

As most of you know, the renewed Texas Healthcare Transformation and Quality Improvement Program section 1115 demonstration waiver provides only a four year extension of the Delivery System Reform Incentive Payment (DSRIP) Program through Demonstration Year (DY) 10 (October 2021). In approving the waiver renewal, the Centers for Medicare and Medicaid Services (CMS) approved a temporary extension of DSRIP with the goal of identifying an updated incentive payment methodology that better accounts for provider core activities supporting performing provider-level outcomes.

To this point, the waiver terms and conditions (STCs) require that HHSC submit a draft transition plan to CMS by October 1, 2019 for CMS review and approval, describing how the state will further develop its delivery system reform efforts without DSRIP funding and/or phase out DSRIP funded activities. Specifically, waiver STC 37 requires that HHSC propose milestones by which it will be accountable for measuring sustainability of its delivery system reform efforts absent DSRIP funding. Milestones may relate to the use of alternative payment models, the state’s adoption of managed care payment models, payment mechanisms that support providers’ delivery system reform efforts, and other opportunities. Similar to the waiver’s uncompensated care (UC) rulemaking milestones, portions of overall Federal Financial Participation (FFP) for DSRIP will be at-risk if the state fails to meet the October 1 deadline.

As we have discussed over the past couple of months, we are working with HHSC to discuss options as it relates to the development of a transition plan. One of the proposals that we have discussed at length is a Medicaid managed care value based purchasing (VBP) directed payment program. Based on recent conversations with HHSC, they appear to be receptive to the development of an additional directed payment as a DSRIP alternative. Once we receive clear guidance from HHSC regarding their preferred model and strategy, we plan to build an internal client task force to inform the development of the VBP directed payment proposal.

Moving forward, we would welcome your contributions to this discussion, particularly with regard to the development of clinical, quality and performance metrics that would be part of any VBP directed payment proposal. To this point, please let us know if your organization would like to participate in the task force and who from your quality/clinical team should be included in future correspondence. If your organization is interested in participating on the task force, please respond by Friday, April 5.

For your reference, we have included a timeline below of relevant deadlines. Additionally, attached please find an overview of Medicaid managed care directed payments. Please do not hesitate to contact us directly with any questions. We look forward to hearing from you.

Best,
Carlos

DY 11 DSRIP Transition Plan Timeline		
HHSC provides status updates to Executive Waiver Committee	5/23/19	DY8
HHSC posts initial draft of the Transition Plan for stakeholder review and comment	Summer 2019	DY8
HHSC submits draft DSRIP Transition Plan to CMS	9/30/19	DY8
CMS works with HHSC to finalize plan	10/1/19-3/30/20	DY9

HHSC ensure that DY9-10 milestones are achieved, including any requests to CMS for approval of proposed programs and services	4/1/2020-9/30/21	DY9-10
DY 11 Begins	10/1/21	DY11