



Texas Essential
Healthcare Partnerships

TEHP Releases Analysis Showing Tyler-Area Hospitals Losing Nearly \$43 Million in Annual Federal Funding

TYLER – Texas Essential Healthcare Partnerships (TEHP) today released its fiscal analysis showing Tyler area hospitals are losing nearly \$43 million in annual federal funding as of September 1, because of the 1115 waiver stalemate between the state of Texas and Centers for Medicare and Medicaid Services (CMS). Currently, 17 hospitals in the Tyler area receive federal funds through the Medicaid Directed Payment Programs (DPPs) to the tune of \$42,797,140 each year. These DPPs are funded by CMS through the Uniform Hospital Rate Increase Payment (UHRIP). This program has been invaluable in providing a safety net for Texas’ most vulnerable by providing funding for basic healthcare functions, such as maternity care in hospitals. Texas and CMS have worked together for several years to design and implement these important programs, and UHRIP has materially improved access to quality care for Texans on Medicaid. These programs have been especially important to Texans in rural areas, where providers can be few and far between. Nevertheless, UHRIP will go unfunded as negotiations over the 1115 waiver continue.

CMS approved a renewal of Texas’ 1115 waiver in January of 2021, but the federal agency reversed course and rescinded this approval in April of 2021. Texas sued, and in the resulting litigation CMS is also withholding approval of Texas’ proposed DPPs. The proposed DPPs also include new programs designed to maintain current Medicaid funding levels for behavioral healthcare and primary care across the state.

On August 12th, the Eastern District of Texas issued an order instructing CMS to either approve Texas’ DPPs as proposed or engage with the state and negotiate approvable programs. While the court can insist CMS and the state negotiate concerning these essential DPPs, ultimately CMS has broad discretion over whether and how to approve these programs. Without CMS approval, essential DPP funding statewide stopped flowing on Wednesday, September 1, 2021.

This lapse in funding will hit low-income Texans especially hard. Medicaid provides health coverage for low-income Texans and covers 1 of every 12 adults and 2 out of every 5 children statewide. Medicaid provides an essential safety net to our community’s working poor, children, and seniors.

“There is an urgent need for CMS to work with the state of Texas and provide funding for these vital Directed Payment Programs,” said Don Lee, TEHP President. “While the state and federal government work on terms for Texas’ 1115 waiver, CMS should maintain its funding for these DPPs. At a time when our hospitals are dealing with the first global pandemic in 100 years, they

cannot afford to be left behind. If left unfunded, these healthcare providers throughout the Tyler area, and the entire state, could see their doors shut, never to reopen.”

[Texas Essential Healthcare Partnerships](#) is a non-profit corporation that operates exclusively for social welfare in the State of Texas. TEHP supports policies that strengthen the healthcare safety-net system, and improve access to, and the availability, delivery, efficiency, and funding of, quality healthcare services within the State of Texas. TEHP’s goal is to educate members of the community and empower hospitals so that they can provide accessible and high-quality healthcare services to patients in their care.