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State/Territory Name: Texas

State Plan Amendment (SPA) #: TX 25-0003

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

April 23, 2026

Emily Zalkovsky
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711

RE: TN 25-0003

Dear Director Zalkovsky:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Texas state plan amendment (SPA) to Attachment 4.19-D, TX 25-0003, which was submitted to CMS on August 26, 2025. This plan amendment increase the wage for personal attendants under Medicaid to an average of \$13.00 per hour and discontinues the attendant compensation rate enhancement program.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of September 1, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Tom Caughey at 517-487-8598 or via email at Tom.caughey@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER 2 5 0 0 0 3	2. STATE T X
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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, 2025

5. FEDERAL STATUTE/REGULATION CITATION
**Social Security Act §1905(a)(4)
42 CFR § 440, subpart A**

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 \$ **586,628**
b. FFY 2026 \$ **7,024,201**

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

**Attachment 4.19-D
ICF/IID
Page 8
Page 9
Page 12
Page 13
Page 14**


8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
**Attachment 4.19-D
ICF/IID
Page 8 (TN 15-003)
Page 9 (TN 18-0007)
Page 12 (TN 23-0020)
Page 13 (deleted)
Page 14 (deleted)**

9. SUBJECT OF AMENDMENT
The purpose of the amendment is to update reimbursement rates for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services by implementing the 2026-27 General Appropriations Act, Senate Bill 1, 89th Legislature, Regular Session, 2025 (Article II, Health and Human Services Commission, Rider 23). Rider 23 provides appropriations for HHSC to increase the wage for personal attendants under Medicaid and other programs administered by HHSC to an average of \$13.00 per hour. Rider 23 also discontinues the attendant compensation rate enhancement program. The amendment will also update ICF/IID high medical needs add-on reimbursement methodology to transition it from the Resource Utilization Group version 3 (RUG-III) classification system to the Patient Driven Payment Model Long-Term Care (PDPM LTC) for nursing facilities. The current reimbursement methodology for the ICF/IID high medical needs add-on is based on the RUG-III classification system and associated costs. This amendment uses PDPM LTC classifications to establish the reimbursement methodology for the ICF/IID high medical needs add-ons. The requested effective date for the proposed amendment is September 1, 2025.

10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.

11. SIGNATURE OF STATE AGENCY OFFICIAL


12. TYPED NAME
Emily Zalkovsky

13. TITLE
State Medicaid Director

14. DATE SUBMITTED
August 26, 2025

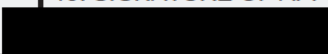
15. RETURN TO
**Emily Zalkovsky
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711**

FOR CMS USE ONLY

16. DATE RECEIVED August 26, 2025	17. DATE APPROVED
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
September 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL


20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS

Reimbursement Methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID), continued

- (4) Levels of need. Non-state operated daily reimbursement rates will be differentiated based on consumer level of need and the facility class. The level of need system is a classification system that differentiates rates based on the needs of the individuals served.
- (A) The level of need classification is based upon the Inventory for Client and Agency Planning (ICAP) service levels. Individuals are classified in the intermittent category if they have an ICAP service level of 7, 8, or 9; individuals are classified at a limited level if they have an ICAP service level of 4, 5, or 6; individuals are classified at an extensive level if they have an ICAP service level of 2 or 3; individuals are classified as pervasive if they have an ICAP service level of 1; and individuals are identified as pervasive plus if they exhibit dangerous behaviors that require 1:1 supervision at least 16 hours per day.
- (B) For individuals who have extraordinary medical needs or behavioral challenges, there is an opportunity to adjust the level of need to more appropriately reflect level of service needed. Individuals who receive three or more hours of nursing service a week are eligible to be moved to the next higher level of need (LON) category. An individual cannot move to the next higher LON category for both a medical and a behavior reason.
- (5) Add-on reimbursement rate. There is an available add-on reimbursement rate, in addition to the daily reimbursement rate, for certain individuals.
- (A) The add-on is based on the Patient-Driven Payment Model (PDPM) for Long-Term Care (LTC) classification system.
- (B) There are three add-on groupings based on PDPM LTC classification and nursing case-mix classifiers, associated with the assessed nursing score.
- (i) Group 1 includes nursing case-mix classifier "E" relating to the Extensive Services category.
- (ii) Group 2 includes nursing case-mix classifiers "H" and "L" relating to the Special Care High and Special Care Low categories.
- (iii) Group 3 includes nursing case-mix "C" relating to the Clinically Complex category.

TN: 25-0003 Approval Date: April 23, 2026

Supersedes TN: 15-003 Effective Date: 09-01-2025

Reimbursement Methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID), continued

- (C) An individual must meet the following criteria to be eligible to receive the add-on rate:
- (i) be assigned a PDPM LTC nursing case-mix classifier in Group 1, Group 2, or Group 3;
 - (ii) be a resident of a large state-operated facility for at least six months immediately prior to referral or a resident of a Medicaid-certified nursing facility immediately prior to referral; and
 - (iii) be a residents of a large state-operated facility only, have a LON which includes a medical LON increase, but not be assessed a LON of pervasive plus.
- (D) The add-on for each Group is determined based on date and costs from the most recent nursing facility cost reports accepted by HHSC.
- (i) Calculate the average number of nursing hours per daily unit of service by dividing the total nursing hours by the total days of service.
 - (ii) Calculate the average licensed vocational nurse (LVN) cost per day by multiplying the estimated LVN hourly wages by the average number of nursing hours per daily unit of service.
 - (iii) For each Group, compute the median per diem amount of the nursing care base case-mix adjusted rate component for all facilities; and
- (E) Subtract the average nursing daily cost as specified in clause (ii) from the median per diem amount of the nursing care rate component as specified in clause (iii), the current recommended modeled, which is based on cost components deemed appropriate for economically and efficiently operated services. The determination of these components is based on cost reports submitted by Intermediate Care Facilities for Individuals with an Intellectual Disability or Related Conditions (ICF/IID) providers. The add-on rates can be found at <https://pfd.hhs.texas.gov/long-term-services-supports>.

TN: 25-0003 Approval Date: April 23, 2026

Supersedes TN: 18-0007 Effective Date: 09-01-2025

Reimbursement Methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID), continued

(A) The agency's revised fee schedule rates for ICF/IID Services were set as of September 1, 2025 and are effective for services provided on or after that date. All rates are published on <https://pfd.hhs.texas.gov/long-term-services-supports>. No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

TN: 25-0003 Approval Date: April 23, 2026
Supersedes TN: 23-0020 Effective Date: 09-01-2025