



CHILDREN'S  
HOSPITAL  
ASSOCIATION  
OF TEXAS



**Texas Essential**  
Healthcare Partnerships

**Texas Association**  
of Voluntary  
Hospitals

Sept. 28, 2020

Cecile Young  
Executive Commissioner  
Texas Health and Human Services Commission  
P.O. Box 13247  
Austin, Texas 78711-3247

Dear Commissioner Young:

On behalf of the more than 450 hospitals and health systems our organizations collectively represent, we thank you for your service to the state of Texas and stand ready to assist you in your new role. As you know, the hospital finance landscape is ever-changing, and Texas hospitals currently are facing a number of complex issues that impact both our work and the patients we serve. Specifically, we want to share our perspective on the Uniform Hospital Rate Increase Program and how a number of other programs could work to ultimately impact UHRIP and Texas' overall system of financing hospital payments for indigent and Medicaid clients.

We appreciate the Texas Health and Human Services Commission's transparency and willingness to work with stakeholders on the future of the Uniform Hospital Rate Increase Program. We offer the following principles to guide HHSC's approach for UHRIP and other hospital payment programs moving forward.

1. **Navigate and Mitigate Uncertainty in the Hospital Finance System Together.** A strong hospital finance system is critical to ensure Texas patients can access the best possible care. But a number of complex variables contribute to the uncertainty that affects both providers' and the state's ability to plan for a strong and reliable hospital system. Texas hospitals are eager to work together and with the state to improve and inform these programs going forward.
  - **Budget Neutrality & the Medicaid 1115 Waiver.** Perhaps the most significant unanswered question is around how budget neutrality would be calculated in a subsequent Medicaid 1115 Waiver. In response to the Centers for Medicare & Medicaid Services' adjustment to budget neutrality calculations under 1115 Waivers, HHSC has begun modeling potential budget neutrality scenarios. While we understand the models rely on assumptions that require further clarification from CMS, we ask that you work closely with stakeholders to ensure we can plan for and advise on the future of the waiver.
  - **Future of DSRIP.** Texas hospitals appreciate the progress HHSC has made to transition the Delivery System Reform Incentive Payment program, and we understand that the COVID-19 pandemic challenges further progress for both providers and the state. Texas hospitals and providers still support HHSC pursuing at least a one-year extension of DSRIP, as stated in our previous requests.
  - **Available UHRIP Funding.** We understand that CMS requires robust documentation to support the rates proposed under UHRIP, and we appreciate HHSC's attention to these

requirements. Texas hospitals look forward to working with HHSC to increase the amount of available funding under UHRIP.

2. **Preserve the Inherent Purpose of UHRIP.** Texas hospitals are committed to providing the best possible care for every Texan. Medicaid payment rates historically do not cover the actual cost of providing hospital care. HHSC should maintain the original intent of UHRIP, which is to make hospital payment more commensurate with the cost of providing care and increase access across the state. While we understand that CMS wants measurable, demonstrable ties to the state's quality strategy, UHRIP payments should not be contingent upon performance. As currently designed, UHRIP addresses the Texas Medicaid quality strategy goals of ensuring timeliness of and access to services and improving member satisfaction with care. Hospitals will help HHSC develop an evaluation plan to measure the impact of UHRIP on these two quality strategies, or other strategies if determined to be more appropriate.
  
3. **Quality Incentive Arrangements Can Work Alongside UHRIP.** Separately, HHSC should consider opportunities to develop an incentive arrangement in the context of DSRIP transition. Such an arrangement would include specified activities, targeted performance measures, or quality-based outcomes that support program initiatives as specified in the state's quality strategy, which would also complement the goals of UHRIP. Quality incentives are most effective when built on top of a system that adequately reimburses providers' costs.

We appreciate your work to support Texas hospitals and your willingness to engage with us on these issues. We look forward to continuing these important discussions, and we stand ready to assist you in protecting the health and well-being of Texas patients.

Sincerely,



Ted Shaw  
President/CEO  
Texas Hospital Association



John Henderson  
President/CEO  
Texas Organization of Rural & Community  
Hospitals



Stacy Wilson  
President  
Children's Hospital Association of Texas



Larry Tonn  
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