Uniform Hospital Rate Increase Program Information and Checklist

The Texas Health and Human Services Commission (HHSC) has approval from the Centers for Medicare and Medicaid Services (CMS) to implement the Uniform Hospital Rate Increase Program (UHRIP) for hospital services statewide beginning March 1, 2018. HHSC rolled out a pilot UHRIP program on December 1, 2017, in the El Paso and Bexar managed care service delivery areas (SDA).

This information and checklist is intended to guide hospitals and governmental entities within a Medicaid managed-care SDA in (1) understanding the uniform rate increase proposal; and (2) evaluating the feasibility and benefits of implementing uniform rate increases within their SDAs.

KEY COMPONENTS OF THE REGIONAL UNIFORM RATE INCREASE PROPOSAL:

- An SDA must have at least one governmental entity that agrees to provide the non-federal share of all expenditures under the program in that SDA for at least one state fiscal year, including state administrative costs, as well as risk margins, premium taxes, and administrative fees included in payments to the managed care organizations (MCOs).
    - This source of intergovernmental transfer (IGT) funding is required because HHSC is contractually obligated to pay the MCOs in the SDA a capitation payment that includes amounts attributable to the directed rate increase
    - IGT commitments cannot be contingent on any condition
    - If an SDA has more than one sponsoring governmental entity, the governmental entities must work cooperatively to provide a unified IGT commitment proposal to HHSC. If the proposal is approved, the governmental entities will be allowed to make separate transfers to HHSC.
    - IGT commitments may be reduced from the time of the initial commitment to the time that the rate increases are finalized. They cannot be increased. In addition, requested reassignments of initial IGT commitments to other governmental entities will not be entertained.
    - Sponsoring governmental entities must identify the classes of hospital that the governmental entities prefer to sponsor, the type of service subject to a rate increase (inpatient, outpatient, or both) and the rate increases for each class of hospital in the SDA.
- Each SDA must identify one governmental entity that will act as a liaison between HHSC and the MCOs and hospitals in the SDA participating in UHRIP. Among the responsibilities of the liaison would be to:
    - Coordinate the amounts of IGT commitment by each sponsoring governmental entity in that SDA
    - Notify hospitals in the SDA of the UHRIP being proposed for the SDA and confirm their willingness to participate
    - Work with the MCOs and hospitals to ensure agreement among all parties in the SDA to participate in UHRIP
    - Provide information to HHSC including but not limited to a list of hospitals in the SDA and, for those hospitals that do not participate in the Disproportionate Share Hospital (DSH) or Uncompensated Care (UC) waiver payments programs, the Medicaid shortfall derived from these hospitals' S-10 worksheet
    - The amount of funds the sponsoring governmental entities agree to transfer is for six months of a program period.
- HHSC has identified the following classes of hospital within each SDA eligible for the rate increase:
    - children's hospitals;
    - non-urban public hospitals;
    - rural private hospitals;
    - rural public hospitals;
    - state-owned hospitals;
    - urban public hospitals; and
    - all other hospitals, except institutions for mental diseases.

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- All MCOs within the SDA will be required to pay the increased rates to all contracted hospitals within each identified class.
- All MCO-contracted hospitals within an identified class will receive the same percentage rate increase from the base rate (generally, the rate paid to the hospital by the MCO before the rate increase).
- The percentage rate increases may vary between classes.
- The rate increases may apply to all or a subset of inpatient services, outpatient services, or both, as determined by HHSC.
- Sponsoring governmental entities will have input into decisions about classes of hospital, services subject to the rate increases, and the percentage increase applicable to each class, but HHSC retains the final decision-making authority on these aspects of the program.
- Sponsoring governmental entities must be able to transfer the estimated amount of expenditures for the rate increases in the SDA for six months of the state fiscal year, plus ten percent that will be retained by HHSC unless needed to cover higher-than-expected expenditures.
- Sponsoring governmental entities must transfer additional funds at such times and in such amounts as determined by HHSC to be necessary to ensure the availability of funding of the non-federal share of the state's expenditures for the remainder of the fiscal year.
- CMS must approve the capitation rates paid to MCOs and HHSC's contracts with Medicaid MCOs that include the directed rate increases.

Because of the complexities of this program, stakeholders interested in learning more about implementing a uniform hospital managed-care rate increase in their SDA should contact HHSC's lead on this program, Gary Young, at (512) 707-6098 or gary.young@hhsc.state.tx.us.

HHSC will be holding webinars for all stakeholders on the UHRIP program and on how to complete UHRIP applications at a later date.