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State/Territory Name: Texas

State Plan Amendment (SPA) : 25-0006

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
230 South Dearborn
Chicago, Illinois 60604



Financial Management Group

August 29, 2025

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

RE: TN 25-0006

Dear Director: Emily Zalkovsky,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Texas state plan amendment (SPA) to Attachment 4.19-B 25-0006, which was submitted to CMS on July 24, 2025. The amendment accounts for rate increases in the following services: assisted living, supervised living, and supported home living. The requested effective date for the proposed amendment is September 1, 2025.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 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 implementation of 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 Monica Neiman at 214-767-4456 or via email at Monica.Neiman@cms.hhs.gov.

Sincerely,

[Redacted Signature]

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 5 — 0 0 0 6

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3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACTTO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE
September 1, 2025

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 2025 \$ 170,198
b. FFY 2026 \$ 2,036,590

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 23-0024)**

9. SUBJECT OF AMENDMENT

The purpose of the amendment is to implement 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 \$13.00 per hour. The amendment accounts for rate increases in the following services: assisted living, supervised living, and supported home living. 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. [REDACTED]

12. TYPED NAME

Valerie Mayes

13. TITLE

Deputy State Medicaid Director**(Signing on behalf of Emily Zalkovsky, State Medicaid Director)**

14. DATE SUBMITTED

July 24, 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

July 24, 2025

17. DATE APPROVED

August 29, 2025**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

Todd McMillion

21. TITLE OF APPROVING OFFICIAL

Director, Division of Reimbursement Review

22. REMARKS

**HHSC gives permission to make a "pen n ink" change to the superseding in the header for the plan page for SPA
25-0006 - MYLG 8/29/25**

	The rates for psychosocial rehabilitative services are based on the established State Plan Medicaid fee schedule.
<input type="checkbox"/>	HCBS Clinic Services (whether or not furnished in a facility for CMI)
<input checked="" type="checkbox"/>	Other Services (specify below)
	<p><u>General Rate Setting</u> The rates for all services in the HCBS-AMH program are available on the agency website, as outlined in Attachment 4.19-B, Page 1. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of Home and Community-Based Services – Adult Mental Health (HCBS-AMH) Program. The agency's fee schedule rate was set as of September 1, 2025 and is effective for services provided on or after that date. All rates are published on HHSC Provider Finance Website (https://pfd.hhs.texas.gov/long-term-services-supports/adult-mental-health-program-amh).</p> <p>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.</p> <p><u>Cost Reports</u> 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>