

On page II-97 of **CSHB 1**, amend Rider 80 of the Health and Human Services bill pattern to read as follows:

Medicaid Managed Care Expansion. It is the intent of the Legislature that the Health and Human Services Commission shall not implement any Medicaid managed care expansion initiatives unless specific approval is received from CMS that protects the Upper Payment Limit Program payments. This protection includes all Medicaid managed care expansion initiatives that affect hospital UPL payments.

UPL funds that are generated from the fee-for-service reimbursement system are not subject to the waiver.

If CMS fails to grant a waiver that protects UPL funds, HHSC will implement, for both STAR expansion and STAR+PLUS expansion areas, the system currently in place for STAR+PLUS where inpatient hospital services are reimbursed using the fee-for-service system and the managed care companies manage the care of the patient and receive incentives to achieve inpatient utilization reduction targets.