Partnerships

Upcoming Changes to LPPF Funded Programs SFY20 (DY9)

Webinar

April 4, 2019



Texas Essential
Healthcare Partnerships

What is TEHP?



Texas Essential
Healthcare Partnerships

- Non-profit that operates exclusively for social welfare in the State of Texas
- Created by Hospital Systems across Texas that pay into LPPFs
- Board is comprised of an official from every member hospital system
- Researches, educates on, and supports policies that strengthen the healthcare safety-net system
- Improves access to, and the availability, delivery, efficiency and funding of, quality healthcare services within the State of Texas



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1115 WAIVER UPDATE

**RECENT DEVELOPMENTS TO THE
TEXAS UNCOMPENSATED CARE PROGRAM**

Funding the Texas Healthcare Safety-Net

- Counties and their indigent care departments support their local safety-net systems by helping to fund supplemental payment programs for their local providers.
 - Uncompensated Care (“UC”) Pool
- Counties created innovative funding mechanisms to help access the federal funds that were available to local providers.
 - Funding Mechanisms
 - “Charity care expansion”
 - “Burden alleviation”
 - The Local Provider Participation Fund (LPPF)

Texas 1115 Waiver

- In December 2011, Texas received initial federal approval of the section 1115 Texas Healthcare Transformation and Quality Improvement waiver (DYS 1-5).
 - Implemented statewide Medicaid managed care
 - Created two supplemental payment programs under managed care delivery system
 - UC Pool
 - Delivery System Reform Incentive Payment Pool
- Five year extension approved December 21, 2017 (DYS 7-11)
 - DSRIP: **Four** years of funding, with two years of level funding, followed by two years of funding which will decrease each year.
 - UC Pool: **Five** years of funding. Approximately \$3.1 billion allocated for first two years; for subsequent years, amount will be determined pursuant to revised STCs.

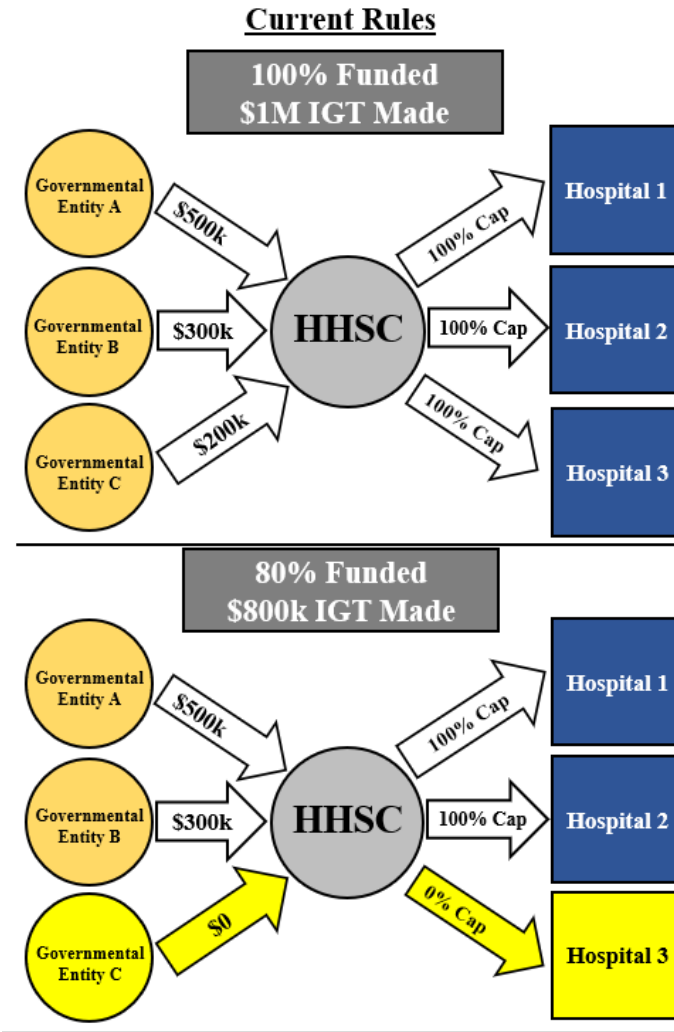
Texas UC Pool (DYs 1-8)

- The UC pool is intended to help defray the actual uncompensated care costs incurred by hospitals and other eligible providers for serving Medicaid eligible *and* uninsured individuals.
- Private hospitals that participate in the waiver must execute an affiliation agreement with the governmental entity that provides the Intergovernmental Transfer (IGT) for hospital UC payments.
 - Private hospitals and governmental entities agree to collaborate to improve access to health care for the indigent

Notable UC Pool Changes Under Waiver Extension (DYS 9-11)

- Payments Limited to Services Provided as Charity Care to the Uninsured (excludes Medicaid losses and bad debt)
 - Transition Distribution Methodology Towards Charity Care (with onerous timeline and penalties)
 - Size of the UC Pool Based on Charity Care (transition to S-10)
- Eliminate any Relationship Between UC Pool Payments and the Source of the Non-Federal Share.

Uncompensated Care Flow of Funds (Current)



Uncompensated Care Flow of Funds (Future)

