

## Uses for Unallocated DSRIP Funds in DY6

HHSC is working to submit to CMS the Program Funding and Mechanics (PFM) Protocol for the proposed DSRIP transition year (October 1, 2016 - September 30, 2017, referred to as demonstration year [DY] 6). Assuming the DSRIP pool stays at \$3.1 billion in DY6 as Texas requested, there is about \$72 million in the DSRIP pool in DY6 not currently allocated to projects. Beyond DY6, the unallocated funds drop to about \$14.5 million for future demonstration years. (This figure may grow.)

### HHSC Proposals

- Beginning in DY6, HHSC proposes bringing the smallest DSRIP providers up to a minimum valuation level of \$250,000 valuation per year beginning with the transition year to support the smallest providers' success in DSRIP. This will impact 27 providers and will use approximately \$3 million per year.
- HHSC proposes that for DY6 only, the 20 regional anchoring entities get a one-time payment rather than 50 percent reimbursement for administrative costs. The anchors provide administrative support for each region. At the outset of the DSRIP program, anchors received a one-time payment totaling \$100 million out of DY1 funds for the development of the RHP plans. As HHSC and CMS negotiate a potential shared performance bonus pool (PBP) for each region, there will be additional work required of the anchors to bring providers together in each region to select the optional PBP measures and to collectively work to improve on PBP measures. Staff estimates the one-time anchor payment would use between \$20-30 million of the unused DY6 funds.

### Other Stakeholder Proposals that Will be Further Fleshed Out Pending CMS Feedback

Assuming CMS agrees to the continuation of most active DSRIP projects in DY6 and the two aforementioned HHSC proposals (including the one-time DY6 anchor payments up to \$30 million), there will be about \$39 million in unallocated funds remaining in the DSRIP pool in DY6.

HHSC has received a number of proposals from various stakeholders for unallocated DSRIP pool funds. HHSC is putting forward these concepts to CMS to get feedback on whether CMS might be amenable to funding one or more of the below proposals with the remaining DY6 funds. All of these proposals seek to build on Texas' initial DSRIP work to further improve quality and systems of care.

- The Texas Organization of Rural and Community Hospitals (TORCH) proposes strengthening transformation efforts among rural hospitals through technical assistance and support for data exchange and medical homes.
- The Children's Hospital Association of Texas (CHAT) proposes to further support cross-regional safety and quality initiatives using DSRIP funds, initially focusing on children's hospitals and then sharing best practices with community hospitals.

- Members of the Teaching Hospitals of Texas (THOT) have approached HHSC regarding system wide DSRIP in communities to better coordinate care for the low income uninsured, thereby improving outcomes.
- The University of Texas at Austin Dell Medical School has approached HHSC and CMS about using DSRIP for rapid cycle care improvement pilots and evaluation to inform sustainability. The initial proposal is for the RHP 7 (Travis County) area, but could be expanded upon for other regions.
- Some hospitals have voiced support for additional efforts to better manage the care of super-utilizers.

#### Unallocated and unearned funds for DY7 Forward

HHSC is not yet putting forward a formal proposal for unallocated and unearned DSRIP funds from DY7 forward. Two possible options for these funds would be to use them for a high performance bonus pool for regions and/or continue supporting one or more of the five bullet options above pending CMS feedback and guidance on those concepts.