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Texas Essential HealthCare Partnerships

(TEHP)



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Texas 1115 Waiver and Directed Payment Program Developments Overview

October 23, 2025

31 LPPFs Across Texas

County

Angelina • Bell • Bowie • Brazos • Cameron • Cherokee • Collin • Denton • Ellis • Grayson • Gregg • Hays • Hidalgo • Jefferson • McLennan • Smith • Taylor • Tom Green • Webb • Wichita • Williamson

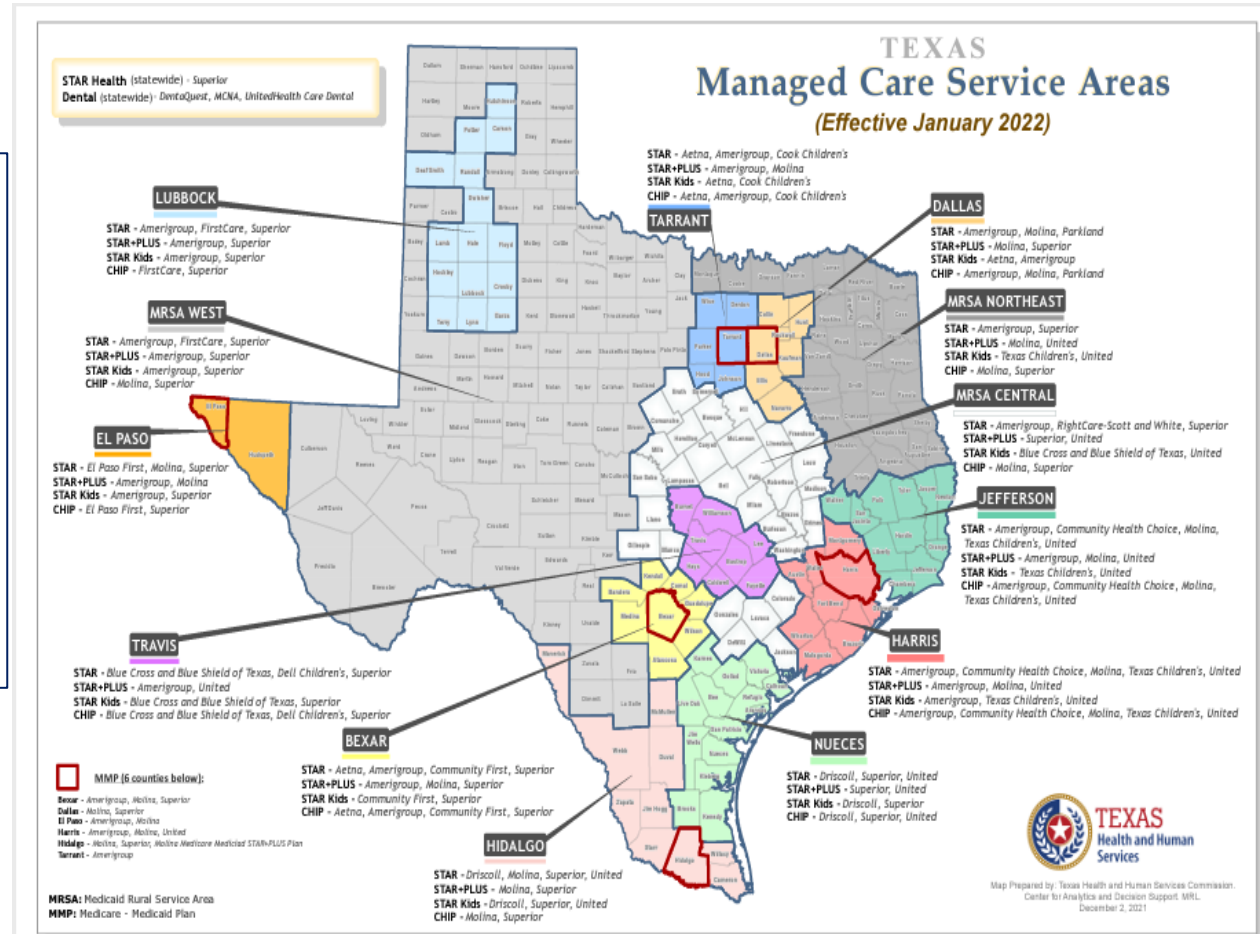
Hospital District

Bexar County • Dallas County • El Paso County • Harris County • Lubbock County • Nacogdoches County • Nueces County • Tarrant County • Travis County

City

Amarillo

New: NorthEast District
Participation Program: Counties
of Hopkins, Henderson & Lamar

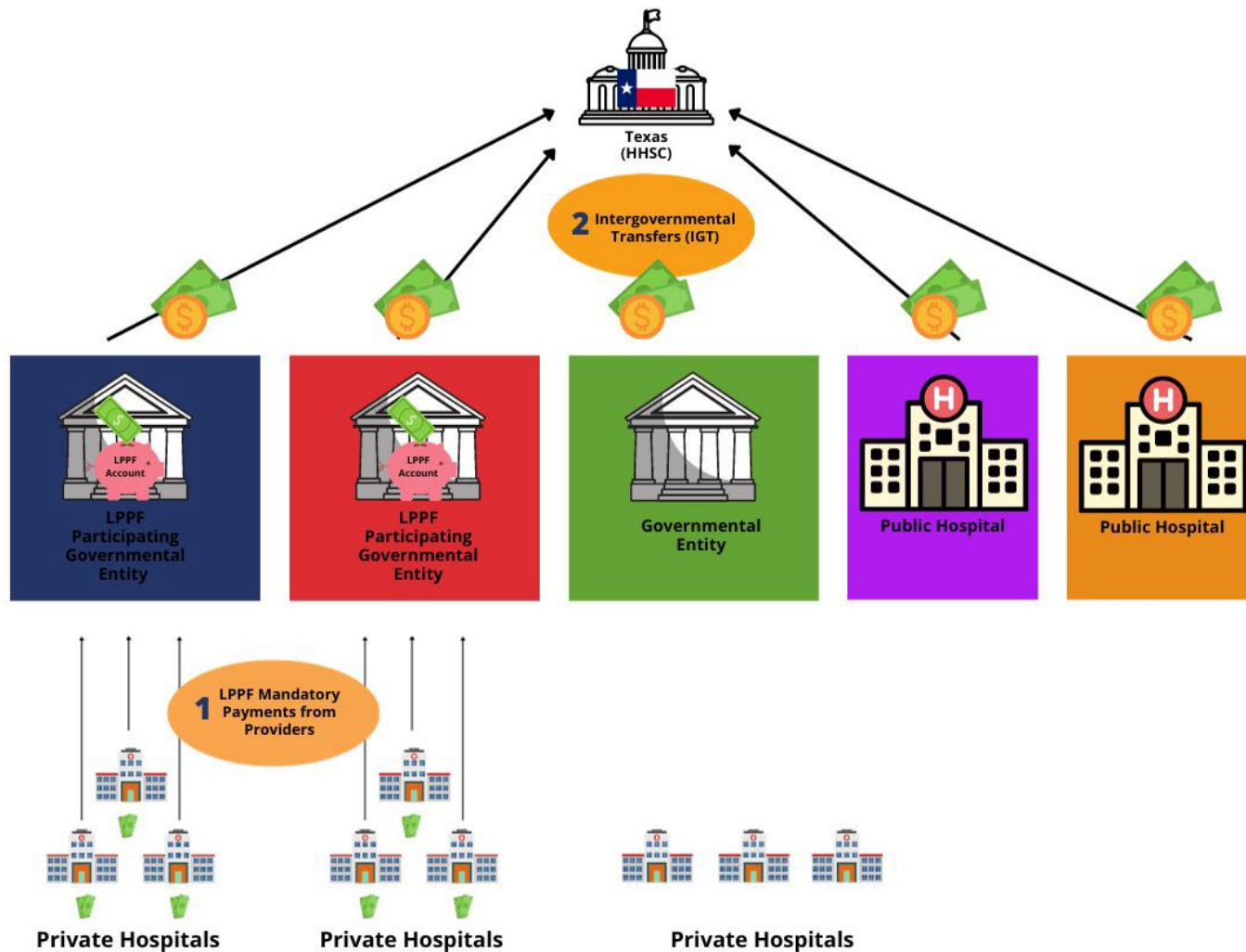


LPPFs Are Simple to Administer

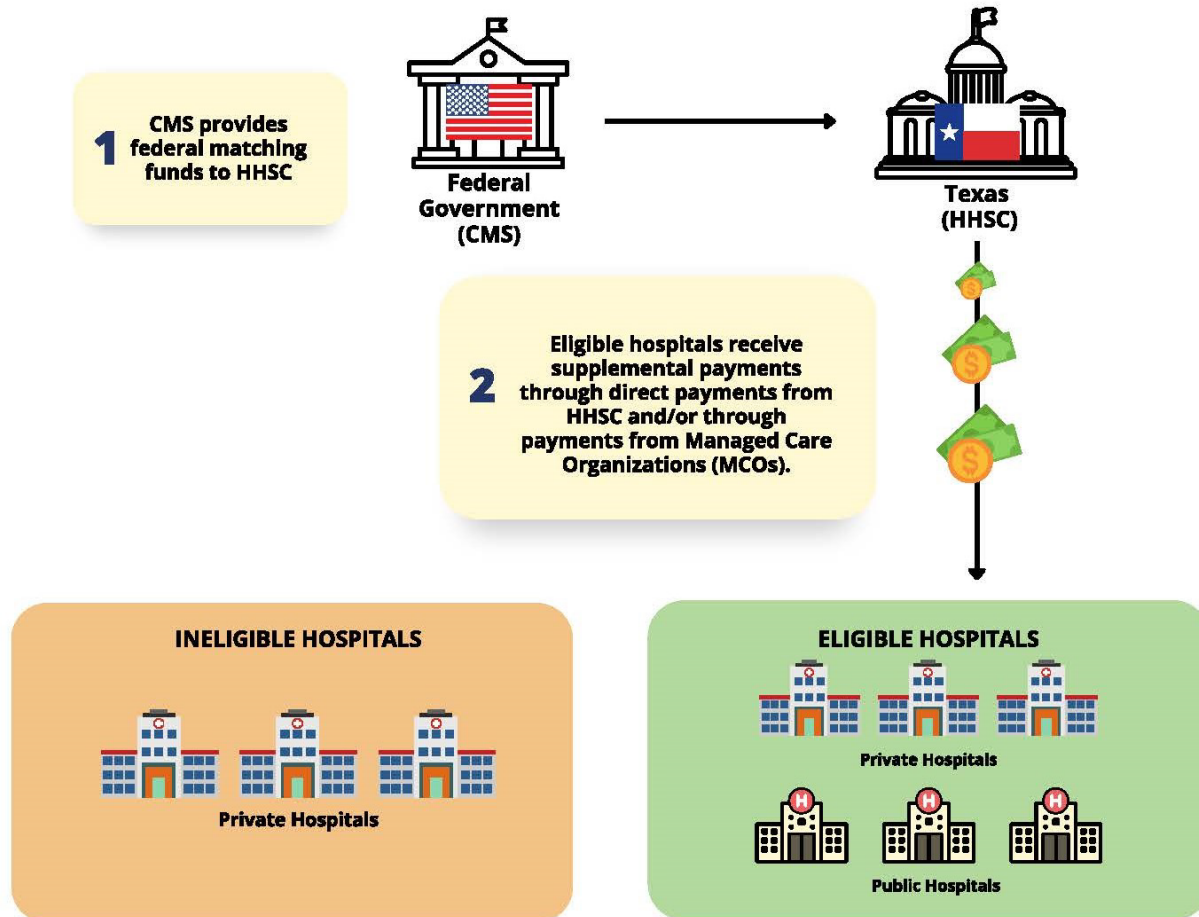
How to create and administer an LPPF:

1. Create a resolution
 2. Hold a public hearing
 3. Annually set an assessment rate less than 6%
- Many counties don't have an LPPF
 - Can only create an LPPF if you have more than one hospital in your local jurisdiction
 - Hospital District can participate as well

LPPFs Collect Funds for State Share of Medicaid



Supplemental Payments Flow to Providers



***Not all hospitals that make mandatory payments are eligible to receive supplemental payments. Hospitals must meet supplemental payment program criteria to be eligible for payments.**

LPPFS Fund

State Directed Payments, and Supplemental Payments

- Total Program Funding Over \$13 B in 2024
- Programs
 - Comprehensive Hospital Increase Repayment Program (CHIRP) (>\$9 B) (+\$3 B)
 - 1115 Waiver Uncompensated Care Program (UC) (\$4.5 B) (\$-1.4B Next year)
 - Disproportionate Share Hospitals (DSH) (\$2.4B) (\$-.8B Next Year)
 - Quality incentive Payment Program (QIPP)
 - Graduate Medical Education (GME)
 - Hospital Augmented Reimbursement Program (HARP)
 - Texas Incentive Physicians and Professional Services (TIPPS)
 - Rural Access to Primary and Preventative Services (RAPPS)
 - Directed Payment Program for Behavioral Health Services (DPP BHS)
- Newest
 - Aligning Technology by Linking Interoperable Systems (ATLIS) MCO Program to Incent HIE usage
 - APHRIQA component of CHIRP (Quality incentive, Pay for performance) (\$1.4 B)

2024 (2023) Unreimbursed Healthcare Expenditures by Local Governments



City: \$1,265,373

(2023: \$1,044,423)



County: \$515,106,596

(2023: \$466,901,614)



Hospital Districts: \$4,738,973,362

(2023: \$4,440,625,432)



Total: \$5,255,345,332

(2023: \$4,908,571,469)

As reported to Tx DSHS Tobacco Settlement Program

Rebasing Gets Closer and Closer

- UC Funding is driven by studies of how much charity care is provided
- Rebasing updates those base numbers
 - Required by 1115 waiver
- Before DY 12 (2022), \$3.8 B UC Pool Size (established in 2019)
- Last performed in DY 12 (2022), resulting \$4.5 B UC Pool Size
- Rebasing coming in DY 17 (2027), expected to result in \$3.1 B UC Pool Size

Current Hot Topics - 2025

- OBBBA: Provider taxes at the forefront
 - Freezes provider taxes to July 2025 rates
 - Reduces LPPF rates to 3.5% in ACA expansion States (not Texas)
 - Reduces Medicaid shortfall by changing calculation beginning 2028
- Cuts to Disproportionate Share Hospitals payments Scheduled for 2026
- UC Rebasing and changes to CHIRP
 - APHRIQA quality incentive program
- *Texas v. CMS* – Judge Kernodle issued final judgement against CMS
 - Nationwide applicability
 - Overturned new CMS' new Managed Care Rule,
- Rural Hospital relief Fund: \$10B/y for 5 years for all States

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