



September 5, 2023

Mr. John Giles
Acting Director, Managed Care Group
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
Mail Stop: S2-25-26
7500 Security Boulevard
Baltimore, MD 21244-1850

RE: Texas FY2024 CHIRP Program – Technical Correction

Dear Mr. Giles:

The purpose of this letter is to request approval of a technical correction related to the FY2024 Comprehensive Hospital Increase Reimbursement Program (CHIRP). Subsequent to CMS' approval of the CHIRP preprint on July 31, 2023, the Texas Health and Human Services Commission (HHSC) has identified a data error in the base data used to calculate percentage increases for CHIRP. Texas Medicaid Managed Care Organizations (MCOs) assisted HHSC in identifying the matter. The issue predominately related to two rural hospital CHIRP rate increases who were identified as outliers in HHSC and CMS' initial pre-print discussions.

Research identified that the "85X" type of bill, which is used by critical access hospitals, had been inadvertently excluded from outpatient services in the FY22 UPL demonstration. This inadvertent exclusion resulted in an underreporting of utilization and estimated payments in that UPL calculation. HHSC updated the totals for all applicable, impacted hospitals (critical access and rural hospitals) to include the 85X type of bill. The resulting changes to CHIRP rate increase percentages have been re-calculated to account for the additional estimated utilization at these facilities related to the base encounters in addition to correcting the UPL amount available for these hospitals. These adjustments are necessary to remain consistent with the program methodology, to ensure that capitated rates are actuarially sound, and that providers are not inadvertently reimbursed more than their average commercial reimbursement estimate.

After adjusting the data to include 85X type of bill, the resulting CHIRP outpatient increases for the two rural hospitals referenced above then decreased from 143916% to 57% and from 259791% to 11% respectively. Other rural hospitals

Mr. Giles
August 25, 2023
Page 2

saw changes to their percentages as well as the total available UPL was adjusted to reflect these additional claims.

Texas is in the process of resubmitting the FY2022 UPL demonstration via the portal instead of via e-mail as in previous years. Consequently, the UPL submission will also include this update. We are submitting this update to FY2024 CHIRP as a technical correction to the preprint. HHSC's rating period begins on September 1, 2023. We request that CMS please expedite review of this technical correction so we can ensure that our managed care contracts and exhibits can be updated to reflect these changes as soon as possible.

To avoid any unintended overpayments to hospitals, we intend to instruct our managed care organizations to use the revised percentage increases effective immediately, as we anticipate that we will receive a favorable approval of this technical correction.

Sincerely,

Victoria Grady

Director of Provider Finance

Attachments

cc: Emily Zalkovsky, State Medicaid Director