

Texas Healthcare Transformation and Quality Improvement Program
Transition Payments
12.15.11

Purpose: To provide funding stability for hospitals and physician groups that received supplemental payments under Texas Medicaid State Plan during FFY 2011.

- Transition Payments are available only during DY1 and are subject to Uncompensated Care (UC) pool limits.
- Four Transition Payments are authorized during DY1; however, five payments will be made. The first payment represents payment under the supplemental payment program for FFY 2011, fourth quarter. The value of this payment will be reduced from the total value of uncompensated care available under the 1115 waiver.
- A hospital or eligible physician group may receive Transition Payments if the entity:
 - ✓ Is enrolled as a Texas Medicaid provider;
 - ✓ Received a supplemental payment under Texas Medicaid State Plan for adjudicated claims in one or more months between October 1, 2010 and September 30, 2011.
 - ✓ Has a source of IGT or State general revenue appropriated as the non-federal share of the Transition Payment.
 - ✓ Submitted documentation to receive supplemental payments under the State Plan to HHSC before September 30, 2011 and continue to submit other documentation requested by HHSC.

Transition Payment Methodology:

- Participating hospitals and physician groups will be eligible to receive total Transition Payments equal to the amount the provider received in supplemental payments for claims adjudicated in FFY 2011, annualized to cover the entire 12 month period of DY1.
- Participating providers are eligible to receive one-fourth of their total Transition Payment amount each quarter in DY1, beginning October 1, 2011, through the quarter ending September 30, 2012.
- Transition payments made to private hospitals will be proportionally allocated based on the amount of IGT provided by the affiliated public entity and the available transition caps of their affiliated private hospitals.

Other Requirements:

- For hospitals qualifying for and receiving DSH payments for FFY 2012, Transition Payments are considered title XIX payments and must be treated as revenues when determining DSH eligible uncompensated costs as part of the annual DSH audits, except for transition payments related to hospital-based physician practice groups.
- The supplemental provider payments to hospitals and physicians made in November and December 2011 under the Medicaid State plan in the amount of \$466, 091,028 may be counted under the UC Pool limit for any of the five years of the Demonstration.