



**Texas Association of Health Plans**

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July 24, 2023

Texas Health and Human Services Commission

[HHSRulesCoordinationOffice@hhs.texas.gov](mailto:HHSRulesCoordinationOffice@hhs.texas.gov)

Re: Comments on Proposed Rule 23R026

To Whom it May Concern,

The Texas Association of Health Plans is the statewide trade association representing health insurers, health maintenance organizations, and other related health care entities operating in Texas, including managed care organizations (MCOs). Our members provide health and supplemental benefits to Texans through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. Thank you for the opportunity to comment on proposed amendments to 1 Tex. Admin. Code § 355.8061, concerning outpatient hospital reimbursement.

The proposed rule changes will implement a new outpatient prospective payment system reimbursement methodology, the 3M™ Enhanced Ambulatory Patient Groups (EAPGs) methodology. We appreciate the Health and Human Service Commission's (HHSC) ongoing efforts to improve the Medicaid program in Texas, and we are in support of the proposed shift to the EAPG rate methodology. However, we respectfully request consideration of an implementation timeline of approximately 12 months, or a timeline that aligns with the completed modernization of the state's new Medicaid Management Information System to allow for a seamless transition that does not disrupt services to Medicaid families or create unnecessary provider abrasion.

The change involves not only substantial system and operational modifications on the part of MCOs—including updating payment systems, aligning policies, reconfiguring claims processing, and training staff—but also comprehensive provider engagement. Transitioning to the EAPG rate methodology will also require renegotiating contracts with our network providers and thoroughly educating them on the new payment system. These steps are fundamental to



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prevent any negative impact on providers, ensure continuity of care for our members, and avoid unnecessary provider abrasion. Adequate time is required to undertake these complex tasks while maintaining open, constructive dialogue with Medicaid providers to address any concerns or issues that may arise. Importantly, the original proposal indicated a 12-18 month implementation timeline was needed.

Now that Medicaid managed care represents 96% of enrollees, it underscores the importance of collaboration between HHSC and Texas MCOs when planning and implementing such significant changes. It is critical that we work together to ensure that the implementation process is as smooth as possible, and that there is ample time to address any challenges or complications that may arise. We appreciate your attention to this matter, and we are ready to work closely with HHSC and Texas providers to ensure successful implementation of the EAPG rate methodology. We believe that a carefully planned transition will lead to improved outcomes for the Medicaid program and the millions of Texans who rely on its services. We look forward to continued collaboration between HHSC, MCOs, and providers while implementing significant rate methodology changes such as this one.

Sincerely,

A handwritten signature in black ink that reads "Jamie Dudensing". The signature is written in a cursive, flowing style.

Jamie Dudensing

CEO

Texas Association of Health Plans