

Category A: Costs & Savings Reporting Guidance

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1.0 Introduction

To meet the Costs and Savings reporting requirement for Category A, Delivery System Reform Incentive Payment (“DSRIP”), Performing Providers who have a total valuation of one million dollars or more per Demonstration Year (“DY”) are required to submit the costs of at least one Category A Core Activity of choice and the forecasted or generated savings of that Core Activity. Performing Providers who have a total valuation of less than one million dollars per DY will have the opportunity to answer optional question(s) related to Costs and Savings in the DSRIP Online Reporting System.

The purpose of the Costs and Savings analysis is to assist Performing Provider’s to work with Medicaid Managed Care Organizations and other health care payers for sustainability. Economic analyses, like the kind used for the Costs and Savings analysis, can illustrate to stakeholders the saving or losses associated with a quality initiative before undertaking the initiative or after the initiative has been implemented. For the Costs and Savings analysis, Performing Providers should select a Core Activity that is beneficial or useful for their organization to analyze. Results from the economic analysis will be reviewed for completeness; the analysis does not have to reach a specific result for the Performing Provider to receive credit for the Costs and Savings portion of Category A.

HHSC plans to use reported information for various analysis, including identification of Core Activities that have a good return on investment since this information could inform future policy.

The General Economic Analysis Overview section provides general information on economic analyses, and the Costs and Savings Analysis Requirements section provides DSRIP-specific requirements for the Costs and Savings analysis.

2.0 General Economic Analysis Overview

2.1 Purpose

A cost-benefit analysis (“CBA”) or return-on-investment (“ROI”) analysis are forms of economic analysis and can demonstrate to payers (i.e., managed care organizations, community partners, health systems, etc.) that an activity is a worthwhile investment by showing the costs and potential or generated savings of a quality improvement initiative.

A CBA or ROI analysis can also demonstrate to payers the potential for a value-based payment arrangement. The goal of value-based payment arrangements is to pay for value instead of quantity. Value-based purchasing has the potential to direct clinical services in the most appropriate manner. Over time, linking healthcare payments to value or quality should result in improved patient outcomes and greater efficiencies in the healthcare system.

While CBA and ROI are often used interchangeably, there are certain differences in these types of analyses. ROI measures the attractiveness of an investment, while CBA is considered to be a more comprehensive analysis that attempts to quantify both costs and benefits to an impacted population.

For purposes of the DSRIP Costs and Savings Analysis, Performing Providers will be using ROI tools that were developed to analyze impact in Medicaid and that reflect features from both CBA and ROI analyses.

2.2 Overview

A CBA analysis is a method of economic analysis that compares costs with benefits, both of which are quantified in dollars. CBA analyses seek to determine the absolute costs and benefits of a strategy, allowing an organization to make a more informed decision about using the strategy. This type of analysis can be used to examine one strategy or compare interventions across a diverse array of problems.

Alternatively, an ROI analysis calculates the net financial gains or losses of a strategy by taking into account all the resources invested and all the financial amounts gained through increased revenue, reduced costs, or both. An ROI analysis can be performed as a forecast or can be performed retrospectively. Costs could include, but are not limited to, the following: costs associated with ongoing overhead needs, staff/labor costs, supplies costs, equipment costs, etc. Savings/benefits of the intervention could include, but are not limited to, the following: reduced utilization of healthcare services and improved health outcomes.

Please see the Costs and Savings Analysis Requirements section of this document for DSRIP-specific requirements and additional details on acceptable tools that can be used to fulfill the Costs and Savings portion of Category A. For purposes of the Costs and Savings analysis, Performing Providers will be utilizing recommended tools for the ROI analysis to calculate the ongoing costs and start-up costs of the intervention and to calculate the net financial gains or losses of the intervention.

3.0 Costs and Savings Analysis Requirements

The DSRIP Program Funding and Mechanics Protocol requires Performing Providers with a total valuation of one million dollars or more per DY to submit the costs of at least one Category A Core Activity of choice and the forecasted or generated savings of that Core Activity. Performing Providers should use an ROI analysis to illustrate the forecasted or generated savings of the selected Core Activity, unless Performing Provider receives approval to use an Alternative Tool that utilizes a different type of economic analysis. Guidance on available and acceptable tools for use in the ROI analysis can be found in the Costs and Savings Recommended and Alternative Tools section of this document.

The Performing Provider is only required to submit one completed tool and a separate completed narrative for the Costs and Savings analysis. If a Performing Provider chooses to analyze multiple Core Activities, each Core Activity should have a corresponding completed tool and a completed separate narrative.

The initiative being used for the Costs and Savings analysis could be a change idea from one of the Performing Provider's Category A Core Activities, a component of the Core Activity if that Core Activity is broad in its nature, or the initiative could be some activity that directly relates to and seeks to improve the quality of one of the Performing Provider's Core Activities.

3.1 Costs and Savings Recommended and Alternative Tools

The sections below provide information on which tools are acceptable for use in the Costs and Savings analysis to demonstrate forecasted or generated savings. Please note that HHSC recommends two tools: one for a forecasted analysis, which looks at potential savings or losses, and one for a

retrospective analysis, which looks at actual or generated savings or losses. Performing Providers should choose a tool that fits with the quality initiative they are analyzing, whether the initiative was previously implemented and the provider has data available for the analysis, or whether the initiative is being considered for future implementation. Please see the Costs and Savings Tools - Requirements for Inputs section of this document for additional requirements related to the time horizon for the analysis.

3.1.1 Recommended Tool for Forecasted Analysis

For Performing Providers using a forecasted analysis, the Health and Human Services Commission (“HHSC”) recommends that Performing Providers use the Center for Health Care Strategies, Inc.’s (“CHCS”) Return on Investment Forecasting Calculator for Quality Initiatives tool (the “Recommended Forecasting Tool”) to complete their Costs and Savings analysis for forecasting returns from an initiative. The Recommended Forecasting Tool is a web-based tool designed to help state Medicaid agencies, health plans, and other stakeholders assess and demonstrate the cost-savings potential of efforts to improve quality. The Recommended Forecasting Tool also offers a user guide with step-by-step instructions for users to calculate ROI for the proposed quality initiatives. Users input a variety of assumptions before starting the calculation, such as target population characteristics, program costs, and expected changes in healthcare utilization, to estimate potential savings. Please note that you must register to use this web-based tool, but the tool is free to use. Registering on the Recommended Forecasting Tool’s website also allows Performing Providers to save their work so that it can be revisited or revised at a later time.

Below are websites that can be used to access and complete the Recommended Forecasting Tool:

- Recommended Forecasting Tool: <http://www.chcsroi.org/Welcome.aspx>.
- Recommended Forecasting Tool - User Guide: http://www.chcs.org/publications3960/publications_show.htm?doc_id=872816

Performing Providers using a forecasted analysis must complete the Recommended Forecasting Tool by inputting all necessary data requested in the tool. The Recommended Forecasting Tool will then calculate the ROI and provide multiple summary/output webpages based on the user’s inputs. As the Recommended Forecasting Tool is a web-based tool, the Performing Provider needs to either print out or convert to PDF all summary/output webpages indicated in the list below.

Recommended Tool Summary/Output Webpages:

- Target Population Output
- Cost Trends Output
- Savings/Costs Summary
- Savings/Costs Details (per Service)
- Program Costs Output
- ROI Analysis and Sensitivity Analysis
- Per Member Costs and Savings
- Per Member Per Month Details, and
- Summary Results

For Performing Providers using a forecasted analysis, the printed and scanned or converted to PDF webpages from the list above should be submitted during October DY8 (October 2019) reporting to HHSC in the DSRIP Online Reporting System along with a completed *Attachment A: Costs and Savings Narrative Template* to fulfill Costs and Savings reporting requirements for Performing Providers with a total valuation of one million dollars or more per DY.

3.1.2 Recommended Tool for Retrospective Analysis

For Performing Providers using a retrospective analysis, HHSC recommends that Performing Providers use the Business Case for Quality in Healthcare's ROI Template (the "Recommended Retrospective Tool") to complete their Costs and Savings analysis for generated or actual savings from an initiative. In connection with the Business Case for Quality initiative, researchers at the University of North Carolina at Chapel Hill developed the ROI template, which was also developed in collaboration with CHCS. This Excel-based tool is designed for use by states and health plans to retrospectively measure the ROI from quality improvement initiatives. Through the Recommended Retrospective Tool, users track the financial investment associated with developing and implementing a quality initiative, as well as any savings derived from resulting changes in medical expenditures among the target population. The Recommended Retrospective Tool accommodates two analytical approaches: a pre-post analysis of the target population, as well as a control/comparison group analysis. For purposes of the Costs and Savings analysis, Performing Providers must complete the control/comparison group analysis component of the Recommended Retrospective Tool, which corresponds to the Paid Claims Data-Control tab within this tool. Additionally, for purposes of the Costs and Savings analysis, Performing Providers must indicate a discount rate in the Return on Investment Analysis and the Incremental ROI Analysis tabs. The Recommended Retrospective Tool also offers a user guide with step-by-step instructions for users to calculate ROI for the proposed quality initiatives.

Below are websites that can be used to access and complete the Recommended Retrospective Tool:

- Recommended Retrospective Tool: <https://www.chcs.org/resource/the-medicaid-return-on-investment-template/>
- Recommended Retrospective Tool - User Guide: https://www.chcs.org/media/Instruction_Manual_ROI_Template.pdf

Performing Providers using a retrospective analysis must complete the Recommended Retrospective Tool by inputting all necessary data requested in the green cells in the tool. The Recommended Retrospective Tool will then calculate the ROI in summary/output tabs based on the user's inputs. Please note that Performing Providers using the Recommended Retrospective Tool must not modify the Excel template other than completing the green cells.

For Performing Providers using a retrospective analysis, the completed Excel Recommended Retrospective Tool should be submitted during October DY8 (October 2019) reporting to HHSC in the DSRIP Online Reporting System along with a completed *Attachment A: Costs and Savings Narrative Template* to fulfill Costs and Savings reporting requirements for Performing Providers with a total valuation of one million dollars or more per DY.

3.1.3 Alternative Tools

If a Performing Provider cannot use the Recommended Forecasting Tool or the Recommended Retrospective Tool (collectively, the "Recommended Tools") for the Costs and Savings analysis, then the Performing Provider must submit a request to use an alternative ROI or CBA analysis tool ("Alternative Tool"). Please note that ease of completion is not an acceptable justification for use of an Alternative Tool. Please see the Costs and Savings Tools - Applicability and Data Sources section of this document provides additional information on data sources that can be used to complete the Costs and Savings analysis.

The Alternative Tool must be comparable to its counterpart Recommended Tool, either forecasted or retrospective. In other words, the Alternative Tool must contain the same types of inputs and generate the same types of outputs as its counterpart Recommended Tool. The Alternative Tool can be a web-based tool or template provided by the industry or a tool or template created by the Performing Provider.

If multiple Performing Providers cannot use one of the Recommended Tools and need to use an alternative tool, then HHSC encourages collaboration among Performing Providers in their Regional Healthcare Partnership ("RHP") or collaboration among similar Performing Providers across the state to determine which Alternative Tool can be utilized by multiple Performing Providers.

If approved, the completed Alternative Tool submitted to HHSC during October DY8 (October 2019) reporting must be unmodified from the approved Alternative Tool, other than completing the input fields in the approved Alternative Tool.

Performing Providers must submit their request to use an Alternative Tool to HHSC at txhealthcaretransformation@hhsc.state.tx.us by close of business December 3, 2018. The email requesting to use an Alternative Tool must include a completed *Attachment B: Alternative Tool Approval Request Form*, which can be found at the end of this document, and an attachment of the Alternative Tool or a link to the Alternative Tool. HHSC will review Alternative Tools requests, and will either accept or deny the request by close of business February 4, 2019.

3.2 Costs and Savings Tools - Applicability and Data Sources

The initiative being examined in the Costs and Savings analysis may benefit entities other than the Performing Provider. For example, a diabetes outreach initiative might seek to increase preventative care to patients with diabetes and therefore decrease Emergency Department ("ED") use. The Performing Provider offering the preventative care quality initiative may not be the same entity that will see a decrease in ED usage. Additionally, a substance abuse initiative may divert incarceration in the region. In this case, the state's correctional systems may see a benefit from the outreach rather than the Performing Provider who is completing the Costs and Savings analysis.

Because of this, a Performing Provider can use external data sources such as the ones listed below to get cost data needed to complete the Costs and Savings analysis. Performing Providers should, at a minimum, use cost data from their entity and any contracted providers, if that information is available and relevant to the initiative being examined. HHSC intends for this analysis to be beneficial to

Performing Providers as a tool to measure the costs and savings or losses of a quality initiative. As such, HHSC encourages Performing Providers to complete the analysis as thoroughly as possible.

- Cost data from research, evaluations, statistics, white papers, etc., from the industry, state, academia, or other reputable source that provides cost data or statistics. These could be from entities such as the Legislative Budget Board, Centers for Disease Control, universities, non-profit organizations, etc.
- Cost data from insurance companies, other payers, etc.
- Cost data from other providers in the RHP
- Cost data from other providers that are similar to the Performing Provider, and
- Cost data from other providers across the state with similar demographics, etc.

3.3 Costs and Savings Tools - Requirements for Inputs

Below is a list of requirements for completing the Costs and Savings analysis.

- Performing Providers must use costs, not charges, for the Costs and Savings analysis. If cost data is not available, Performing Provider should utilize a reasonable cost-to-charge ratio to convert the charges to costs before inputting these values into the Costs and Savings tool.
 - The most precise way to determine costs is micro-costing.¹ Micro-costing creates estimates for each component of resources used for a particular service (e.g., laboratory tests, days of stay in ward, drugs, etc.) from which a unit cost is derived for that resource. The unit cost for each resources is then added to determine the cost for the particular service. Micro-costing may not always be possible for economic analysis. If micro-costing is not possible, average per diem/daily cost may be acceptable. For example, average per diem costs can be determined by removing all medical care costs for a particular inpatient service to determine the per diem “hotel” cost component, then medical care costs are totaled separately for the particular service(s). These medical care costs are then added to the average per diem “hotel” cost component.²
- Performing Providers must include costs and savings specific to their organization and specific to other contracted providers, if that information is available and relevant to the initiative being examined. Please see the Costs and Savings Tools - Applicability and Data Sources section of this document for additional information.
- Performing Provider must use a specified social discount rate³ between 3-7% for the Costs and Savings analysis. Please note that a social discount rate, also referred to as a discount rate, only needs to be used if the time horizon for the analysis is two years or longer. If the time horizon is less than two years, the analysis may not need to consider issues of inflation, discounting, or

¹ *Micro-costing* multiplies the quantity of resources (e.g., doctor time) by their market price and sums across these values to determine total cost.

² Drummond M, O’Brien B, Stoddart G, et al. *Methods for the economic analysis of health care programmes*. 3rd ed. New York, NY: Oxford University Press; 2005.

³ The *social discount rate* is the social rate of time preference (i.e., society’s willingness to forgo consumption today in order to have greater consumption tomorrow).

depreciation.⁴ For the Costs and Savings analysis, Performing Providers must analyze at least two (2) years past the initial investment for a retrospective analysis. For a forecasted analysis, Performing Providers must use at least a three (3) year forecast period for their analysis. Please note that a shorter analysis period may not accurately reflect the benefits of an initiative.

- If Performing Providers chooses to perform economic analysis on their own in the future, keep in mind that it may take a longer period of time than the length of the analysis to see net benefits achieved. The costs of quality improvement initiatives are usually incurred at the beginning of the initiatives, and it could take a longer period of time to see the net benefits from this initial investment. If an economic analysis is calculated at the initial stage of the initiative, then the results are likely to be negative. If an economic analysis is calculated in the long-run, then the chance of having positive results will increase⁵.
- Performing Providers may choose to perform either a forecasted or retrospective ROI analysis for the Costs and Savings analysis, unless Performing Provider receives approval to use an Alternative Tool that utilizes a different type of economic analysis. A forecasted analysis would demonstrate potential savings or losses of an initiative. A retrospective analysis would demonstrate actual savings or losses associated with a past initiative. Please keep in mind that both a forecasted and retrospective ROI analysis must be associated with a current Category A Core Activity.
- Performing Providers should consider how the intervention being analyzed impacts different stakeholders including, but not limited to, the following: potential payers/insurers/Medicaid, society, other providers, employer of the patient, and the patient. The impact to different stakeholders can speak to the overall value of the intervention and how it can be used to advance public health goals. The stakeholder impact also looks at items outside of the Performing Provider's system such as patient time, missed work, patient transportation, daycare costs, and can even include intangible items such as pain and suffering and quality of life. The stakeholder impact can also include direct or indirect costs for stakeholders. ROI tools may not fully incorporate items such as these because they can be intangible and hard to measure. Because of this, Performing Providers will be required to respond in a narrative format to a question related to this topic in *Attachment A: Costs and Savings Narrative Template*.

3.4 DY7 and DY8 Reporting and Submission Requirements

For Performing Providers with a total valuation of one million dollars or more per DY, the DY7 Costs and Savings analysis requires Performing Providers to answer questions in the DSRIP Online Reporting System. The DY8 Costs and Savings analysis requires Performing Providers to answer questions in the DSRIP Online Reporting System as well as submit a completed *Attachment A: Costs and Savings Narrative Template*, which can be found at the end of this document, and a completed Recommended Tool or a completed, approved Alternative Tool.

Performing Providers with a total valuation of less than one million dollars per DY will have the opportunity to answer optional questions in the DSRIP Online Reporting System in both DY7 and DY8.

⁴ [AHRQ Quality Indicators Toolkit](#), Selecting the Time Horizon for ROI Calculations section

⁵ [AHRQ Quality Indicators Toolkit](#), Selecting the Time Horizon for ROI Calculations section

3.4.1 October DY7 (October 2018) Reporting

October DY7 reporting for Costs and Savings requires Performing Providers to answer questions in the DSRIP Online Reporting System.

3.4.1.1 Performing Provider with total valuation of one million dollars or more per DY

Performing Providers with total valuation of one million dollars or more per DY must answer the questions below in the DSRIP Online Reporting System for October DY7 reporting. The questions below related to which tool Performing Providers plan to use, whether the tool a Performing Provider plans to use is one of the HHSC Recommended Tools, and whether or not the Performing Provider has received approval from HHSC to use an Alternative Tool are meant to help HHSC with workload in regards to approving Alternative Tools. The Performing Provider is not required to receive approval to use an Alternative tool prior to the reporting period in October DY7. Please see the Costs and Savings Recommended and Alternative Tools section of this document for additional information on HHSC Recommended Tools and the approval process for Alternative Tools. When responding to the questions below in the DSRIP Online Reporting System, Performing Providers must indicate which tool they plan on using, responses such as “TBD” are not acceptable. It is acceptable, however, for Performing Providers to list Alternative Tools that have not yet been approved in their response to the questions below.

1. Is the tool provider plans to use for the Costs and Savings analysis recommended per HHSC guidance? *[Radio Button: Yes or No]*
 - a. *[If Yes or No]* What is the name of the tool the provider plans to use for the Costs and Savings analysis? *[Text field]*
 - b. *[If No]* What organization created or maintains the template the provider plans to use for the Costs and Savings analysis? *[Text field]*
 - c. *[If No]* If the template being used for the Costs and Savings analysis is not recommended per HHSC guidance, then have you received approval from HHSC to use an alternative template? *[Radio Button: Yes or No]*
2. Has the provider identified data sources that can be used to complete the Costs and Savings analysis? *[Radio Button: Yes or No]*
3. What are the challenges associated with completing a Costs and Savings analysis? How does the provider plan to overcome these challenges? *[Text field]*
4. Please identify the Core Activity being used for the Costs and Savings analysis. *[Text field]*
5. Please provide an explanation as to why this specific Core Activity was selected. *[Text field]*
6. Please provide any additional information that describes progress made for this analysis. *[Text field]*

3.4.1.2 Performing Provider with total valuation of less than one million dollars per DY

Performing Providers with total valuation of less than one million dollars per DY will have the opportunity to answer the following optional question(s) in the DSRIP Online Reporting System for October DY7 reporting:

1. Is the provider performing any kind of Costs and Savings analysis for your organization’s internal use? *[Radio Button: Yes/No]*

- a. *[If Yes]* Please provide a description of any Costs and Savings analysis that provider is performing and describe how provider plans to use this analysis. *[Text field]*

3.4.2 October DY8 (October 2019) Reporting:

October DY8 reporting for Costs and Savings requires Performing Providers to answer questions in the DSRIP Online Reporting System and submit results of the Costs and Savings analysis for Performing Providers with a total valuation of one million dollars or more per DY.

3.4.2.1 Performing Provider with total valuation of one million dollars or more per DY

Performing Providers with total valuation of one million dollars or more per DY must answer the following questions in the DSRIP Online Reporting System for October DY8 reporting:

1. Has the provider uploaded their Costs and Savings analysis, both the narrative and the analysis itself? *[Radio button: Yes or No]*
 - a. *[If No]* Please explain why the provider is not submitting a Costs and Savings analysis. *[Text field]*
 - b. *[If Yes]* Did the provider analyze the Core Activity that was selected and described during DY7 reporting? *[Radio button: Yes or No]*
 - i. *[If No]* Please provide an explanation for the change in Core Activity selected for the Costs and Savings analysis. *[Text field]*

In addition, Performing Providers with total valuation of one million dollars or more per DY must also submit the following items in the DSRIP Online Reporting System for October DY8 reporting:

1. A completed *Attachment A: Costs and Savings Narrative Template*
2. A completed Costs and Savings tool, either one of the Recommended Tools or an approved Alternative Tool (see the Costs and Savings Recommended and Alternative Tools section of this document for additional information on acceptable tools)

3.4.2.2 Performing Provider with total valuation of less than one million dollars per DY

Performing Providers with total valuation of less than one million dollars per DY will have the opportunity to answer the following optional question(s) in the DSRIP Online Reporting System for October DY8 reporting:

1. Will the provider be uploading a Costs and Savings analysis that the organization decided to conduct? *[Radio Button: Yes/No]*
 - a. *[If Yes]* Did the provider analyze one of their Core Activities for the Costs and Savings analysis? If so, which Core Activity? *[Text field]*

Attachment A: Costs and Savings Narrative Template

Attachment A Overview

Performing Providers with total valuation of one million dollars or more per DY must respond to the questions in this attachment as part of the Cost and Savings analysis. Performing Providers should complete all questions in this attachment and submit the attachment in the DSRIP Online Reporting System along with the completed Costs and Savings tool. Please see the Costs and Savings Recommended and Alternative Tools section of this document for additional information on acceptable tools for use in the Costs and Savings analysis.

Attachment A Questions

1. In the space provided below, please describe the initiative being analyzed in the Costs and Savings analysis. This description, at a minimum, should describe the initiative itself, what the initiative seeks to accomplish, and the population being targeted or benefiting from the initiative.

Performing Provider Response:

2. In the space provided below, please summarize the results of the Costs and Savings analysis. This description, at a minimum, should include whether the Costs and Savings analysis indicated a savings/benefit or a loss from the initiative being examined. In this description, please also indicate if the savings/benefits or losses were attributed to the Performing Provider or to some other entity outside of Performing Provider's system, including the state or Medicaid.

Performing Provider Response:

3. In the space provided below, please explain the constraints in affecting 100% of the target population with the initiative. The target population would be the patient population that Performing Provider is seeking to affect with the initiative (i.e., patients with diabetes). For example, limited resources or space, additional outreach/education needed, patient refusal to participate, lack of patient contact information, lack of interest, limited enrollment, etc. could all constrain a Performing Provider's ability to affect 100% of the target population. If a Performing Provider believes the initiative being examined in the Costs and Savings analysis reached the maximum number of patients, then please explain why. The Performing Provider's response should also indicate how an increase in enrollment in the initiative or an increase in the number or people affected by the initiative would affect the Costs and Savings analysis (e.g., would an increase in enrollment give the Performing Provider a better ROI?).

Performing Provider Response:

4. In the space provided below, please describe how the intervention being examined in the Costs and Savings analysis impacts different stakeholders. The impact must be directly tied to the intervention being examined in the Costs and Savings analysis. The Performing Provider’s response must include how Medicaid and at least two other stakeholders listed below are impacted by the initiative, and the response should indicate how the impact is tied to the intervention being examined in the Costs and Savings analysis. Please note that the narrative response does not need to include actual or estimated data.

- Medicaid (required)
- Other third-party payers
- State or local governments (e.g., incarceration/recidivism, etc.)
- Society (e.g., loss of productivity, substance abuse leading to school drop-out or incarceration, homelessness, environment, etc.)
- Employer of the patient
- Patient
- Other providers
- Other stakeholders (Performing Providers must indicate or describe the “other” stakeholder in their response to this question)

Performing Provider Response:

5. In the space provided below, please describe any benefits to the Performing Provider’s organization due to the intervention that may not be captured in the Costs and Savings analysis. These benefits could be an increased recognition for quality, enhanced market share, employee satisfaction/retention, enhanced accreditation, fulfillment of mandated requirements (such as requirements to participate in Medicaid), etc.

Performing Provider Response:

6. In the space provided below, please describe how the initiative being examined in the Costs and Savings analysis is directly related to a current Category A Core Activity.

Performing Provider Response:

7. In the space provided below, please describe the data sources used to complete the Costs and Savings analysis, including internal data sources and data sources from outside of the Performing Provider’s system.

Performing Provider Response:

8. Please describe the assumptions made and the methodology used to complete the Costs and Savings analysis.

Performing Provider Response:

Attachment B: Alternative Tool Approval Request Form

Attachment B Overview

Please complete the questions in this attachment and submit to HHSC at txhealthcaretransformation@hhsc.state.tx.us along with an attachment of the Alternative Tool or a link to the Alternative Tool. Please read the Alternative Tools section of this document for additional information on Alternative Tool requirements and the approval process.

Attachment B Questions

1. In the space below, please provide a justification for the need to use an Alternative Tool. This explanation must include an explanation of why the Performing Provider cannot use one of the Recommended Tools.

Performing Provider Response:

2. Is the Alternative Tool comparable to its counterpart Recommended Tool for either forecasted or retrospective analyses? In the space below, please explain how the Alternative Tool is comparable. The Performing Provider's response should delineate how the proposed Alternative Tool's inputs and outputs correspond to its counterpart Recommended Tool.

Performing Provider Response:

3. Please indicate if the Alternative Tool uses an ROI or a CBA analysis? If the Alternative Tool does not use an ROI or CBA analysis, please explain what kind of economic analysis the tool uses and how this economic analysis demonstrates costs and savings of the selected Core Activity.

Performing Provider Response:

4. Please provide the RHP and TPI number for all Performing Providers wishing to use this Alternative Tool. If necessary, Performing Providers should coordinate with their Anchor to identify other Performing Providers using this Alternative Tool.

Performing Provider Response: