

Texas 1115 Waiver Extension Update

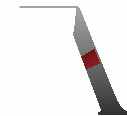
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1115 Waiver Basics

Why was the 1115 Waiver created?

- Allows the state to reimburse safety net hospitals for uncompensated care
- Provides incentive payments for health care improvements and directs more funding to hospitals that serve large numbers of uninsured patients

What programs Texas utilized via the 1115 Waiver?

- Delivery System Reform Incentive Payment (DSRIP)
 - Program to end September 2021
- Uncompensated Care (UC)
 - Helps to cover a portion of the costs incurred by Texas hospitals for treating uninsured patients

Why is it important?

- Texas hospitals incur billions of dollars of cost each year for treating uninsured patients, for which they often receive little to no reimbursement
- Urban communities serve the largest share of uninsured patients in Texas
- Without the UC program, many Texas residents would lose access to the care at safety net hospitals that they need to live healthy lives



Annual Uncompensated Care (UC) Reimbursement

Markets	Estimated Annual UC Reimbursement
Dallas/Fort Worth	\$ 1,109,000,000
Houston	\$ 1,042,000,000
San Antonio	\$ 300,000,000
Austin	\$ 215,000,000
Odessa/Midland	\$ 121,000,000
El Paso	\$ 109,000,000
Waco	\$ 101,000,000
Rio Grande Valley	\$ 98,000,000
Corpus Christi	\$ 94,000,000
Tyler	\$ 79,000,000
Lubbock	\$ 78,000,000
Shreveport (Shared with Louisiana)	\$ 64,000,000
Beaumont	\$ 57,000,000
Bryan/College Station	\$ 43,000,000
Texarkana	\$ 43,000,000
Amarillo	\$ 33,000,000
Abilene	\$ 21,000,000
Laredo	\$ 20,000,000
San Angelo	\$ 16,000,000
Victoria	\$ 10,000,000
Statewide Total	\$ 3,653,000,000



Importance of 1115 Waiver Extension

- **1115 Waiver is set to expire on September 30, 2022**
- 10-Year extension of the waiver was granted by CMS in January 2021, but CMS has now rescinded this approval
- HHSC is currently taking public comment with the goal of resubmitting the request for extension of the 1115 waiver
- 1115 waiver extension created a budget neutrality allotment of \$10B+ per year for Texas providers, over \$100B at risk over the 10-year period



What Texas Needs in 1115 Waiver Extension

Budget Neutrality Determinations: The budget neutrality determinations in any future waiver extension must be the same as or better than what CMS approved in January 2021.

- Without adequate budget neutrality room, the state's ability to transition DSRIP and improve care quality with new directed payment programs would be significantly limited
- Providers' ability to plan beyond one year into the future is impaired without certainty that the amount of funding for rate increases previously assured under the waiver-financed DPPs is conserved

A Strong Hospital Uncompensated Care Pool: Texas needs continued funding for the existing hospital uncompensated care pool

- Even if Texas were to expand Medicaid eligibility, Texas providers would continue to incur significant UC costs. Expansion would cover about 1.2 million more Texans, leaving the remaining 3.8 million still reliant on indigent care services that the UC funding helps offset the cost of



What Texas Needs in 1115 Waiver Extension

Behavioral Health Safety Net: Urgent action is needed to preserve access to safety net mental health and substance use services

- Community behavioral health providers are facing an imminent, severe loss of funding. Texas's behavioral health safety net stands to lose \$330 million per year in federal funds when DSRIP funds expire in less than five months on October 1, 2021



Next Steps: Going Beyond the Waiver

Comprehensive Coverage: Enroll more Texans in a comprehensive health coverage option and reduce the number of uninsured

- Texas needs both coverage expansion **and** a strong waiver to keep the safety net intact for all Texans. The waiver extension provided predictability and resources needed to sustain providers delivering care to lower income families, children, older adult, and disabled populations enrolled in Medicaid, as well as the millions of Texans who would remain uninsured even under a robust coverage expansion.



1115 Transformation Waiver Public Hearing

- 1115 Transformation Waiver: Extension Application Public Hearing
June 15, 2021 at 10:00 am
Health and Human Services Commission, Brown-Heatly Building
Public Hearing Room
4900 North Lamar Blvd.
Austin, Texas 78751
- This is an in-person and virtual hearing. The link to register for the virtual hearing can be found on HHSCs website and the handout provided. (<https://register.gotowebinar.com/register/4127462612133209871>)



Additional Opportunity for Comment

- From the date of public notice in the Texas Register until June 28, 2021, an individual may obtain a free copy of the proposed waiver extension application, ask questions, obtain additional information, or submit comments regarding this proposed extension application by contacting Basundhara Raychaudhuri by U.S. mail, telephone, fax, or email at:
- U.S. Mail
Texas Health and Human Services Commission
Attention: Basundhara Raychaudhuri, Waiver Coordinator, Policy Development Support
PO Box 13247
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Austin, Texas 78711-3247
- Email
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