

MAY 5, 2016

Mr. Chris Traylor, *Executive Commissioner*

Mr. Charles Smith, *Chief Deputy Executive Commissioner*

Mr. Gary Jessee, *Chief Deputy Director for Medicaid*

Dear Gentlemen,

I want to extend a note of appreciation for meeting with our Coalition's ownership group on Monday May 2nd. We felt the exchange of information and ideas was very productive. The UPL/MPAP/Successor programs allow for Providers to bring a self-funded IGT solution (at no cost to the State) to help bridge the very real and critically widening gap between the cost of quality care and State Medicaid Reimbursement. The March 2017 implementation of an effective, inclusive, and successful QIPP which provides for a viable NSGO business model towards the improvement of quality of care is of the highest priority to Providers. Our State's elderly, frail, and disabled Medicaid residents deserve the level of quality which this program will offer.

We left the Monday meeting with a positive feeling of HHSC/Provider collaboration towards timely solutions for the redesign of the successor program to MPAP. We shared our thoughts on the benefits of convening a collaborative QIPP Stakeholders Workgroup as a valuable tool to achieve open communication and a successful program implementation. It was our understanding that you supported this idea and were open to our suggesting a structure. As the Executive Commissioner stated, "we need to get to work on this now."

The following Stakeholders Workgroup has been formed and we welcome your input and consideration:

QIPP Stakeholders Work Group as hosted by HHSC

- Participants:
 - HHSC Members: TBD
 - Skilled Nursing Facility Representation:
 - o Eddie Parades, StoneGate (Coalition Participating Provider, THCA Reimbursement Chair)
 - o Cassie Mistretta, Genesis (Coalition Participating Provider, THCA Board Member)
 - o Donovan Dekowski, Regency (Coalition Participating Provider, CFO)
 - Industry Consultants
 - o Jon Unroe, BKD (Medicaid Reimbursement Specialist)
 - o Darrell Zurovec, Attorney (Provider Clients)
 - MPAP Hospital Participant
 - o Donna Stowers, Decatur District Hospital (12 Participating Partnerships)
 - o Trent Krienke, Attorney (representing Large Hospital Clients)
 - Medicaid Manage Care Organization
 - o Robert Kalin, Senior Vice President Operations, Molina Healthcare

We would like to propose that the Stakeholder's Work Group host a conference call with HHSC on Wednesday May 11th to introduce participants and select weekly meeting dates with a goal of June 8th to develop a revised Concept Paper.

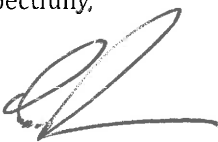
Also during the Coalition Provider Meeting, Commissioner Traylor made the clear statement that the State's General Revenue could not be at risk for IGT funding. He shared the idea that Hospitals could fund 'up front' six months of IGT payments in full thus removing any payment risks. While we acknowledged this would resolve the State's IGT risk, we also shared concern that most of our MPAP Hospital owners would not be able to carry this financial burden. We do believe that the newly released CMS Medicaid Managed Care Regulations offer some new options within CMS guidelines and we also would like to offer some creative solutions to offset the State's IGT risk. We would like to propose a separate meeting in the coming weeks that would specifically address these solutions and welcome bringing Industry Attorneys, Darrell Zurovec and Trent Krienke to this meeting. We respectfully would like to suggest including HHSC Attorney designees during this meeting in order to exchange legal perspectives.

Finally, we would appreciate your consideration and support of the following suggestions to facilitate MPAP cash flow.

1. MPAP proxy payments to be released earlier (i.e. 30 days) at a lower payment amount (i.e. 80%) to allow for timely IGT cash flow coverage with a reconciliation to occur at six months.
2. MPAP payments to be inclusive of Medicaid Fee For Service days for qualifying nursing facilities and resident days

Again and on behalf of the Coalition Members, we want to offer a sincere note of gratitude for your collective leadership and assistance in advancing UPL programs which make available Medicaid Supplemental Payments in order to improve the quality of care to our State's Medicaid residents.

Respectfully,

A handwritten signature in black ink, appearing to read 'Eddie Parades', with a stylized flourish at the end.

Eddie Parades, SVP StonGate

ON BEHALF OF A COALITION OF TEXAS PROVIDERS