Medicaid Policy Changes

February 15, 2024

Texas MCOs are dedicated to delivering high-quality care to Medicaid recipients. To achieve this success, it's important to establish a predictable business environment. A primary concern centers on the recent trend of retroactive policy changes and the accelerated pace of policy updates. Addressing these concerns would significantly improve stability and predictability for MCOs and providers. While we recognize that there are times when issues must be addressed immediately, whenever possible, we are asking for a predictable business environment that features a more consistent cadence of program changes and less frequent changes which would better enable successful Implementation. This collaborative effort between MCOs and HHSC is vital for a predictable and stable Medicaid managed care environment, ultimately ensuring the most efficient use of resources, improving staff morale, and significantly aiding in audit management and utilization management reviews.

Why It Matters:

- **Operational Efficiency:** Establishing criteria and standards for making program changes reduces disruption to workflow, minimizes duplication or rework, and overall more effective implementation of changes.
- **Compliance and Audit Accuracy:** The current pace and nature of policy updates increase the risk of non-compliance, potentially leading to more frequent and challenging audits.
- **Resource Utilization:** Predictable regulatory environments allow for better planning and efficient use of resources, directly benefiting taxpayers. A predictable business environment offers stability, which can impact staff turnover and improve employee satisfaction, ultimately leading to improved member satisfaction. Consistency enhances the overall member experience.

Core Challenges

1. **Retroactive Policy Changes and Inconsistency:** Implementing policy changes after they've taken effect presents a significant challenge, as all three points enumerated above. There can be no reasonable expectation for plans to meet new requirements retroactively. The challenge of implementing policy changes retroactively is further compounded by inconsistencies and conflicts within regulatory documents. Moreover, the UMCC outlines a hierarchy for addressing conflicts between requirements; however, this is not applicable in all cases. A clear example of this problem is the discrepancy in the effective dates for the STAR Kids ISP change: the contract specifies a start date of 9/1, while HHSC staff guidance and the Handbook point to 12/2023. This mismatch in dates poses a significant risk of non-compliance with UMR, highlighting the difficulties conflicting instructions create.

2. **Insufficient Lead Time for Implementation:** We are concerned about inadequate lead time for implementing final policy changes, particularly those necessitating IT and system updates. MCOs appreciate receiving advance notice of upcoming changes and value the interactive discussions that follow. Yet, without the final details and requirements, MCOs cannot effectively train staff, develop and implement necessary reporting changes, or configure and test systems to ensure compliance. Establishing a minimum time frame between the issuance of a final notice and its effective date would mitigate this issue. We recommend the standard 90 days.

3. **Scheduled Updates and Change Cadence:** The frequency of updates and changes to requirements has increased, often occurring outside of an established schedule. While urgent changes are understandable, creating a regular schedule for releasing new or updated requirements, recommended no more than bi-annually, would support more timely compliance and improve operational readiness and stability. Criteria should be established that would limit immediate or expedited effective date requirements to truly exigent needs. This approach would address the need for predictability in planning and resource allocation, enhancing overall program management.

4. **Retroactive Rate Adjustments:** MCOs frequently receive retroactive rate adjustments, resulting in underpayments or overpayments to providers, which create administrative and budgetary complexity, requiring MCOs to reprocess claims and providers to adjust accounts receivables. In some cases, state-directed rate changes result in administrative expenses that exceed the actual payment amount. Our plans have told us that the cost of adjusting each claim is roughly $6.50. Given the amount of claims that need to be adjusted each year, one plan estimated that annually, adjustments by HHSC resulted in $1.5 million in costs.

Recommendations

1. **Establish a Predictable Policy Change Environment and Reduce Frequency:** We advocate for a return to a more predictable and structured approach to policy changes and request an effort to reduce the frequency of changes throughout the year. Changes should be concentrated around contract renewals, except when legislative or federal mandates necessitate more immediate action. This will help ensure compliance, facilitate audit management, and allow for a more consistent application of contract requirements.

2. **Establish Advance Notice Standards with Sufficient Implementation Time Post-Final Notice:** While we value advance notice and open communication, it is critical that we not only receive clear implementation timelines following the final notice of changes but also are afforded an appropriate amount of time for development, testing, training, and implementation, as applicable for the change. This balanced approach will minimize the risk of initiating changes that may be subject to subsequent alterations and rework, ensuring that MCOs have adequate time to adapt systems, train staff, and implement necessary adjustments without undue haste.

3. **Ensure Timely and Thoughtful Application of Policy Changes:** We understand the complexities involved in policy adjustments and appreciate HHSC's efforts in this area. To further enhance our collaboration, we kindly request that policy changes are effective prospectively. Additionally, we suggest that implementation timelines be harmonized across contracts, manuals, handbooks, and notices. This

alignment will help ensure clarity and preparedness, enabling MCOs to comply with new requirements efficiently and effectively from the specified start date.

4. **Make Reimbursement Adjustments Prospective:** We understand that federal and state requirements may result in retroactive rate changes. However, we are interested in working with HHSC to shift more towards prospective rate and methodology changes when possible. This approach will offer clearer financial planning for providers and MCOs, minimize provider abrasion, and reduce the unnecessary administrative cost of reprocessing claims. We are interested in understanding why so many rate changes happen retroactively to explore opportunities for more prospective rate changes.

Examples:

Problem: Retroactive Policy Changes and Inconsistency

EVV Compliance: Although HHSC may communicate upcoming changes, MCOs cannot operationalize until final guidance is issued. HHSC had been communicating in monthly workgroups meetings to the MCOs of the upcoming change to EVV compliance for FMSAs. MCOs submitted formal feedback to HHSC on October 6, 2023. HHSC published the revised UMCM on November 9, with an effective date of November 10. HHSC sent an MCO notice of the UMCM publication on November 17.

STAR KIDS ISP Form 2603 Update: This situation clearly illustrates the issue with retroactive policy changes. The discrepancy became evident with the STAR Kids ISP change where the contract indicated a September 1 effective date, contrasting with HHSC staff guidance and the Handbook pointing to December 2023. Initially, MCOs were informed about an update to the STAR Kids ISP form 2603, with the handbook indicating a change effective December 1, 2023. Yet, on September 25, MCOs received notice of a contract amendment for form 2603, which unexpectedly set the effective date retroactively to September 1. This retroactive adjustment led to a conflict between the contract and the handbook instructions, significantly complicating the process for MCOs to accurately complete the form. UMCC 3.01 establishes the hierarchy of control however, in this situation the handbook guidance had not yet been updated.

Problem: Insufficient Lead Time for Implementation

Guidance on Members Exiting NF Due to COVID: In mid-2023, MCOs were directed to notify members about the expiration of COVID-related guidance by August 31, 2023, necessitating notices to be sent 30 days prior. After issuing thousands of letters, MCOs were informed in mid-August 2023 that the guidance was extended to August 31, 2024. This was followed by further instructions in September 2023, effective immediately, requiring MCOs to quickly adapt and communicate the changes.

Immediate Tech Updates for EVV Form 1718: The update to the EVV Form 1718, requiring immediate technological adjustments and communication with service coordination teams, showcases the challenges of abrupt implementation demands.

Telehealth Visits for Service Coordination: The notice issued on July 6, 2023, effective retroactively from July 1, 2023, for telehealth visits for service coordination, illustrates the difficulties MCOs face when expected to implement significant policy changes swiftly, especially when such changes are communicated with little to no lead time. Policy changes that have significant impact to MCO processes and to members need adequate time for training and education and therefore having final guidance is important to prevent misinformation and confusion for members.

Problem: Frequent and Unpredictable Updates

Constant Handbook Updates: The STAR+PLUS Handbook's updates, even those considered non-substantive, trigger a need for MCOs to revise processes to ensure compliance. This continuous requirement for adjustments, highlighted by the ongoing updates throughout the year, emphasizes the extensive effort needed to keep up with frequent and sometimes unpredictable changes.