

On January 31, 2017, HHSC released an initial draft of the Program Funding and Mechanics Protocol (PFM) with DSRIP program parameters for DY7-8, along with a survey for stakeholder feedback. HHSC has revised the draft PFM based on stakeholder feedback received. The revised draft PFM is attached below. Also attached is a summary of the stakeholder feedback received. The information is organized by themes. We are also providing a 2-pager that summarizes PFM requirements.

HHSC is still in negotiations with the Centers for Medicare and Medicaid Services (CMS) on the request for an additional 21 months (January 1, 2018, through September 30, 2019). This draft PFM is contingent on CMS negotiations and approval of the protocols and on any applicable actions by the Texas Legislature.

Please read all information below, which includes a summary of key changes from the first PFM draft, information on minimum point thresholds, next steps on the release of the Measure Bundles Protocol, and plans for a webinar. If you have questions, please send them to the waiver mailbox with subject line PFM. We will review questions and include responses in the Anchor notes for the Anchor call scheduled on May 26th.

HHSC will also send this PFM draft to CMS for review. The PFM (and Measure Bundles Protocol to come) lays the groundwork for providers to have system-wide data to assist with sustainability. Given that CMS forced renegotiation of outcomes twice with the initial waiver, which caused delays, and that CMS has granted California a 2nd cycle of DSRIP (through PRIME), we believe we have a good case. California PRIME also uses a measure bundles concept and CMS values consistency among states.

Key changes to PFM:

- RHP Plan Update Submissions/Timelines
 - Given current timelines, the RHP Plan Update Submission is changed from November 30, 2017, to January 31, 2018.
- Category Funding Distribution
 - The main change is the addition of a payment to providers equal to 20% of their valuation for the submission of a complete and approved RHP Plan Update. This payment would be made in July 2018 along with payments for achievement of milestones that are eligible to report in April 2018.
- Remaining Unused Funds - Additional Regional Allocations
 - Leadership decision on unused funds is to first allow RHPs that did not fully use their allocation to use it for DY7-8. HHSC will be reaching out to those RHPs.
- System Definition
 - In response to feedback, the revisions provide additional system definition detail, structure, and flexibility for the variances in DSRIP performing provider systems.
- Private Hospital Participation Incentive
 - Based on feedback from private hospitals that the incentive was not enough, the revision increases the incentive from 10% to 15% Pay for Reporting in Category D.
- Costs and Savings
 - Allows providers to track costs and savings for just one activity of their choice rather than for all their activities. It also exempts providers with \$1 million or less in valuation by DY.
- Reporting
 - Based on stakeholder feedback, the revision changes the timeframes during which providers may report DY7 MLIU PPP. The revision allows providers to report DY7 MLIU PPP in the 2nd reporting period of DY7 (October, 2018) or the 1st reporting period of DY8 (April, 2019)
 - For Category C, adds ability to carry forward performance.

Minimum Point Thresholds

The Minimum Point Thresholds (MPTs) by Performing Provider are included in the attached file "Minimum Point Thresholds." Each Performing Provider must select Measure Bundles or measures worth enough points to meet its MPT to maintain its DY7-8 valuation. HHSC has established a standard point valuation of \$500,000 and an MPT cap of 75 for hospitals and physician practices and 40 for community mental health centers and local health departments so that, on average, the number of Category C measures that Performing Providers are required to report on for DY7-8 will be about the same or slightly more than they were required to report on for DY5.

For hospitals in the initial waiver, there were multiple "passes" in order to use as much of the pool funding as possible. Therefore, some hospitals have a much higher allocation compared with their role in serving Medicaid and uninsured.

- Each hospital is assigned a MPT for Measure Bundle selection, and must select Measure Bundles worth enough points to meet its MPT in order to maintain its valuation for DY7 and DY8.
- There is a factor that accounts for the degree to which a hospital's size and role in serving Medicaid and uninsured individuals is commensurate with its valuation (i.e., whether a hospital's valuation is lower or higher than it should be as compared to other DSRIP hospitals based on its size and role in serving Medicaid and uninsured individuals).

The calculations align with the requirements specified in the PFM, paragraphs 17.k., 17.l., and 18.i., and are indicated in the attached "Minimum Point Thresholds" file under column K, "Basis for Minimum Point Threshold." The data included in each column is explained in the "Data Notes" tab. HHSC is not accepting changes or appeals to the MPTs unless the data used to calculate the Statewide Hospital Ratio (SHR) from the Texas Hospital Uncompensated Care Tool (TXHUC) for FFY2016 is inaccurate, specifically the Medicaid and uninsured inpatient days and outpatient costs.

Measure Bundles Protocol

The Bundle Advisory Teams continue their work. HHSC is targeting mid-June to release the draft Measure Bundles and measures (via the Measure Bundle Protocol, which replaces the current RHP Planning Protocol). The Measure Bundle Protocol will include draft hospital/physician practice Measure Bundles and the draft lists of measures for community mental health centers and local health departments. It will also include draft Category D measures for all performing provider types. A survey will be released for stakeholder feedback. A Value Based Purchasing (VBP) Road Map will also be released. This Road Map focuses on the broader efforts toward VBP in Medicaid, including efforts to sustain DSRIP successes in Medicaid managed care. The plan is to submit the Measure Bundles Protocol and VBP Road Map to CMS in July.

A webinar is also planned for mid-June to review the revised PFM and draft Measure Bundles Protocol. When the date is finalized, we will send out the information.

Thanks for all that you do,

The HHSC Waiver/DSRIP team

[Attachment J-PFM Protocol DY7-8 05.17.17](#)

[Summary of Proposed DY7-8 Requirements](#)

[Summary of PFM Protocol Feedback and Responses 05.17.17](#)

[Notice HHSC-CMS Meeting 05.18.17](#)

[Minimum Point Thresholds](#)