

Texas Medicaid 1115 Transformation Waiver Update: May 2015

1115 WAIVER BACKGROUND

The 1115 Waiver is an agreement negotiated in 2011 between the federal Centers for Medicare and Medicaid Services (CMS) and the Texas Health and Human Services Commission (HHSC). This agreement was reached before passage of the Affordable Care Act (ACA). The Waiver gave Texas greater state and local control and flexibility to provide efficient, quality healthcare while still meeting federal mandates and reporting requirements.

WAIVER COMPONENTS

- The Uncompensated Care (UC) pool funding reimburses hospitals for care provided to the uninsured.
- Delivery System Reform Incentive Payment (DSRIP) program incentivizes new models of care in local communities to improve health, reduce cost, increase coordination, and improve access.
- Medicaid managed care STAR and STAR+PLUS programs were expanded to the entire state, including South Texas and rural areas that historically have not had this coverage.

WAIVER NEXT STEPS

- The five-year Texas waiver ends on Sept. 30, 2016
- In order to continue the Waiver, Texas submitted a required transition plan to CMS in March 2015.
- A request to extend or renew the Waiver must be declared by the state HHSC to the CMS by Sept. 30, 2015.
 - An extension lasts three years, during which the federal government may modify the existing Waiver
 - A renewal could involve significant changes to the existing Waiver. The process is similar to drafting a new Waiver. The Waiver renewal would be for five years.

WAIVERS IN OTHER STATES

- A total of 10 states have waivers with Uncompensated Care pools to reimburse hospitals.
- Six states have expanded Medicaid coverage through the ACA. Texas, Florida, Kansas, and Tennessee have not expanded Medicaid.
- The federal government recently told Florida -- and warned other states -- that uncompensated care funds cannot be used to pay healthcare costs that would be covered if the state expanded Medicaid.