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Services

UHRIP Reforms

Next Steps for Hospital Financing

UHRIP Reform Goals



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- Reduce Administrative Steps and Complication
- Use Uniform Dollar Increases & Lump Sum Payments
- Ensure IGT Call Closer to Payments
- Evaluate Alternative Pool Allocation Methods
- Link Payment to Activity that Adds Value for State

Reduce Administrative Steps

Current Program

- HHSC relies on application submitted by SDA liaisons.
- Hospitals, MCOs, and IGT Entities are expected to agree on application submission.

Proposed Program

- UHRIP applications are eliminated.
- UHRIP service delivery liaisons are eliminated.
- HHSC will determine increase for all SDAs and classes.



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Dollar Increase & Lump Sum Payments



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Current Program

- Each class receives a percent increase on the contracted rate for each inpatient and outpatient claim to an MCO.
- Payment increase goes out with each claim payment.

Proposed Program

- Each class receives a uniform dollar increase on each inpatient and outpatient encounter.
 - Increase will only apply to in-network encounters and will not apply to non-emergent ED use.
- HHSC will make a periodic lump sum payment that includes all of the uniform dollar increases for a payment period.

SDA Allocation

Example

Area	Medicaid Shortfall	% of Shortfall	SDA Allocation
State	\$ 2,000,000,000	100%	\$ 1,600,000,000
SDA 1	\$ 1,000,000,000	50%	\$ 800,000,000
SDA 2	\$ 750,000,000	38%	\$ 600,000,000
SDA 3	\$ 250,000,000	13%	\$ 200,000,000



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SDA Allocation Example

Examples



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SDA 1 (\$800,000,000)

Class	Medicaid Shortfall	% of Shortfall	Allocation
North Hospitals	\$ 250,000,000	25%	\$ 200,000,000
East Hospitals	\$ 350,000,000	35%	\$ 280,000,000
South Hospitals	\$ 300,000,000	30%	\$ 240,000,000
West Hospitals	\$ 100,000,000	10%	\$ 80,000,000

SDA 2 (\$600,000,000)

Class	Medicaid Shortfall	% of Shortfall	Allocation
North Hospitals	\$ 100,000,000	14%	\$ 85,714,286
East Hospitals	\$ 300,000,000	43%	\$ 257,142,857
South Hospitals	\$ 150,000,000	21%	\$ 128,571,429
West Hospitals	\$ 150,000,000	21%	\$ 128,571,429

SDA Allocation Example

Example

SDA 3 (\$200,000,000)			
Class	Medicaid Shortfall	% of Shortfall	Allocation
North Hospitals	\$ 75,000,000	30%	\$ 60,000,000
East Hospitals	\$ 100,000,000	40%	\$ 80,000,000
South Hospitals	\$ 25,000,000	10%	\$ 20,000,000
West Hospitals	\$ 50,000,000	20%	\$ 40,000,000



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Payment Forecast Calculation

Each class receives a uniform dollar increase on each inpatient and outpatient encounter.

SDA 1 (\$800,000,000)			
Class	Medicaid Shortfall	% of Shortfall	Allocation
North Hospitals	\$ 250,000,000	25%	\$ 200,000,000
East Hospitals	\$ 350,000,000	35%	\$ 280,000,000
South Hospitals	\$ 300,000,000	30%	\$ 240,000,000
West Hospitals	\$ 100,000,000	10%	\$ 80,000,000

SDA 1 (\$800,000,000)				
	Hospital	Forecasted Encounters	Estimated Uniform Dollar	Payments
	North Hospitals	50000	\$ 4,000.00	\$ 200,000,000
	Green Hospital	30000		\$ 120,000,000
	Yellow Hospital	20000		\$ 80,000,000
	East Hospitals	30000	\$ 9,333.33	\$ 280,000,000
	Red Hospital	5000		\$ 46,666,667
	Blue Hospital	15000		\$ 140,000,000
	Brown Hospital	10000		\$ 93,333,333
	South Hospitals	75000	\$ 3,200.00	\$ 240,000,000
	Orange Hospital	50000		\$ 160,000,000
	Black Hospital	10000		\$ 32,000,000
	White Hospital	15000		\$ 48,000,000
	West Hospitals	15000	\$ 5,333.33	\$ 80,000,000
	Purple Hospital	15000		\$ 80,000,000



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Hospital Payments Example



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Payment Period 1 for SDA 1 (40% of SDA Allocation)					
	Hospital	Forecasted Encounter	Actual Encounters	Payments	Payment Period Uniform Dollar
North Hospitals		50000	25000	\$ 80,000,000	\$ 3,200
	Green Hospital	30000	15000	\$ 48,000,000	
	Yellow Hospital	20000	10000	\$ 32,000,000	
East Hospitals		30000	20000	\$ 112,000,000	\$ 5,600
	Red Hospital	5000	2000	\$ 11,200,000	
	Blue Hospital	15000	10000	\$ 56,000,000	
	Brown Hospital	10000	8000	\$ 44,800,000	
South Hospitals		75000	40000	\$ 96,000,000	\$ 2,400
	Orange Hospital	50000	25000	\$ 60,000,000	
	Black Hospital	10000	5000	\$ 12,000,000	
	White Hospital	15000	10000	\$ 24,000,000	
West Hospitals		15000	8000	\$ 32,000,000	\$ 4,000
	Purple Hospital	15000	8000	\$ 32,000,000	

Hospital Payments Example



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Payment Period 2 for SDA 1 (60% of SDA Allocation)							
Hospital	Forecasted Encounter	Actual Encounters	Payments	Payment Period Uniform Dollar	Estimated Uniform Dollar	Effective Uniform Dollar	
North Hospitals	50000	25000	\$ 120,000,000	\$ 4,800	\$ 4,000.00	\$ 4,000.00	
Green Hospital	30000	15000	\$ 72,000,000				
Yellow Hospital	20000	10000	\$ 48,000,000				
East Hospitals	30000	10000	\$ 168,000,000	\$ 16,800	\$ 9,333.33	\$ 9,333.33	
Red Hospital	5000	3000	\$ 50,400,000				
Blue Hospital	15000	5000	\$ 84,000,000				
Brown Hospital	10000	2000	\$ 33,600,000				
South Hospitals	75000	45000	\$ 144,000,000	\$ 3,200	\$ 3,200.00	\$ 2,823.53	
Orange Hospital	50000	25000	\$ 80,000,000				
Black Hospital	10000	15000	\$ 48,000,000				
White Hospital	15000	5000	\$ 16,000,000				
West Hospitals	15000	3000	\$ 48,000,000	\$ 16,000	\$ 5,333.33	\$ 7,272.73	
Purple Hospital	15000	3000	\$ 48,000,000				

Ensure IGT Occurs Closer to Payments



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Current Program

- HHSC requests the non-federal share for 6 months of the program year and 4 months before the increased payments begins.

Proposed Program

- HHSC proposes to request the non-federal share for the lump sum payments based on actual experience about 45 days prior to payment.
 - This time period is an estimate. The actual time period will depend on further refinements to the payment process.

Evaluate Alternative Pool Allocation Methods



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Current Program

- HHSC allocates UHRIP funds to each SDA and hospital class based on relative total Medicaid shortfall.

Proposed Program

- Proposing two different allocation methods:
 - Medicaid Managed Care Shortfall- calculated like the shortfall currently used, except it will only include the managed care costs and payments.
 - HHSC will include all costs and payments.
 - Medicaid Reimbursement Methodology- determined by the difference between what HHSC calculates a payment should be and the actual payment.

Additional Proposed Changes

- Remove the 95% Medicaid shortfall cap
- Include STAR KIDS providers in UHRIP
- 3-month run-out period
- No risk margin
- No 10% additional IGT



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Tie to Quality or Valuable Activity

- To receive some or all the UHRIP funds, hospitals will have to demonstrate additional value:
 - **Increase Health Information Exchange (HIE) Linkage:** Hospitals will apply to link with a regional HIE or the Texas Health Services Authority and transfer admission, discharge, and transfer (ADT) data and/or more specific clinical information.



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Tie to Quality or Valuable Activity

- To receive some or all the UHRIP funds, hospitals will have to demonstrate additional value:
 - **Potentially Preventable Complications:** HHSC employs a PPC algorithm to determine high and low performers. HHSC may use this algorithm to determine which hospitals will receive higher UHRIP increases than others.
 - **Antibiotic Stewardship and Hospital Acquired Infections:** Decreasing the incidence of hospital acquired infections (HAIs) while responsibly using antibiotics is vital to the future of the treatment of infectious diseases.





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Next Steps

- UHRIP rules will be published in Texas Register in late December
- Discussion at HPAC in October
- Rules will be discussed at HPAC and MCAC meetings in February 2020
- Rules effective March 31, 2020

Questions?



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Thank you
