

1115 WAIVER INTERGOVERNMENTAL TRANSFER POLICY

BACKGROUND

In December 12, 2011, under the authority of section 1115(a)(1) of the Social Security Act, the state of Texas received federal approval of an 1115 waiver that would preserve Upper Payment Limit (UPL) funding under a new methodology.

The 1115 Healthcare Transformation Waiver, supplemental payment funding, managed care savings, and negotiated funding will go into two statewide pools. Funding from the pools will be distributed to hospitals and other providers to support (1) uncompensated care (UC) pool to reimburse for uncompensated care costs; and (2) a Delivery System Reform Incentive Payment (DSRIP) pool to incentivize hospitals and other providers to transform their service delivery practices to improve quality, health status, patient experience, coordination, and cost-effectiveness.

PURPOSE AND OBJECTIVES

- 1.1 The purpose of this policy is to establish the process of the intergovernmental transfer (IGT) to Texas Health and Human Services Commission (HHSC) that fund the non-federal share of UC and/or DSRIP payments.

During the budget process, Hidalgo County Commissioners' Court approves the amount of funds it will contribute for UC and/or DSRIP.

DEFINITIONS

- 2.1 **Intergovernmental Transfers (IGT):** State and local funds derived from taxes, assessments, levies, investments, and other public revenues within the sole and unrestricted control of a governmental entity and eligible for federal match under the 1115 Transformation Waiver. This does not include gifts, grants, trusts, or donations, the use of which is conditioned on supplying a benefit solely to the donor or grantor of the funds.
- 2.2 **Uncompensated Care (UC):** Costs of uncompensated care provided to Medicaid eligible or to individuals who have no funds or third party coverage for services provided by the hospital or other providers.
- 2.3 **Delivery System Reform Incentive Payment (DSRIP):** Incentive payments available for projects under the Transformation waiver to enhance access to health care, increase the quality of care, the cost-effectiveness of care provided and the health of the

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ADMINISTRATIVE POLICY MANUAL

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patients and families served. Projects eligible for incentive payments must come from the DSRIP menu, be included in a Texas Health and Human Services Commission (HHSC) and Centers for Medicare and Medical Services (CMS) approved RHP plan and have corresponding metrics and milestones.

POLICY & PROCEDURES

- 3.1 During the budget process, Commissioners' Court will determine and approve the amount of funds Hidalgo County will contribute for UC and/or DSRIP each fiscal year.
- 3.2 Hidalgo County Health & Human Services, Auditor's Office, Treasurer's Office, and the Department of Budget & Management will receive notification and direction from Hidalgo County Clinical Services, Inc. (HCCS Inc.) a month to two weeks prior to the IGT due date.
- 3.3 Hidalgo County Health & Human Services will request approval from Commissioners' Court to drawdown the committed IGT funds.
 - a.) Hidalgo County will drawdown the entire committed IGT funds in the first drawdown requested by HHSC, unless Hidalgo County is advised otherwise by HHSC.
 - b.) If Hidalgo County does not drawdown the entire committed IGT funds in the first drawdown; Hidalgo County will submit the remaining IGT funds in subsequent drawdown requests submitted by HHSC.