

Table of Contents

State/Territory Name: Texas

State Plan Amendment (SPA) :23-0024

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

September 19, 2023

Director: Stephanie Stephens
State Medicaid/CHIP Director
Health and Human Services Commission
Mail Code: H100
Post Office Box 13247
Austin, Texas 78711

RE: Texas TN 23-0024

Dear Director: Emily Zalkovsky,

We have reviewed the proposed Texas State Plan Amendment (SPA) to Attachment 4.19-B, TX#23-0024, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on July 17, 2023. The proposed amendment updates the Methods and Standards for Establishing Payment Rates to increase attendant base wages in the Home and Community Based Services – Adult Mental Health 1915(i) State Plan benefit. The updates in the state plan benefit accounts for rate increases in the following services: assisted living and in-home respite services.

Based upon the information provided by the State, we have approved the amendment with an effective date of September 1, 2023. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Monica Neiman at: Monica.Neiman@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review


Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 2 3 0 0 2 4	T X
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT		
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE September 1, 2023	
5. FEDERAL STATUTE/REGULATION CITATION Social Security Act §§1915(i), 1905(a)(24) 42 CFR §440.167 and §§441.400-404	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY 2023 \$ <u>65</u> b. FFY 2024 \$ <u>755</u>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT §1915(i) State Plan HCBS State Plan Attachment 4.19-B Page 84	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) §1915(i) State Plan HCBS State Plan Attachment 4.19-B Page 84 (TN 22-0013)	


9. SUBJECT OF AMENDMENT
The proposed amendment updates the Methods and Standards for Establishing Payment Rates based on the 2024-2025 General Appropriations Act, House Bill 1, 88th Legislature, Regular Session, 2023, (Article II, Health and Human Services Commission, Rider 30(a)), which appropriated funding to increase attendant base wages in the Home and Community-Based Services – Adult Mental Health 1915(i) State Plan benefit. The updates in the state plan benefit account for rate increases in the following services: assisted living and in-home respite services.

10. GOVERNOR'S REVIEW (Check One)

<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

11. SIGNATURE OF STATE AGENCY OFFICIAL 	15. RETURN TO Emily Zalkovsky State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711
12. TYPED NAME Emily Zalkovsky	
13. TITLE State Medicaid Director	
14. DATE SUBMITTED July 17, 2023	

FOR CMS USE ONLY	
16. DATE RECEIVED July 17, 2023	17. DATE APPROVED September 19, 2023

PLAN APPROVED - ONE COPY ATTACHED	
18. EFFECTIVE DATE OF APPROVED MATERIAL September 1, 2023	19. SIGNATURE OF APPROVING OFFICIAL 
20. TYPED NAME OF APPROVING OFFICIAL Todd McMillion	21. TITLE OF APPROVING OFFICIAL Director, Division of Reimbursement Review

22. REMARKS

**Other Services (specify below)**General Rate Setting

The rates for all services in the HCBS-AMH program are available on the agency's website, as outlined in Attachment 4.19-B, Page 1. Unless otherwise specified, all rates are effective as of September 1, 2023.

HHSC determines payment rates every two years for each service. The rates for services are prospective and uniform statewide. HHSC determines payment rates after analysis of financial and statistical information and the effect of the payment rates on the achievement of program objectives, including economic conditions and budgetary considerations. Payment rates are developed as described below.

Cost Reports

The rates for certain services are set using cost report data from providers of similar services in the Home and Community-Based Services Waiver (HCS) and Texas Home Living (TxHmL) waiver programs. Providers of these services are required to submit cost reports to HHSC every other year. Providers are responsible for eliminating all unallowable expenses from the cost report prior to submission of the cost report. HHSC reviews all cost reports, and a sample of cost reports are reviewed on-site. HHSC removes any unallowable costs and corrects any errors detected on the cost report during the review or on-site audit. Audited cost reports are used in the determination of statewide prospective rates. Cost principles follow 2 CFR § 200.

The recommended unit of service rates for each service are determined as follows: (1) total allowable costs for each provider are determined from the audited cost report; (2) each provider's total allowable costs are projected from the historical cost reporting period to the prospective reimbursement period using the appropriate inflationary factors outlined below; (3) payroll taxes and benefits are allocated to each salary item; (4) total projected allowable costs are divided by the number of units of service to determine the projected cost per unit of service; (5) the allowable costs per unit of service for each contracted provider are arrayed and weighted by the number of units of service and the median cost per unit of service is calculated; and (6) the median cost per unit of service for each service is multiplied by 1.044.

For general inflation adjustments, HHSC uses the Personal Consumption Expenditures (PCE) chain-type price index published by the Bureau of Economic Analysis of the U.S. Department of Commerce. HHSC uses a PCE forecast published by IHS Markit or its successor. HHSC uses specific indices in place of the general inflation index when appropriate item- or program-specific inflation indices are available from cost reports or other surveys, other Texas state agencies, nationally recognized public agencies, or independent private firms or sources, and HHSC has determined that these specific inflation indices are derived from information that adequately represents the program(s) or cost(s) to which the specific index is to be applied.

For inflation adjustments of costs pertaining to wages and salaries of licensed vocational nurses and nurse aides, HHSC uses an employment cost index of wages and salaries for private industry workers in nursing and residential care facilities published by the U.S. Bureau of Labor Statistics. HHSC uses a forecast of this inflation index published by IHS Markit or its successor. Periodic reviews of the chosen inflation index will be performed based on cumulative cost report data on nursing wages and salaries.

HHSC includes Federal Insurance Contributions Act (FICA) payroll tax rates, such as for Social Security taxes and Medicare taxes, and federal and state unemployment tax rates in its projected costs of non-contracted staff salaries and wages. When a FICA tax rate or unemployment tax rate is amended per federal or state statute, HHSC adjusts its cost projections in accordance with the amended tax rate.