



October 16, 2020

Administrator Seema Verma
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244

Dear Administrator Verma:

Texas and the nation are experiencing unprecedented impacts to the health care system due to the COVID-19 pandemic. We are grateful for the strong partnership of the Centers for Medicare and Medicaid Services (CMS) in approving flexibilities to continue access to critical Medicaid services while protecting the health and safety of recipients and providers. The dramatic changes in health care utilization are disrupting progress on Texas' Delivery System Reform Incentive Payment (DSRIP) program measures and goals. Due to this disruption, CMS approved easing provider reporting for April 2020 and changes to 2020 measurement requirements. These CMS actions are essential to DSRIP providers who are actively responding to the COVID-19 public health emergency, which has been formally renewed effective October 23, 2020.

The COVID-19 pandemic is also threatening the transition to sustainable and effective delivery system for DSRIP, the funding of which ends on September 30, 2021. The state has continued to plan for DSRIP transition in collaboration with key stakeholders during the public health emergency. HHSC submitted its draft DSRIP Transition Plan on September 30, 2019, and updates on February 20, 2020, with milestones for advancing the transformation of the Texas Medicaid delivery system. Texas is making meaningful progress on the milestones submitted in our DSRIP Transition Plan and appreciates CMS' approval of delays to deliverable due dates. However, the DSRIP transition milestone timelines and the initial 1115 Health Care Transformation Waiver extension did not contemplate a prolonged pandemic at the time when DSRIP transition planning and implementation would need to be at its most intensive.

Despite the state's efforts, it is becoming increasingly difficult to replace the DSRIP program and funding as the COVID-19 pandemic continues. DSRIP is a direct partnership between the state and 290 local health care providers, including hospitals, physician groups primarily associated with academic health science centers, community mental health centers, and local health departments. These providers serve vulnerable populations across the state, including in rural areas. The state must work closely with historical DSRIP providers, as well as other critical Medicaid providers, to achieve sustainable and effective delivery system reform. Texas providers are appropriately focused on immediate response to the public health emergency and cannot divert attention and resources to DSRIP transition planning and implementation. When these urgent response efforts end, the state and providers must assess how to recover and reestablish ongoing and innovative health care delivery models, which may look different in a post-COVID-19 environment.

Due to the ongoing emergency, the state has been forced to adjust its approach to DSRIP transition planning and implementation. To sustain key DSRIP initiative areas, the state has been conducting analyses of populations served by DSRIP and interventions associated with improvements in key health outcomes. HHSC's approach was intended to ensure that efforts to advance effective delivery system reforms without DSRIP funding are driven by input from stakeholders and the most current available data on DSRIP and other health care innovations. However, providers are struggling to maintain core DSRIP activities and performance measurement during the COVID-19 response. Texas' DSRIP providers have reported numerous examples of impacts in key DSRIP focus areas and brief examples follow:

- *Care Coordination, Care Navigation, and Care Transition* - Hospitals report difficulty scheduling post-discharge follow-up appointments due to limited primary care physician or clinic availability.
- *Primary Care, Health Promotion, and Disease Prevention* - In outpatient and clinic-based settings, providers report supplies are being diverted to COVID-19 testing from other areas, including chlamydia testing and cervical cancer

screening. This impacts providers' ability to achieve goals on key preventive screening metrics.

- *Behavioral Health* - Community Mental Health Centers shifted quickly to the provision of services via telehealth and telephonically. However, increases in demand for services are expected as behavioral health conditions are exacerbated by the stressors of the public health emergency. Without DSRIP support, there is concern about the capacity of the delivery system to manage this increased demand.
- *Chronic Care Management* - Providers are concerned that recipients who avoid visiting healthcare facilities in person may have longer term negative impacts to chronic disease management (blood pressure, A1C), impacting outcomes on the most selected control measures in DSRIP.
- *Maternal Health and Pediatric Care* - No-show rates have reportedly increased, impacting prenatal and well-child visits that are tracked in preventive care measure bundles in the DSRIP program.
- *Telemedicine and Telehealth* - There is increased demand for telemedicine and telehealth, which is outpacing supply in some regions. There are also challenges implementing routine screenings and exams during telemedicine or telehealth visits, including body mass index assessment, diabetic foot exams, and cancer screenings.
- *Integration of Public Health with Medicaid* - Local health departments have diverted employees from DSRIP initiatives to COVID-19 response such as staffing phone banks.
- *Sustain Access to Critical Health Care Services* - Through the DSRIP program, providers serve individuals regardless of insurance status. Approximately 40 percent of individuals served by the DSRIP program have been uninsured. Ending DSRIP funding as scheduled may result in gaps in the healthcare safety net.

Administrator Seema Verma

October 16, 2020

Page 4

As these and the many other possible examples show, COVID-19 has drastically altered the delivery of DSRIP interventions and made associated health outcomes uncertain. Like DSRIP, other Texas Medicaid quality improvement programs have experienced sudden, sustained interruptions in performance evaluation in 2020, as providers are unable to continue key improvement activities. Texas' DSRIP program cannot absorb this major disruption given the timing of the transition and the importance and scope of DSRIP funding in supporting access and delivery system reform among Texas safety net providers who are on the frontlines of COVID-19 response.

To the extent possible, DSRIP providers will continue to collect and record data to resume progress on health outcome targets once the public health emergency ends. While providers are expected to submit 2020 data regardless of achievement (per the approved COVID-19 flexibility request), the state will not know the full extent of the impact of healthcare delivery changes on providers' progress until they report data in April 2021, which does not align with the timeline for transitioning to new delivery system reforms when DSRIP funding currently ends.

In light of this situation, I am requesting CMS extend the DSRIP program with \$2.49 billion in continued funding for the final demonstration year of the current 1115 Healthcare Transformation Waiver. With CMS' support and commitment, the state's DSRIP program has made significant progress in improving health care quality and reforming the delivery system across Texas. Participating providers have improved health outcomes, especially in the core areas described above. However, COVID-19 has significantly disrupted the delivery of health care services. To integrate DSRIP activities and measures into our Medicaid program at this time would interfere with response to the emergency and contribute to potential instability and uncertainty in the delivery system. Extending the current DSRIP program and funding through the final year of the waiver would provide the necessary time to assess these changes and incorporate them into future Medicaid program proposals and policies.

We recognize that CMS has provided firm direction to states that DSRIP programs are time-limited. Texas remains committed to a transition that incorporates the best practices and lessons from DSRIP and continues to advance health care system reform and value. But the impact of the public health emergency on

Administrator Seema Verma

October 16, 2020

Page 5

providers' and the state's ability to pivot to post-DSRIP cannot be overstated. We respectfully request additional consideration for Texas' DSRIP transition timeline and the health care safety net that is vital to bringing an end to the COVID-19 pandemic and the return of health care system innovation and reform.

We appreciate your consideration of this request and would be happy to discuss it further at your convenience. Please let me know if you have any questions or need additional information. Stephanie Stephens, State Medicaid Director, serves as the lead staff on this matter and can be reached by telephone at (512) 538-5335 or by email at Stephanie.Stephens01@hhsc.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Cecile Erwin Young". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Cecile Erwin Young

cc: The Honorable Alex Azar, Secretary
U.S. Department of Health and Human Services

Members of the Texas Congressional Delegation