

SECTION I: DATE AND TIMING INFORMATION

1. Could the state please confirm if the amount provided in response to question 4 includes provisions for non-benefit costs such as margin, administrative load, and/or taxes and fees? If so, we would appreciate if the state could provide the amounts attributed to these non-benefit cost provisions.

State Response (April 21, 2022): The amount provided does include the estimated amounts for risk margin, administration, and taxes.

2. Preprint Question 4:
 - a. Please provide estimates of the share of the total dollars provided in response to question 4 that is for:
 - i. Component 1 - \$108,033,858.05
 - ii. Component 2 - \$58,172,077.41
 - iii. Administration, profit margin, or premium tax. - \$16,620,593.55
 - b. The SFY2022 preprint's estimated total dollar amount was \$173,469,308 and the SFY2023 estimated dollar amount is \$182,826,529, which is a \$9,357,221 increase. Can the state explain the reason for the increase?

State Response (April 21, 2022): To estimate the SFY2023 estimated dollar amount, the state trended forward the SFY2022 all-funds amount to account for anticipated caseload growth. HHSC will submit a revision to the pre-print and provide final component and non-benefit cost provision amounts.

3. Preprint Question 6: The state notes that there is a provider type change with this SFY 2023 submission. We understand that this state directed payment will now include Local Behavioral Health Authorities. Is that the extent of this change?

State Response (April 21, 2022): Yes, the extent of the change from SFY2022 to SFY2023 was the addition of Local Behavioral Health Authorities (LBHAs) as an eligible provider type.

4. We would appreciate if the state could confirm that the correct SFYs are referenced in Attachments B, C and E. If not, it would be helpful for the state to update the attachments.

State Response (April 21, 2022): Following the conclusion of the enrollment period, HHSC will submit a revision to referenced attachments with the updates SFYs.

SECTION II: TYPE OF STATE DIRECTED PAYMENT

5. Preprint Question 8:
 - a. In Attachment B:
 - i. Please provide if there are any changes to the ways the payments will be made for Component 1 and Component 2 for SFY 2023.

State Response (April 21, 2022): There will be no changes to the ways the payments will be made for Component 1 and Component 2 for SFY2023.

ii. The state says:

A. “Component 1 is a uniform dollar increase based on SFY19 (September 2018 – August 2019) units and will be paid prospectively on a monthly basis (equal to 1/12 of the annual amount) based on the historical utilization of the 20 most utilized CMHC and LBHA procedure codes from SFY19, increased by 7% to account for projected SFY19 to SFY22 enrollment growth among the three (3) Medicaid managed care programs (STAR, STAR+PLUS, and STAR Kids).” This is the same methodology that was provided for SFY 2022. Does this need to be updated for SFY 2023?

State Response (April 21, 2022): The methodology for SFY 2023 does not need to be updated. No changes were made to the methodology that was provided for SFY2022.

B. “An annual reconciliation will be performed to align payments with the actual SFY22 utilization.” Please clarify and rectify if needed if this should say “SFY 2023 utilization”.

State Response (April 21, 2022): Calculation has not yet begun for SFY2023, but an updated Attachment B will be submitted when complete to reference SFY2023 utilization.

b. As noted in the approval letter for the SFY 2022 BHS proposal, for the SFY 2023 rating period, payments for all components of the arrangement will need to be conditioned upon the delivery and utilization of covered services rendered to Medicaid beneficiaries during the SFY 2023 rating period. This means that for any part of the payment arrangement that bases payment on services rendered during a previous rating period, the requirement of a reconciliation threshold higher than zero percent will not be considered sufficient to meet this regulatory requirement.

i. Please provide a confirmation that no reconciliation threshold will be higher than zero percent for any BHS components for SFY2023.

State Response (April 21, 2022): The state confirms the reconciliation threshold will be zero percent for any BHS components for SFY2023.

ii. For the SFY 2022 preprint review, the state provided an attachment (Att B1) that detailed the reconciliation process. Please provide documentation that provides clarity on the reconciliation process.

State Response (April 21, 2022): HHSC, 120 days after the last day of the program period, will reconcile the interim allocation of funds across enrolled providers to the actual Medicaid utilization across these providers during the

program period as captured by Medicaid MCOs contracted with HHSC for managed care. Please see the attached file detailing the reconciliation process for SFY 2023.

- iii. Please provide an explanation of what amount will be targeted for the reconciliation.

State Response (April 21, 2022): The reconciliation for the BHS program will be based on actual utilization, and an independent reconciliation will be completed for Component 1 and 2.

- iv. The state indicated the following during the SFY 2022 review of BHSS. Has any of this changed for SFY 2023 TIPPS payments?
- A. The state's intent is that there will be no changes to the payments that the MCO receives from the state; payment changes would occur only for the providers.
 - B. The state will inform the MCOs via a payment scorecard that will show any provider level payment adjustments that are required.

State Response (April 21, 2022): With respect to the first statement above, once HHSC completes the reconciliation of Component 1, the state's actuary will review the results and determine if BHS capitation rate changes are necessary to adhere to actuarial soundness requirements. The state affirms the second above statement for BHS and assumes that the question is meant to reference BHS, not TIPPS.

- c. For Component 1, please affirm that the payments required under this payment arrangement will **only** be made for Medicaid services on behalf of Medicaid beneficiaries covered under the Medicaid managed care contract for the SFY 2023 rating period **only** and that the payments will not be made on behalf of individuals who are uninsured, covered for such services by another insurer (e.g. Medicare), nor Medicaid services provided through the state fee-for-service program.

State Response (April 21, 2022): The state affirms that the payments required under this payment arrangement will **only** be made for Medicaid services on behalf of Medicaid beneficiaries covered under the Medicaid managed care contract for the SFY 2023 rating period **only** and that the payments will not be made on behalf of individuals who are uninsured, covered for such services by another insurer (e.g. Medicare), nor Medicaid services provided through the state fee-for-service program.

SUBSECTION IIA: STATE DIRECTED FEE SCHEDULES

6. Preprint Question 19b (Attachment C): The state provides the same uniform dollar and percent increases that were provided in the SFY 2022 preprint review. When will the state know if these increase amounts will need to be revised?

State Response (April 21, 2022): The state will submit revised amounts for SFY2023 upon public release of the estimated payments and IGT amounts. The state estimates that a preliminary calculation will be made available by the end of April.

7. Preprint Question 19c (Attachment C):

- a. For Component 1, the state says, "Payments will be based on SFY20 (September 2019 – August 2020)". This contradicts with what the state says in preprint question 8. Please clarify.

State Response (April 21, 2022): The State will correct the pre-print to state that payments will be based on utilization within the 3/2/2019 to 2/28/20 claims data period.

- b. For Component 1, the state says that up to \$118.8 million will be allocated to Component 1, but then later in the response says that there will be \$107.6 million available funds available. Please clarify.

State Response (April 21, 2022): Following the conclusion of the enrollment period, HHSC will submit a revision to the pre-print and provide component estimates based on the actual, enrolled providers, indicated by NPI.

- c. For Component 2, there was \$59 million allocated for this component in SFY 2022 and the SFY 2023 submission indicates \$64 million. What factors contributed to the increase?

State Response (April 21, 2022): To estimate the SFY2023 estimated dollar amount, the state trended the SFY2022 all-funds amount to account for anticipated caseload growth and the addition of LBHAs as eligible providers, resulting in changes to the uniform increases. Following the conclusion of the enrollment period, HHSC will submit a revision to the pre-print and provide final component and non-benefit cost provision amounts.

SECTION III: PROVIDER CLASS AND ASSESSMENT OF REASONABLENESS

8. Preprint Question 20b:

- a. We understood from SFY 2022 that there are 39 CMHCs total in the state. Of the 39, 32 have been certified by the state as CCBHCs and the remaining seven were in the process of getting their certification by December 2021. Are there any updates on the total number of certified centers?

State Response (April 21, 2022): As of March 2022, all 39 CMHCs have received certification as a Community Certified Behavioral Health Center (CCBHC).

- b. Can the state please describe the new provider type – Local Behavioral Health Authorities – and how they relate to CMHCs? How many LBHAs does the state expect to enroll in this payment arrangement?

State Response (April 21, 2022): A Local Behavioral Health Authority (LBHA) provides comparative services as Community Mental Health Centers with a different provider classification. The state expects to enroll 1 provider that is classified as an LBHA in SFY 2023.

9. Preprint Question 21: Can the state please clarify if the providers eligible for the BHS state directed payment will continue to complete an enrollment application as was done in SFY22? When will enrollment be completed?

State Response (April 21, 2022): Enrollment applications for the SFY2023 rating period were due to the state by 11:59 PM on March 29th, 2022. No applications were accepted for DPP BHS SFY 2023 participation after this date.

10. Preprint Question 23: CMS requests the state to provide the reimbursement rate analysis for CMHCs and LBHAs without certification in Table 2. It currently states 0% for all columns.

State Response (April 21, 2022): The state does not anticipate enrolling any providers in SFY2023 that are not certified as a CCBHC. All CMHCs currently operating in Texas eligible for the program are enrolled in the program.

11. Preprint Question 27: Given this proposal is for the next rating period, can the state please clarify why it appears that no changes were made to the provider payment analysis?

State Response (April 21, 2022): No changes were made to the provider payment analysis because the payment methodology utilized in SFY2023 remains unchanged from the payment methodology utilized in SFY2022. HHSC did not identify any issues with the SFY2022 payment methodology that would require changes in the SFY2023 payment methodology.

SECTION VI: FUNDING FOR THE NON-FEDERAL SHARE

12. For any entities that may or may not have taxing authorities and do not receive any state appropriated funds, please describe how the funding for those IGTs is derived. We note that in some of the funding information provided under the various proposals some of the entities which do not have taxing authority and do not receive payments are funding a substantial IGT. The state has an obligation, regardless of the IGT being voluntary or compulsory, to ensure that all federal requirements related to program financing are met. For example, Metrocare in Att. H does not receive appropriations. Where does the allowable state share funding for services provided in that district come from? Will the lack of appropriated funds from Metrocare have any impact on the availability of or payment for services provided in that district?

State Response (April 21, 2022): All participating entities are publicly-owned and -operated.

Consistent with

42 C.F.R. § 433.51, the IGT for the program will come from public funds, including from local governmental entities that do generally have taxing authority or may receive general revenue-funded grants. Metrocare is one of many entities formerly under the MHMR structure that are

now categorized as a Local Mental Health Authority (LMHA) and/or a Local Intellectual Disability or Developmental Disorder Authority (LIDDA). Although this preprint did not include an Attachment H, we understand that Metrocare, like most local governmental entities, receive funds directly through general appropriation and have access to other sources of funds that are public and eligible for use as the non-federal share, local government appropriations, and commercial patient revenue.

13. Please confirm that the list of IGT Entities are consistent from the original submission to this renewal. Have providers been added or renewed? And please provide any IGT agreements or Memorandums of Understanding (MOU) with the renewal submission.

State Response (April 21, 2022): At the original time of preprint submission, HHSC had not sent suggested IGT amounts to IGT entities. An updated list of IGT entities will be provided at a later date. There is no compulsory IGT requirement and there are no agreements requiring an IGT of any amount from a state or local governmental entity. Due to the voluntary nature of the IGT Contribution, local governmental entities complete a Declaration of Intent form notifying HHSC of the funds that are intended to be transferred via IGT.

14. How were the IGTs arranged? Are all of the IGT Entities TX has listed in all Renewals signing an IGT Agreements or did the Texas Legislature earmark those entity's funds for being transferred to the SMA?

State Response (April 21, 2022): There is no compulsory IGT requirement and there are no agreements requiring an IGT of any amount from a state or local governmental entity. Due to the voluntary nature of the IGT Contribution, IGT entities complete a Declaration of Intent form notifying HHSC of the funds that are intended to be transferred. In limited circumstances, the Texas Legislature earmarks specific public funds appropriated to a governmental entity with direction to use such funds in support of the Medicaid program.

15. Can the state elaborate on the ways in which the entities listed in Att. H are units of local government? It is not clear if these are providers or if they are some other entity.

State Response (April 21, 2022): HHSC has provided a list for Attachment F – IGT Entities that clarifies the operational nature of local governmental entities that provide IGT of public funds for use as the non-federal share. Eligible DPP BHS providers are Certified Community Behavioral Health Clinic (CCBHC) and Local Behavioral Health Authorities (LBHAs) and only units of state or local government are permitted to submit an IGT for use as the non-federal share of Medicaid payments. Texas has various classes of entities that are governmental entities operated at the local level, including Local Mental Health Authorities (LMHA), Local Intellectual Disability or Developmental Disorder Authorities (LIDDA), CCBHCs, LBHAs, and others that can be contiguous with a specific county or city, but are a unique unit of local government. Therefore, the county or city designation was not appropriate; however, much like a county or city, these are units of local government with varying sources of public funds, including state appropriation, county appropriations etc. depending on their individual enabling statutes.

16. Please affirm that no payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

State Response (April 21, 2022): The state affirms that no payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

17. Can the state please confirm that no local provider participation funds (LPPFs) are being used to finance the IGTs used to fund the non-federal share of Medicaid expenditures?

State Response (April 21, 2022): The state confirms that no local provider participation funds (LPPFs) are being used to finance the IGTs used to fund the non-federal share of Medicaid expenditures for this program.

18. CMS understands that the state is in the process of setting up an oversight group related to the financing mechanisms described in this state directed payment preprint. Please describe steps in the near-term that the state will use to effectively oversee how these program payments are funded by the state or local units of governments.

State Response (April 21, 2022): The Provider Finance Department within HHSC has established a Local Funds Monitoring team that is responsible for collecting information from each entity that provides local funds as the non-federal share of Medicaid payments. This oversight mechanism is a combination of self-reported quarterly data, review of public record data, and analysis of each funding source and related documentation. All local funds are being phased into this oversight process, as described in the proposed rule available [here](#).

19. CMS understands that the state is in the process of setting up an oversight group related to the financing mechanisms described in this state directed payment preprint. Please describe steps in the near-term that the state will use to effectively oversee how these program payments are funded by the state or local units of governments.

State Response (April 21, 2022): Please see response to duplicate question, above.

20. During the 2022 preprint reviews, it was noted that the state had proposed to use bonds or other such debt instruments to assist in funding the non-federal share of the Medicaid payments proposed in some of the pre-prints. Does that continue to be the case in these pre-print proposals or has the state changed the manner in which the payments proposed in 2023 are funded?

State Response (April 21, 2022): The state has not changed the manner in which the payments proposed in 2022 are funded. To the extent that a governmental entity uses bonds or other debt instruments, the oversight provided by the Local Funds Monitoring team will ensure that such instruments are not derived by the unit of government from donations or taxes that would not otherwise be recognized as the non-federal share and that the governmental entity is not improperly utilizing federal funding as the source of the IGT used to fund the non-federal share.

HHSC continues to monitor local funds, to ensure the permissibility of local funds. The state understands and agrees that it is our responsibility to ensure that funds used in the Medicaid program are public funds in accordance with 42 C.F.R. §433.51.

SECTION V: INCORPORATION INTO THE ACTUARIAL RATE CERTIFICATION

21. Will the state include BHS in the capitation rates in a manner consistent with prior years? If not, please describe the differences in the methodology this year.

State Response (April 21, 2022): Yes.

22. As part of the SFY 2022 preprint review, the state indicated that it did not anticipate any amendments to the rates or rate certifications to account for the reconciliation requirement.

- a. Is this still the case for SFY 2022?

State Response (April 21, 2022): If necessary, the rates and rate certifications will be amended.

- b. And does the state expect to amend the rates or rate certifications as a result of the reconciliation for SFY 2023?

State Response (April 21, 2022): If necessary, the rates and rate certifications will be amended.

23. Does the state direct the plans to set aside any portion of the capitation rate paid to them for this payment arrangement?

State Response (April 21, 2022): MCOs retain 2.5% for administration, 1.5% for STAR risk margin, 1.75% for STAR+PLUS and STAR Kids risk margin, and 1.75% for premium taxes.

24. Are the plans directed to use a specific portion of the capitation rates paid to them to pay out Component 1?

State Response (April 21, 2022): Scorecards direct the MCOs to pay out the capitation received for Component 1, after accounting for MCO fees detailed in question 23.

SECTION VII: QUALITY CRITERIA AND FRAMEWORK FOR ALL PAYMENT ARRANGEMENTS

25. Thank you for providing a Year 2 Evaluation Plan for CHIRP, BHS, TIPPS and RAPPS. We understand from the Evaluation Plan that only BHS baseline data was available at the time of the SFY 2023 preprint submission. Our understanding from prior conversations with the state in November 2021 was that provider-reported data covering January-June 2021 would be available in February 2022 and full CY 2021 data would be available in May 2022.

- a. Can the state please provide an update as to when preliminary data from Jan-June 2021 will be available for CHIRP, RAPPS and TIPPS?

State Response (April 21, 2022): Rather than submitting the preliminary 6-month data from January to June of 2021, CHIRP, RAPPS and TIPPS providers will be submitting full CY 2021 data to HHSC by the end of May 2022.

- b. And will full CY 2021 data still be available in May 2022?

State Response (April 21, 2022): Full CY 2021 data will be reported by DPP BHS providers in April of 2022, and full CY 2021 data will be reported by CHIRP, TIPPS and RAPPS providers by the end of May 2022. HHSC plans to review the provider-reported data from June to August of 2022. The final Year 1 Evaluation Report will be submitted to CMS no later than February 2023.

- c. We also understood from our November 2021 discussion that for state-level measures using EQRO data covering CY 2021, preliminary data would be ready in August 2022 and final data in October 2022. Is this still the case?

State Response (April 21, 2022): Yes, this is still the case. HHSC is set to receive preliminary data from the EQRO in August 2022 and final data from the EQRO in October 2022. As included in the response above, the final Year 1 Evaluation Report will be published no later than February 2023.

26. Thank you for providing preliminary evaluation performance targets for the BHS program-specific evaluation measures. The evaluation plan indicates that “After the baseline data for all four DPPs, pending CMS approval, are known for the full 12 months of CY 2021, HHSC will establish final evaluation performance targets.” We previously understood that the state would be submitting an addendum to CMS to update the improvement targets once the CY 2021 data is available in summer/fall 2022. Can the state please provide an update on this effort?

State Response (April 21, 2022): Once the baseline data for all four DPPs are evaluated for the full 12-months of CY 2021, HHSC will establish final evaluation performance targets for all DPPs. As included in the responses above, HHSC plans to review the provider-reported data for all DPPs from June to August of 2022, and HHSC is set to receive final data from the EQRO in October 2022. Based on these dates, HHSC will establish evaluation performance targets for all DPPs no later than February 2023 by including them in the final Year 1 Evaluation Report instead of an addendum.

27. CMS appreciates the evaluation findings presented for BHS and may have additional follow-up questions at a later date.