

03/18/2026

Update: Medicaid Managed Care AT LIS for Client Health Outcomes Program SFY 2026

Background:

HHSC understands there may be renewed willingness among MCOs and their in-network providers to reach the alignment necessary to advance the relevant goals and objectives of the state's Managed Care Quality Strategy through the Aligning Technology by Linking Interoperable Systems (AT LIS) Program. The AT LIS Program is designed to advance the Texas Managed Care Quality Strategy Goals and Objectives through a multi-year improvement pathway focused on health information exchange (HIE) connectivity, data utilization, and quality improvement.

The AT LIS Program incentivizes managed care organizations (MCOs) to leverage HIE connectivity with in-network hospitals to improve care coordination, enable quality measurement, and support value-based care. Program Year 2 (SFY 2026) shifts focus from baseline establishment (Year 1) to quantified assessment of HIE connectivity, data utilization, and barrier resolution.

Key Details:

HHSC will incorporate the requirements for the Year 2 assessment framework into the Uniform Managed Care Manual (UMCM) and the corresponding managed care contracts. The updated UMCM and contract language will be shared with the MCOs by April 1, 2026, and comments will be due to HHSC by April 10, 2026. The revised UMCM and managed care contracts will become effective June 1, 2026.

Year 2 Assessment Structure

MCOs will submit a single comprehensive twelve-month Quantified Assessment (measurement period of July 1, 2025 through June 30, 2026) due on July 15, 2026, assessing MCO and hospital categories using a point-based scoring system. Points, however, will not be the basis for MCOs receiving an incentive payment. Achievement tiers (Exceptional, Advanced, Developing, Basic, Emerging) will be established by total points earned.

Year 2 Strategic Focus Areas

- **Connectivity Growth:** Expanding active HIE connections across MCOs and all in-network hospital classes (Rural, Urban, Children's, State non-IMD, Private IMD);
- **Early Implementation:** Establishing operational processes for HIE data utilization and care coordination;
- **Barrier Identification and Resolution:** Systematically identifying connectivity barriers and implementing mitigation strategies;
- **Quality Preparation:** Establishing foundational infrastructure for future quality measurement.

Barrier Mitigation Documentation Requirement

In addition to quantitative point-based scoring, MCOs must provide HHSC supporting documentation for actions taken to mitigate the barriers identified in their Quantified Assessment.

Documentation requirements:

- If MCO identified 5 or fewer barriers: Document all mitigation actions taken to address the identified barriers;
- If MCO identified more than 5 barriers: Document a minimum of 5 representative examples spanning different barrier types.

For each barrier/example, provide:

- Barrier Description (e.g., hospital non-participation, data quality issues)
- Action Taken (specific MCO actions to address the barrier)
- Outcome Status (Resolved, Ongoing, Escalated, Unable to Resolve)
- Supporting Documentation (one piece of evidence: meeting notes, email, contract, hospital confirmation, etc.)

This requirement ensures MCO accountability for working with their in-network providers toward barrier resolution.

MCO Incentive Payment Eligibility

MCOs are eligible for the Year 2 incentive payment when meeting the following four requirements:

- Assessment completion (100% of data fields);
- Provider certifications obtained from in-network hospitals by hospital class;
- Supporting documentation provided for representative barrier mitigation examples;
- MCO attestation certifying accuracy and completeness of submitted data.

Timeline

- April 1, 2026: Updated UMCC/UMCM and ATLAS Data Reporting Tool released
- April 10, 2026: MCO comments on UMCM/UMCC and ATLAS Data Reporting Tool due
- June 1, 2026: UMCC/UMCM effective date
- July 15, 2026: Year 2 Assessment submission deadline
- September 2026: Assessment results and payment determinations issued

Additional Information:

Program Year 1 required two separate assessments (January 15 and July 15). Year 2 streamlines to a single assessment due on July 15, 2026, allowing MCOs to meet requirements in a compressed program year timeline. Year 2 also introduces a point-based assessment across multiple categories (points, however, are not the basis for payment) and requires qualitative documentation of barrier mitigation activities.

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