

**Waiver Extension Request
Texas DSRIP Category 3 in DY6**

Current Proposal: (from the current proposed Transition Year PFM language)

a. Category 3 Requirements

- i. For each Category 1 or 2 project, the respective Category 3 outcome values for DY5 are summed then, for DY6:
 - A. 50% of the Category 3 valuation is pay-for-reporting (P4R) for continuing to report the Category 3 outcomes reported in DY5, including population focused priority measures.
 - B. 50% of the Category 3 valuation is P4R for completing and submitting a Category 1 or 2 project-level evaluation in DY6.
- ii. Performing providers may carry forward Category 3 milestones from DY6 to DY7.

Category 3 in DY6 (Transition Year): CMS has noted that under the current proposal, there is not a P4P component in DY 6. HHSC is requesting feedback on continuing current Category 3 P4P outcomes as P4P in DY6, should CMS request that there be a P4P component in DY6.

- For current Category 3 P4P outcomes, DY6 goals set at a 25% gap closure over baseline for QISMC outcomes and a 12.5% gap closure over baseline for IOS outcomes. IOS - Survey outcomes (PHQ, AQoL, PedsQL) goal setting methodology still to be determined (TBD).
- Valuation would remain consistent with DY 5 (with the exception of funds used for the performance bonus pool), with program evaluation not required.
- Partial payment set as percentage of improvement reported between DY4 goals and DY6 goals.
Example for positive directionality: $(\text{DY6 Performance} - \text{DY4 Goal}) / (\text{DY6 Goal} - \text{DY4 Goal})$
- Category 3 P4R and Maintenance outcomes would continue as they are in DY6 with additional activity TBD.

Operational issues still to be resolved:

1. DY6 measurement periods for outcomes with baselines set prior to DY3;
2. Alternative activities for non-P4P outcomes;
3. Continuation of Population Focused Priority Measures (DY5 AM-3.1 milestones);
4. Possible reselection for DY6 in very limited circumstances not related to underachievement;
5. Possible minimum improvement levels in DY6 goal setting for QISMC outcomes with a baseline very close to the High Performance Level so that DY6 improvement targets are minimal;
6. Possible alternative goal setting methodology for certain outcomes reporting very high achievement in DY4 (this primarily impacts process outcomes like BMI Assessment).