

# Hospital Payment Advisory Committee Meeting Recap



June 5, 2025

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## Summary

The meeting, chaired by Steve Hand, opened with a review and unanimous approval of the February 6, 2025 meeting minutes. Key updates followed from the Rural Hospital Advisory Committee (RHAC), member appointment processes, and multiple HHSC Provider Finance initiatives including CHIRP, APHRIQA, HARP, ATLIS, DSH, and UC programs. Substantial emphasis was placed on federal updates, funding mechanisms, payment schedules, and stakeholder engagement processes, especially as they relate to Medicaid program operations in Texas. The meeting closed with public comments from major hospital associations and a preview of the next scheduled meeting on August 7, 2025.

## Key Takeaways

### 1. RHAC Report

- A **rural grant library** was created in response to feedback.
- **Lori Anderson** introduced as new grants manager.
- **Pediatric Teleconnectivity Resource Program grants** (~\$75K) awarded to 13 hospitals.
- All rural hospitals are now eligible for **DSH** funding.

### 2. HPAC Membership

- 60 applications received for **7 vacancies**.
- Appointments expected before the **August meeting**.
- A **current roster** of expiring terms to be provided.

### 3. CHIRP Program

- MCOs reprocessing payments (Sept–Dec); providers should report unresolved issues.
- **EOPs** (paper/electronic) must clearly differentiate payment types.
- Interim quality payments issued; final payments forthcoming.

### 4. 2026 Preprint Submission

- **Preprints deemed complete by CMS**; questions received.
- **Grandfathering provisions** in House reconciliation bill may benefit Texas.
- **Executive Commissioner Young** advocating at the federal level.

### 5. APHRIQA Program

- Interim payments were lower than expected.
- Final payments expected to reconcile full capitation amounts.
- Payments based on paid **member-months**, affecting forecasts.

### 6. HARP Program

- Total pool for FFY 2025: **\$1.56B**.
- Final HARP payments distributed in late May.

## 7. ATLIS Program

- Performance-based payments began; MCOs to submit tools in **July**.
- Expansion to include **behavioral health hospitals** with milestones set by Sept 1.
- Estimated **\$700M** pool for 2025.

## 8. DSH and UC Program Updates

- Final IGT and payment dates for **DSH (July)** and **UC (September)** outlined.
- **Retroactive redistributions** (DSH 2019, UC DY7/DY8) completed or in progress.
- **HITCH pool size** under discussion, finalization by end of June.
- Potential for full **advance DSH payments** in 2026–27 if federal legislation passes.

## 9. EAPG & APR DRG

- **No updates** on EAPG or MMIS.
- Work ongoing for **Grouper 42**, with behavioral health changes prioritized for FY26.

## 10. Medicaid Rebasing and Rule Changes

- **FY25 data** to be used for rebasing.

- New rules (effective April 2, 2025) update payment methodologies across:
  - DSH
  - UC (including HITCH pool limit to \$1B)
  - HARP (nominal charge provider definition)
  - CHIRP (ACR gap updates, UPL percentage changes)

## 11. Federal Legislation & Budget

- Potential for **REH designation** for hospitals closed between 2014–2019.
- **HRSA and Medicare** implications being tracked closely by HHSC.

## 12. Public Comments

- **THA** advocated for consistent DPP reporting on all EOPs.
- **Children's Hospital Association of Texas** requested a transparent process for **inpatient rebasing** with stakeholder involvement and new GR funding.

## 13. Next Meeting

- Scheduled for **August 7, 2025**.
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## Agenda:

### 1. Welcome, introductions, and opening remarks

**Steve Hand, Committee Chair**

### 2. Consideration of February 6, 2025, draft meeting minutes

- Motion to approve the minutes as written was made by Michael Nunez and seconded by Stephen Kimmel.
- The motion passed by committee vote.

### 3. Rural Hospital Advisory Committee (RHAC) report out from last meeting

Rebecca McCain, RHAC Committee Chair

- The Office of Rural Hospital Finance and Coordination has been making site visits and conducted a survey.
- Rural hospitals wanted one place to research grants targeted to them, so a rural grant library was created.
- Lori Anderson was introduced as the new grants manager.
- Regional visits are planned for Central Texas and the coastal region.
- 13 hospitals will receive the Pediatric Teleconnectivity Resource Program grant for about \$75,000 each.
- All rural hospitals are now eligible for the DSH program.

### 4. HPAC new member solicitation status

Tessa Buckraglin

- There were nearly 60 applications for seven positions.
- The applications are with the program area for review.

- The next solicitation will include terms expiring in 2026.

### Questions and Answers:

Q: Michael Nunez asked about the timeframe for appointments.

A: Tessa Buckraglin estimates appointments could be done before the August meeting.

Q: Michael Nunez requested a current roster grid of expiring terms.

A: Jeffrey will provide the roster grid.

## 5. Comprehensive Hospital Increase Reimbursement Program (CHIRP)

### Megan Wolfe, HHSC - Provider Finance

- Managed Care Organizations (MCOs) status of reprocessing September to December payments:
  1. All payments should be reprocessed.
  2. If providers still have issues, they should report them.
- Directed payment programs: Payment amount breakout on claim remit.
  1. MCOs should break out base payment, directed payment amount, and total payment on the explanation of payment (EOP).
  2. There may be inconsistencies between plans in doing this on electronic and paper EOPs.
  3. Specific examples should be provided to address the issue.

### **Comments:**

Michael Nunez commented that the breakout is happening on paper EOPs, but there's an issue with the electronic EOP due to the number of fields.

- Nunez will have his team reach out to clarify this.
- Issues should be sent to Jeff, who will forward them to Camisha Banks' team.

Alternate participating hospital reimbursement for improving quality:

- Interim payments were issued in January and April.
- A final payment will be issued.

## Preprint 2026 Submission Updates

### Victoria Grady, HHSC - Provider Finance

- The state fiscal year 26 preprints were submitted to CMS and deemed complete.
- CMS has sent the first round of questions on the preprints.
- The questions and responses will be posted on the website.
- Grady communicated to CMS that a delay in approval beyond August 1 will delay implementation of managed care rates.

### **Comments:**

Michael Nunez asked about updates from Washington and associations.

Victoria Grady responded:

- A preprint submitted before legislation might be grandfathered in for 2026.
- The reconciliation bill passed by the U.S. House includes a grandfathering provision for average commercial payment amounts for programs with a preprint submitted before the bill's enactment.
- Executive Commissioner Young is communicating with the Texas delegation and CMS about the programs' importance to Texas, emphasizing how directed payment programs support the quality strategy post-COVID.
- Texas congressional delegation supports the grandfathering provision, understanding that approval processes can take time.

## 6. Alternate Participating Hospital Reimbursement for Improving Quality Award (APHRIQA)

Victoria Grady, HHSC - Provider Finance

- Interim payments were smaller than anticipated because they were based on 5% of the capitation paid to date, excluding CHIRP parts.
- Final measures will reconcile all capitation, potentially increasing July payments to MCOs.
- Talking about the APHRIQA component of CHIRP. Since we do it as we pull the member months that have been paid to date and what is included within that, it ends up being the actual payments to the MCOs. This impacts the way we project that capitation payment.
- Two interim payments are scheduled, followed by a final payment.

## 7. Hospital Augmented Reimbursement Program (HARP)

- The second IGT notification for HARP 25 was sent on April 28th.
- The pool size for HARP for federal fiscal year 25 is approximately 1.56 billion.
- The second HARP payment was expected to be paid out by May 28th.
- The last IGT call for 25 HARP has already occurred.

## 8. Alignment Technology by Linking Interoperative Systems and Programs (ATLIS)

Victoria Grady, HHSC - Provider Finance

The payment schedule is as posted; the first payments were made in the spring.

- MCOs are due to submit their I tools in July for performance assessment.
- For 2026, the plan is to maintain a similar program size.



- The commission intends to include behavioral health hospitals in the program, developing milestones for quality achievement with Medicaid CHIP quality partners, with finalization expected by September 1st.
- Instructions for MCOs for the second period are similar to the first, with a planned webinar for Q&A and overview.

**Comment:**

Michael Nunez: The ATLIS program has an estimated pool size of \$700 million for 2025.

## 9. Uncompensated Care (UC) and Disproportionate Share (DSH) Program Application

Christina Knipp and Mr. Cantu will lead the discussion.

These programs have a singular application.

### 9a. Intergovernmental Transfer (IGT) Schedule for Remainder of 2025

- DSH 25 final payment IGT notification is expected on June 12.
- UC final payment for DY14 IGT notification is expected on August 12.

### 9b. Final 2025 DSH Payment Schedule

- DSH IGT settles on July 2, with expected payment by July 29.

### 9c. Finalization of DSH and UC Files

- DSH and UC final payment calculation files will be available on the program websites on the day of the IGT notification (June 12 for DSH, August 12 for UC).

#### 9d. High Impecunious Charge Hospital (HITCH) Pool Size for 2025

- A decision on the HITCH pool size has not yet been made.

#### 9e. Final 2025 UC Payment Schedule

- The IGT is expected to settle on September 2 for UC final payment, with payment expected by September 25.

#### 9f. Retro DSH and UC Redistribution Updates

- Retroactive DSH and UC redistribution for 2018 and 2019 have been processed.
  - DSH 2019 redistribution payment was expected by May 30.
  - UC DY7 redistribution was expected by April 4 and DY8 redistribution was expected by May 30.

The team will be working on the post-audit redistribution for District 21 and UCDY 10, expected to be completed before the end of the calendar year.

### Clarification on UC Dates

Michael Nunez clarified that the UC IGT settlement date is September 2, not July 2 as initially stated.

### HITCH Pool Size Target Dates

Victoria Grady stated that they are hoping to discuss the HITCH pool size with the commissioner and CFO in the next week or two and confirm before the end of June.

### Interim DSH Payments in 2026

With the DSH cuts being pushed back, the payments will be made in accordance with existing law at the time.

If the House reconciliation bill is enacted, the full allotment size can be assumed for advance payments in 2026 and 2027.

## 2026 DSH Final Payment

Michael Nunez suggested considering a June final DSH payment in 2026, particularly for hospitals with June 30 year-ends.

## Payment Calendar Feedback

The payments team is planning calendars further in advance and welcomes feedback on key dates.

- Comments can be sent to Jeff, who will route them to the appropriate personnel.

## 10. Enhanced Ambulatory Patient Grouper (EAPG) Project Updates

Megan Wolf stated that there are no updates at this time.

- There are no new updates on the Medicaid MMIS system or contractual updates.

## 11. Implementation of All Patient Refined Diagnostic Related Group (APR DRG)

Judy Blue stated that based on feedback received for grouper 41, it was not implemented.

- Currently working on Grouper 42 calculations for the relative weights, using fiscal year 24 data, for fiscal year 26 implementation.
- Group 42 has behavioral health changes, so implementation is important.

Megan Wolf: Internal analysis and presentations are still being evaluated to see what the impacts may or may not be.

Committee Chair: Adopting a grouper used to be automatic, but now the executive team reviews it in detail to avoid adverse effects on the Medicaid program. They may skip number 41 and go to 42, which provides a smoother transition and more payer/provider stability.

## 12. General Medicaid Funding and Supplemental Payment Update

- Medicaid rebasing and inpatient rebasing are still in process.
- Plan to use FY 2025 data as a basis for rebasing.

Christina, HHSC - Provider Finance: The adoption packet for all the rule changes for the DSH, UC, HARP, and CHIRP programs were approved by the Executive Commissioner on March 13th and went into effect on April 2nd.

## TAC Updates

### Christina, HHSC - Provider Finance

- DSH Rule 1 TAC, Section 355.8065: Rural hospitals were added to be deemed to qualify and exempt from the trauma system condition of participation beginning in Federal Fiscal Year 25.
- HARP Rule 1 TAC, Section 355.8070: Added the definition of nominal charge provider in accordance with the Medicare definition used by CMS and added clarifying language on the payment methodology.
- UC Rule 1 TAC, Section 355.8212: Increased the potential hitch pool size to not exceed 1 billion and updates the hitch pool allocation to become the second payment allocation in UC beginning in demonstration year 17.
- CHIRP Rule 1 TAC, Section 353.130: Updated the average commercial reimbursement gap on an aggregated per class basis and also updates the maximum ACR upper class payment limit UPL percentage to 95% beginning in

state fiscal year 27 and then to 100% in state fiscal year 28.

## Federal Budget Discussion

- John Henderson (Torch): The Ways and Means House Committee has a look back period for rural emergency hospital designation that, if passed by the Senate, would allow hospitals that closed between 2014 and 2019 to reopen as an REH.
- Tori is tracking the potential changes that might apply to Medicare reimbursements or funding and also to any funding that might be coming to rural hospitals in particular through HRSA.
- HHSC's office of federal funds reviews the entire legislation and looks for impacts both directly to HHSC's programs, but also to industry stakeholders.

## 13. Public Comment

### Anna Stelter, Texas Hospital Association

Comments on agenda item, Directed Payment Program (DPP) amounts on Claim Remits.

- THA is supportive of the managed care contract provision requiring MCOs to break out the directive payment amount from the base amount on electronic and paper remits.
- This is happening inconsistently.
- Some MCOs haven't provided hospitals with codes to extract the DPP amount from electronic remits.
- Some show DPP amounts as a difference between paid versus allowed amounts.

Request:

- Confirm that every plan is doing this on all forms of remit.
- Work toward a long-term solution for consistency.

### Christina Hoppe, Children's Hospital Association of Texas

Comments on Agenda Item, Inpatient Rebasing.

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Requests:

- HHSC should outline a process for stakeholder engagement if moving forward with inpatient rebasing.
- This should include stakeholder meetings and opportunities to comment on models.
- Inpatient rebasing must be tied to new funding.
- Concern that rebasing without additional state GR could lead to "winners and losers".

14. Next Meeting

- Next meeting: August 7, 2025
- Members should send topics they want to see in the meeting.

15. Adjournment

The meeting adjourned at 2:28pm