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State/Territory Name: Texas

State Plan Amendment (SPA) #: 13-40

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Superseding Page Listing
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



APR 02 2014

Ms. Kay Ghahremani
State Medicaid/CHIP Director
Health and Human Services Commission
Post Office Box 13247
Mail Code: H100
Austin, Texas 78711

RE: TN 13-40

Dear Ms. Ghahremani:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 13-40. This amendment revises the reimbursement methodology for nursing facilities to indicate that rates effective September 1, 2013 will be equal to rates in effect August 31, 2013 plus a two percent increase. Additionally, the nursing facility methodology was revised to include a new annual cost-based retrospective cost settlement process for pediatric care facilities.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. As part of the review process the State was asked to provide information regarding funding of the State share of expenditures under Attachment 4.19-D.



Based upon the assurances provided, Medicaid State plan amendment 13-40 is approved effective September 1, 2013. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,

A black rectangular box redacting the signature of Cindy Mann.

Cindy Mann
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID		1. TRANSMITTAL NUMBER: 13-040	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: September 1, 2013	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. § 440.40 and § 440.155 Section 1905(a)(4)(A) and (B) of the Social Security Act		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2013 \$2,695,680 b. FFY 2014 \$32,015,405 c. FFY 2015 \$31,789,926	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 & 9		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 & 9	
10. SUBJECT OF AMENDMENT: The proposed amendment revises the reimbursement methodology for nursing facilities to indicate that rates effective September 1, 2013 will be equal to rates in effect August 31, 2013, plus 2.00 percent. In addition, the nursing facility reimbursement methodology will be modified to include a new annual cost-based retrospective cost settlement process for pediatric care facilities.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Kay Ghahremani State Medicaid Director Post Office Box 13247, MC: H-400 Austin, Texas 78711	
13. TYPED NAME: Kay Ghahremani			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: September 30, 2013			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 9-30-2013		18. DATE APPROVED: APR 02 2014	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP 01 2013		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Penny Thompson		22. TITLE: Deputy Director, Policy & Finance / P&F, CMS	
23. REMARKS:			

Attachment to Blocks 8 & 9 to CMS Form 179

Transmittal Number 13-040

**Number of the
Plan Section or Attachment**

Attachment 4.19-D, NF
Page 4d
Page 4d.1
Page 4e.4

**Number of the Superseded
Plan Section or Attachment**

Attachment 4.19-D, NF
Page 4d (TN 10-056)
New Page
Page 4e.4 (TN 10-083)

STATE	Texas
DATE REC'D	9-30-2013
DATE APPV'D	4-2-2014
DATE EFF	9-1-2013
NOFA 179	13-040

A

Attachment to Block 7 of CMS Form 179

Transmittal Number 13-040

	Total Fiscal Impact	Federal	State
FFY 2013	\$4,545,835	\$2,695,680	\$1,850,155
FFY 2014	\$54,550,017	\$32,015,405	\$22,534,612
FFY 2015	\$54,810,218	\$31,789,926	\$23,020,292

The proposed amendment will adjust payment rates for nursing facilities (NFs) as a result of Article II of the 2014-15 General Appropriations Act, S.B. 1, 83rd Legislature, Regular Session, 2013, DADS, Rider 40, which appropriated funds to provide for a two percent rate increase in fiscal year 2014 for NFs and Hospice-NFs. The reimbursement methodology will be modified to indicate that for the period beginning on September 1, 2013, NF payment rates will be equal to the payment rates in effect August 31, 2013, plus 2 percent per unit of service.

Since the effective date of this state plan amendment is September 1, 2013, the funds available for federal fiscal year 2013 are equal to $\$54,550,017 / 12 = \$4,545,835$.

For each year, the federal portion is calculated by multiplying the total fiscal impact by the FMAP for the appropriate federal fiscal year. For federal fiscal year 2013, the FMAP is 59.30 percent. For fiscal year 2014, the FMAP is 58.69 percent. For fiscal year 2015, the FMAP is 58.00 percent.

In addition, the nursing facility reimbursement methodology will be modified to include a new annual cost-based retrospective cost settlement process for pediatric care facilities, effective September 1, 2013. Texas only has one pediatric care facility and the fiscal impact of this change is expected to be minimal. To date, a fiscal impact cannot be determined as required cost information has not yet been submitted by the facility.

STATE <u>Texas</u>	A
DATE REC'D <u>9-30-2013</u>	
DATE APPV'D <u>APR 02 2014</u>	
DATE EFF <u>9-1-2013</u>	
TRANS 179 <u>13-040</u>	

Reimbursement Methodology for Nursing Facilities (continued)

- (3) Payment rate determination. Pediatric care facilities are reimbursed an interim rate with a settlement. Payment rates will be determined in the following manner:

STATE <u>TEXAS</u>	
DATE REC'D <u>9-30-2013</u>	A
DATE APP'D <u>APR 02 2014</u>	
DATE EFF <u>9-1-2013</u>	
ISSUED BY <u>179</u>	

- (a) Interim payment rates will be determined annually, coincident with the state's fiscal year on a facility-specific basis. The total allowable costs from the most recent cost report deemed acceptable are adjusted for inflation from the cost report period to the rate period. The adjusted cost is divided by the greater of total patient days of service reported on the cost report or the days of service at 85 percent of contracted capacity of the pediatric care facility. The resulting cost per day is multiplied by a factor of 1.03 to determine the interim facility-specific rate. If no acceptable cost report is available, the provider will be required to submit a cost report covering the time period specified by HHSC. A nursing facility that contains a pediatric care facility distinct unit must complete two cost reports: one cost report for the pediatric care facility distinct unit and one cost report for the remainder of the facility.
- (b) The interim facility-specific payment rate will be paid for all Medicaid residents of a qualifying pediatric care facility regardless of the RUG-III level of the resident.
- (c) Pediatric care facilities will not be eligible to receive the ventilator-dependent or the children-with-tracheostomies supplemental reimbursements.
- (d) Pediatric care facilities are not eligible to participate in the Enhanced Direct Care Staff Rate.
- (e) A settlement is determined for each pediatric care facility and is equal to the difference between the facility's Medicaid revenue from the interim rate for the cost reporting period, as determined from the State's Medicaid Management Information System (MMIS), and the facility's Medicaid expenses for the cost reporting period, as determined from its Medicaid cost report as audited by HHSC. Typically, audited cost reports are available two years after the end of the cost reporting period. For example, the cost report for the providers' 2013 reporting periods should be available for settlement purposes during 2015. No settlement will be made if:

TN: TX-13-040

Approval Date: APR 02 2014

Effective Date: 9-1-2013

Supersedes TN: 10-056

Reimbursement Methodology for Nursing Facilities (continued)

- (i) The facility's average daily census (total number of resident days in Medicaid-contracted beds for the cost reporting period divided by the number of calendar days encompassed by the cost reporting period) reported on the facility's cost report for the cost reporting period is more than the average daily census reported on the facility's cost report for the prior cost reporting period;
- (ii) The facility's number of resident days in Medicaid-contracted beds for the cost reporting period exceeds 85 percent of its Medicaid-contracted capacity. The Medicaid-contracted capacity is calculated multiplying the total number of Medicaid-contracted beds by the number of calendar days encompassed by the cost report; or
- (iii) The facility's total Medicaid revenue from the interim rate for the cost reporting period exceeds the facility's total Medicaid allowable costs, as reported on the facility's cost report for the cost reporting period.

STATE <u>Texas</u>	A
DATE REC'D <u>9-30-2013</u>	
DATE APPV'D <u>APR 02 2014</u>	
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INDEX 179 <u>13-040</u>	

TN: TX13-040

Approval Date: APR 02 2014

Effective Date: 9-1-2013

Supersedes TN: Newpage

Reimbursement Methodology for Nursing Facilities (continued)

- (G) Effective September 1, 2010 through January 31, 2011, for each RUG-III and supplemental reimbursement group, each rate component will be equal to the rate component in effect on August 31, 2010, less 1.00 percent. Rate components include the direct-care staff base-rate component, direct-care staff enhancement add-on rate component, other recipient care rate component, dietary rate component, general/administration rate component, fixed capital asset use fee component, and liability insurance rate component.
- (H) Effective February 1, 2011, for each RUG-III and supplemental reimbursement group, each rate component will be equal to the rate component in effect on August 31, 2010, less 3.00 percent. Rate components include the direct-care staff base-rate component, direct-care staff enhancement add-on rate component, other recipient care rate component, dietary rate component, general/administration rate component, fixed capital asset use fee component, and liability insurance rate component.
- (I) Effective September 1, 2013, for each RUG-III and supplemental reimbursement group, each rate component will be equal to the rate component in effect on August 31, 2013, plus 2.00 percent. Rate components include the direct-care staff base-rate component, direct-care staff enhancement add-on rate component, other recipient care rate component, dietary rate component, general/administration rate component, fixed capital asset use fee component, and liability insurance rate component. These rates were posted on the agency's website at <http://www.hhsc.state.tx.us/rad/long-term-svcs/nursing-facility/index.shtml> on September 1, 2013.

STATE	<u>Texas</u>	A
DATE REC'D	<u>9-30-2013</u>	
DATE APPV'D	<u>4-2-2014</u>	
DATE EFF	<u>9-1-2013</u>	
ISSN 179	<u>13-040</u>	

TN: 13-040

Approval Date: 4-2-2014

Effective Date: 9-1-2013

Supersedes TN: 10-83