



November 05, 2021

Mr. Daniel Tsai
Deputy Administrator and Director of Medicaid and CHIP Services
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
200 Independence Ave. SW
Washington, DC 20201
Daniel.tsai@cms.hhs.gov

Dear Director Tsai:

The Teaching Hospitals of Texas (THOT) represents nine large public hospital districts in Texas, seven of which have health systems (including significant ambulatory as well as hospital services) and two of which provide community-based care or support non-profit hospital services. Our members also include four University of Texas (UT) health systems, a children's hospital, and a non-profit teaching hospital in Austin as well as a GME affiliate in the Texas border and a policy affiliation with the UT medical school in Austin. Our members share a commitment to high quality care made available to all who need it; training tomorrow's healthcare workforce; and preparing for, managing and responding to disasters, trauma, and public health needs.

Our members fully support expanding coverage options under the Affordable Care Act for Texans. We have submitted to HHSC and discussed with previous CMS administrations a proposal for a Texas ACO-type coverage plan funded through UC pool add on payments. This program could test value-based payments including with community-based organizations in ways unique to provider-based care systems.¹ Know we are ready to work with CMS and the state on successful coverage programs in our state. We do not see waiver approval and coverage options as mutually exclusive. Texas needs both and we look forward to working with you on both.

As CEOs of Texas' safety net hospitals, and on behalf of our health systems and the patients we serve, we ask that CMS grant approval to Texas' 1115 waiver-related requests. These include:

- approve DSRIP for an additional year.
- approve UHRIP and QIPP at levels consistent with last year's methodology and current utilization as proposed by HHSC.
- approve budget neutrality amounts as originally approved in January 2021 to lock in health system stability in Texas.
- approve ongoing Uncompensated Care funding including at updated amounts as agreed in the January waiver and recently submitted by HHSC at \$4.5 Billion/year, and
- negotiate with the state to resolve concerns with the State Directed Programs this waiver year.

¹ i.e., not mediated by Medicaid managed care companies.

As CMS negotiates these waiver provisions with Texas, we ask for your timely approval of the state plan amendment for the fee for service rate increases submitted by HHSC. Those payments will offset ongoing provider losses in the Medicaid fee for service program and shore up losses related to delayed supplemental payments for public safety net providers via a straightforward SPA while the more extensive waiver negotiations progress.

As you know, Teaching Hospitals of Texas members comprise Texas' largest bona fide safety net providers.² Of Texas' 418 waiver-funded hospitals, our member hospitals provided over 36% of the hospital reported uncompensated care in Texas in 2021. That represents over \$2.5 billion. Even under a Medicaid expansion, Texas will have large uncompensated care costs that typically fall to our member hospitals. Delays in approving waiver related funding will disproportionately harm our members and the communities and patients they serve.

Our members also provided a large share of DSRIP innovation programs and received over \$815 million in DSRIP funding in 2021. Delays in approving the DSRIP extension are operationally the most disruptive: should providers let go DSRIP and related patient services and release related staff, contractors and space, or take the risk of keeping programs running and resources committed with no guarantee of an extension? The loss of DSRIP, support of uninsured care through DSRIP, and the delays in approving a one-year extension excessively harm our members and the patients they serve. Loss of DSRIP funding will result in less access, increased reliance on more costly places of service, such as the ED in lieu of DSRIP's more cost-effective programs, and increased pressure on public providers and indigent access programs.

We appreciate your sensitivity to our issues and are eager to meet virtually or in-person with your team as your safety net partner in Texas. Please feel free to contact Maureen Milligan at the Teaching Hospitals of Texas at 512-745-1965 to determine availability to meet.

Thank you very much,



Maureen Milligan
President/CEO
Teaching Hospitals of Texas



Russell Meyers
THOT Chair
President & CEO
Midland Health



Esmaeil Porsa
THOT Vice Chair
President & CEO
Harris Health

² That is, our members have: the highest patient mixes of uninsured plus Medicaid of Texas' hospitals; the lowest Medicaid rates; and especially when IGT contributions are netted out of payments, have among the highest gap between Medicaid and uninsured costs compared to net total Medicaid payments. The data cited in this letter are from THOT's member hospitals.



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