

## **Process for Adding Three-Year Delivery System Reform Incentive Payment (DSRIP) Projects Under the Texas Healthcare Transformation and Quality Improvement Program**

### **Background**

Section VII, Paragraph 31 of the Program Funding and Mechanics (PFM) Protocol for the Texas 1115 Transformation Waiver, as revised effective April 4, 2013, states the following:

#### **Adding New Project for Demonstration Year 3**

A Regional Healthcare Partnership (RHP) may amend its plan to include new projects financed by either new or existing Intergovernmental Transfer (IGT) Entities that are implemented by either existing and/or new Performing Providers. These projects shall be 3 years in duration, beginning in Demonstration Year (DY) 3. Projects added for DY 3 may be selected from Categories 1, 2 or 3 of Attachment I, "RHP Planning Protocol" and are subject to all requirements described herein and in the Special Terms and Conditions (STCs). Newly added hospital Performing Providers shall be required to report Category 4 measures according to Section III, "Key Elements of Proposed RHP Plans". Plan modifications related to adding new projects must be submitted to HHSC by a date within DY 2 specified by HHSC. HHSC will further define the process for adding additional projects and submit this process to CMS for review by no later than July 1, 2013. The RHP shall ensure that incentive payments for the new projects comply with Section VI "Disbursement of DSRIP Funds."

### **Texas Proposed Administrative Rules**

On June 28, 2013, the following proposed rule language was published in the *Texas Register* for public comment regarding the process for RHPs to modify their plans to add three-year projects. The rule will be adopted by September 1, 2013 and provides a high level overview of the process HHSC proposes to follow to accept and review new three-year DSRIP projects.

#### **§354.1635. RHP Plan Modification.**

(a) The plan modification process begins once all RHP plans receive initial CMS approval as described in §354.1622(e). This process allows for RHPs and the State to utilize unclaimed RHP allocations.

(b) If an RHP does not utilize its entire allocation for the second demonstration year, the remaining allocation can be utilized by HHSC for state initiatives. These initiatives must be accomplished through the DSRIP program.

(c) If an RHP does not utilize its entire allocation for the third, fourth, and fifth demonstration year, that RHP may propose three-year DSRIP projects.

(1) Each RHP must submit a list of all DSRIP projects from which the three-year DSRIP projects are selected.

(A) Each three-year DSRIP project on the list must be chosen from a subset of the RHP Planning Protocol as determined by HHSC.

(B) Each three-year DSRIP project on the list must be ready for immediate implementation upon approval.

(C) An RHP must prioritize the three-year DSRIP projects based on regional needs except that the listed projects must alternate by affiliated IGT entity.

(D) Each three-year DSRIP project must identify and have written confirmation of the IGT source.

(E) Each three-year DSRIP project must demonstrate significant benefit to the Medicaid and indigent populations

(2) Based on the amount of RHP allocation remaining for each RHP after CMS provides final valuation approvals, some three-year DSRIP projects on the priority list will be reviewed for addition to the RHP plan.

(d) If an RHP is unable to utilize the remaining allocation in accordance with subsection (c), the remaining allocation may be utilized by HHSC.

(e) If DSRIP funds are still available following HHSC action in subsection (d), the remaining funds are redistributed to the RHPs that utilized their full RHP allocation. The funds are proportionately allocated to RHPs based on their share of the original allocation as described in §354.1634(b). The process for determining allocations to providers within an RHP will be the same as described in §354.1634(g). To receive redistributed funds, an RHP must continue to meet the broad hospital and minimal safety net hospital participation levels as described in subsection §354.1634(d)(2)(C) and (D).

**Project Prioritization within Each RHP**

Since it is not yet known how much of its original DSRIP allocation each RHP will have remaining for three-year projects, HHSC proposes that by mid-September 2013 by a date specified by HHSC, each RHP submit a prioritized list of possible new three-year DSRIP projects. As noted in the proposed rule, in order to prevent one or more entities from dominating the prioritization process, each RHP must prioritize the three-year DSRIP projects based on regional needs except that the listed projects must alternate by affiliated IGT entity.

HHSC and CMS encourage broad participation in DSRIP by all allowable DSRIP providers, including hospitals (public and private), physician groups (public and private), community mental health centers, and local health departments. Any of these types of providers may propose a new three-year DSRIP project within an RHP and each proposed project is to be reviewed to determine how well it addresses one or more of the community needs of the RHP and complements the projects already underway in the RHP.

Each RHP must hold a public meeting prior to submitting to HHSC its prioritized list of three-year projects and must post the proposed list prior to the meeting. When the prioritized list is submitted, the RHP also is to submit a description of the processes used to engage and reach out to potential DSRIP performing providers in the region along with public stakeholders and consumers. The submission also must describe the regional approach for evaluating and prioritizing projects. The submission must include as an appendix a list of the projects that were considered but not selected, regardless of whether they had an identified IGT source.

### **Formal Project Submission and Review**

By a date in October 2013 specified by HHSC, each RHP must submit the full projects proposed as new three-year projects. HHSC will review these projects and work to provide initial State approval no later than December 31, 2013. In early 2014, CMS also will review the State-approved projects and confirm its approval by March 1, 2014, prior to the first DY 3 reporting opportunity in April 2014.

### **Requirements for Three-Year Projects that Begin in Demonstration Year 3**

Each proposed three-year project must meet the following requirements:

- Represent an intervention that is in response to community needs identified in the RHP's needs assessment specific to Medicaid and indigent populations.
- Be on the RHP Planning Protocol DSRIP menu and not an "Other" project option and also not include "Other" Category 3 outcome(s).
- Include quantifiable patient impact milestones in DY 4 and DY 5 that include the Medicaid/ indigent quantifiable impact.
- Submitted along with a completed DSRIP Electronic Workbook.
- The following project options will not be allowed for three-year projects: 2.4 "Redesign for Patient Experience"; 2.5 "Redesign for Cost Containment"; and 2.8 "Apply Process Improvement Methodology to Improve Quality/Efficiency." Project area 1.10 "Enhance Performance Improvement and Reporting Capacity" is only allowable for projects that focus on DSRIP learning collaboratives.
- Projects under 1.9 "Specialty Care Capacity" must include a minimum focus of 40% Medicaid and indigent, unless a compelling justification can be made for a lower threshold.

- Include milestones that represent implementation activities beginning in DY 3 (not just planning activities).

Additionally, certain milestones may be edited, added to, or removed from the RHP Planning Protocol. HHSC will propose these updates to CMS in order for the revised RHP Planning Protocol to be finalized no later than September 1, 2013.