Program Funding and Mechanics (PFM) Protocol Modifications and Addressing CMS Initial Review Findings

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Two-phase CMS Approval Process

- By May 2013, most projects will receive initial approval specific to Demonstration Years (DY) 1, 2 and 3.
  - Projects with initial approval will be eligible to earn DYs 1, 2 and 3 Delivery System Reform Incentive Payment (DSRIP).
- By September 1, 2013, most projects will receive full approval specific to DYs 4 and 5.
  - Projects with full approval will be eligible to earn DYs 4 and 5 payments.
  - Projects must receive full approval no later than March 31, 2014 to earn DY 4 and 5 payments.

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Priority Technical Corrections

- Category 3 improvement target does not meet criteria for one standalone or three non-standalone measures.
- Project does not include at least one process milestone and one improvement milestone.
- Category 3 improvement target duplicates an improvement milestone.
- All project components are not included.
- Project lacks clearly defined milestones and metrics, including the lack of a quantifiable patient impact milestone for DYs 4 and 5.
- Any other priority technical correction identified by CMS or HHSC.

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Priority Technical Corrections

- If a project requires priority technical corrections, the project is eligible to earn DY 2 payments but corrections must be approved to be eligible to earn DY 3 payments.
  - No later than October 1, 2013 – changes to address priority technical corrections must be submitted to HHSC.
  - No later than March 31, 2014 – HHSC and CMS will work with providers to refine and approve corrections.

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Project Valuation

- CMS will determine whether the patient benefit of each project supports the proposed project valuation.
- By September 1, 2013, CMS will decide whether each project's value is approved for DYs 4 and 5.
  - If a project does not receive full valuation approval, the provider will have until March 31, 2014 to modify the project or project valuation.

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Category 3 Improvement Targets

- Each project must have a Category 3 improvement target achievement level that complies with a standard methodology to be eligible to receive Category 3 payments in DYs 4 and 5.
  - No later than October 1, 2013 – HHSC and CMS will establish the methodology.
  - No later than March 31, 2014 – HHSC and CMS will work with providers to refine and approve improvement targets and corresponding achievement levels.
  - Providers may submit a compelling justification to use a different achievement level for HHSC and CMS approval.

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Public Engagement

- After receiving CMS initial approval of a Regional Healthcare Partnership (RHP) Plan, RHPs must conduct a post-award implementation forum with stakeholders.
- Learning collaboratives:
  - By October 1, 2013, RHPs must submit learning collaborative plans.
  - Tier 4 RHPs may have their own learning collaborative or participate in another RHP's collaborative.
  - All providers must participate in the statewide learning collaborative.

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Ongoing Monitoring

- DSRIP providers will be required to submit semi-annual reports on the progress of their projects regardless of whether they have completed metrics for payment.
- If semi-annual reports are not submitted on time or do not meet reporting requirements, future DSRIP payments may be withheld until the complete report is submitted.

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Mid-Point Assessment

- There will be a mid-point assessment by the end of DY 3.
- An independent entity will monitor the progress of DSRIP projects using the semi-annual reports and make recommendations for any changes.
- CMS and HHSC may require prospective plan modifications for DYs 4 and 5 based on the mid-point assessment.
- By September 1, 2013, HHSC will submit to CMS a draft of the review criteria, approach and checklist to be used in the assessment.

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Elements Reviewed in Mid-Point Assessment

- Compliance with the approved RHP Plan.
- Compliance with the required core components.
- Non-duplication of Federal funds.
- Clarity of improvement milestones and connection with meaningful, quantifiable patient impact.
- Benefit to the Medicaid/uninsured population.
- Opportunity to apply lessons learned or best practices.

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Next Steps for CMS RHP Plan Feedback

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RHP Plans Status

- All 20 RHP Plans, including 1322 Category 1 and 2 projects, were submitted to CMS by April 12, 2013.
- Formal 45-day CMS review for all 20 RHPs will be completed by late May.
- As of May 7, 2013, CMS has provided feedback on 10 regions: RHPs 17, 14, 15, 8, 18, 10, 16, 11, 19, and 13.

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Category 1 and 2 Feedback

- Initially approved projects.
- Initially approved projects with priority technical corrections due no later than October 1, 2013.
- Projects initially approved with an adjustment to project value.
- Projects not approved at this time.

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Projects initially approved with an adjustment to project value

- CMS used a regression model to determine valuation outliers. The factors included:
  - Project Option – project areas with similar purpose, scope and impact were grouped into 12 categories.
  - Pass 1 DSRIP allocation (as a proxy for Medicaid/uninsured volume).
  - RHP Tier – urban (Tiers 1 and 2), suburban (Tier 3), and rural (Tier 4).
- Projects were also included if:
  - HHSC flagged the project for valuation ($5m+ and either appears overvalued or the quantifiable patient benefit was not reflected in the milestones);
  - Patient satisfaction is used as the Category 3 improvement target instead of a clinical measure; or
  - CMS identified another issue with the project.
- Providers may either accept the lower project value CMS proposed, make the changes specified to justify initial project value or provide compelling justification for the original valuation.

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Projects not approved at this time

- CMS did not approve projects that were:
  - Supply sensitive.
  - Lacked evidence of targeting a high Medicaid/uninsured population.
  - "Other" projects that did not provide compelling justification to be "off-menu."
- Projects may be revised and resubmitted or a replacement project may be proposed.
  - Replacement projects require CMS 45-day review.

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Category 3 Feedback

- Initially approved Category 3 improvement targets.
- Category 3 improvement targets not approved at this time.
  - CMS is not approving "other" improvement targets and "off-menu" survey instruments without compelling justification.
    - Providers may either choose improvement targets currently in the RHP Planning Protocol or propose to add measures to the protocol, if they are evidence-based.
    - HHSC will work with CMS to add other evidence-based survey instruments and measures to the menu.
  - Category 3 improvement targets were not approved if the corresponding Category 1 or 2 project was not approved.

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Off-Menu Projects and Improvement Targets

- CMS and HHSC will use a checklist to review "off-menu" projects and improvement targets that include:
  - Impact to Medicaid/uninsured population.
  - Evidence-based literature to support the project/improvement target.
  - If an existing project, the expansion or improvement of activities.
  - Appropriate milestones and metrics such as continuous quality improvement (CQI) activities, quantifiable patient impact and justified "off-menu" milestones and metrics.
  - Compelling rationale for selection of "off-menu" project/improvement target such as combining on-menu project options.

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Category 4 Feedback

- Most Category 4 reporting domains will be approved and some will have identified technical errors.
- Category 4 will not be approved if all of the hospital's corresponding Category 1 or 2 projects are not approved.

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Next Steps: Four-phase Process

- Phase 1 – Present to June
  - Projects not approved at this time.
  - Projects initially approved with an adjustment to project value.
  - Category 3 improvement target duplicates improvement milestone.
- Phase 2 – May to early June
  - Providers confirm or identify quantifiable patient impact and Medicaid/indigent impact for each project.
- Phase 3 – May to July
  - Changes to milestones and metrics required to make DY 2 payments.
- Phase 4 – by October 1, 2013
  - Priority technical corrections.
  - Category 3 changes.

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HHSC Companion Document to CMS Feedback

- HHSC has released a draft companion document to accompany the CMS feedback letter. The companion document currently gives Phase 1 guidance about:
  - Options providers have to respond to specific feedback for projects not approved at this time, projects initially approved with adjustment to project value, and projects with improvement milestone and target overlap; and
  - The format in which project revisions should be submitted.
- The companion will be updated over time to include additional information describing the timing of and activities included in later Phases of project revision.

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HHSC Cover Letters for Phase I Projects

- HHSC will provide a cover letter with further detail related to each project identified for Phase I revisions.
  - The cover letter will reference the guidance in the companion document that is relevant to each project and provide additional information HHSC has received related to specific projects.
  - Providers will identify on the cover letter the revisions they are making to projects to address approvability and valuation issues.

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Summary of Phase I Next Steps and Tools

- RHP receives CMS RHP Plan feedback.
- HHSC provides RHP with cover letters specific to each project identified for Phase I revisions.
- RHPs may request a technical assistance call with HHSC after receiving the project-specific cover sheets for Phase 1 projects.
- RHPs follow guidance from CMS feedback, cover letters and the companion document to revise projects.
- Some projects may be sent to CMS for pre-review.

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Summary of Phase I Next Steps and Tools (cont.)

- RHPs submit cover letters and project revisions, as applicable, to HHSC for final review.
- HHSC submits reviewed projects to CMS, and CMS has 15 days to determine if projects can be initially approved and at what valuation.
- If providers choose to replace a project that was not initially approved, CMS will have 45 days to review the replacement project.

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Key Dates

- May 29, 2013 – All RHPs will receive initial CMS feedback.
- September 1, 2013 – All RHPs will receive CMS valuation feedback for DYs 4-5.
- October 1, 2013
  - Priority technical corrections and Category 3 improvement targets due to HHSC.
  - Category 3 target achievement level setting methodology completed.
  - Learning collaborative plans due to HHSC.
- March 31, 2014 – Full project approval required including approval of:
  - Technical corrections.
  - Modifications to projects or valuations for full valuation approval.
  - Category 3 improvement target achievement levels for DYs 4 and 5.

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Waiver Communications

- Find updated materials and outreach details:
  - http://www.hhsc.state.tx.us/1115-waiver.shtml
- Submit all questions to:
  - TXHealthcareTransformation@hhsc.state.tx.us

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