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State/Territory Name: Texas

State Plan Amendment (SPA) #: TX 25-0018

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

August 18, 2025

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

RE: TN 25-0018

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 25-0018, which was submitted to CMS on May 29, 2025. This plan amendment updates the payment rate and rate methodology for the Pediatric Care Facility Special Reimbursement Class of Nursing Facilities.

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 April 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,

A solid black rectangular box used to redact the signature of the sender.

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 1 8

2. STATE

T X3. 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
April 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

Social Security Act §1902(a)(13)(A) and §1919
42 CFR §440.155 and Part 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ \$4,733,676b. FFY 2026 \$ \$9,440,529

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D
NF
Page 7a
Page 7b8. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If Applicable)Attachment 4.19-D
NF
Page 7a (TN 21-0034)
Page 7b (TN 23-0031)

9. SUBJECT OF AMENDMENT

The purpose of the amendment is to update the payment rate and rate methodology for the Pediatric Care Facility Special Reimbursement Class of Nursing Facilities. Texas Health and Human Services (HHSC) evaluated the rate methodology and payment rate for Pediatric Nursing Facilities as part of the biennial fee review. HHSC proposes to update the rate to equal the skilled nursing facility Medicare rate without therapy components, adjusted using the highest case-mix index.

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

May 29, 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

May 29, 2025

17. DATE APPROVED

August 18, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

April 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. REMARKS

VII. Reimbursement Methodology for Pediatric Care Facilities

- (4) Pediatric care facility – One of the two categories of facilities described below. To become a member of the pediatric care facility class, a contracted provider must send a request in writing by certified mail to the HHSC Provider Finance Department.
 - (A) An entire facility that has maintained an average daily census of 80 percent or more children for the six-month period prior to its entry into the pediatric care facility class based on the entire licensed facility. To remain a pediatric care facility, the entire facility must maintain an average daily census of 80 percent or more children.
 - (B) A distinct unit of a facility that has maintained an average daily census of 85 percent or more children for the six-month period prior to its entry into the pediatric care facility class based on the distinct unit of the facility. To remain a pediatric care facility, a distinct unit of a facility must maintain an average daily census of 85 percent or more children.
- (c) Payment rate determination. Payment rates will be determined in the following manner.
 - (1) Payment rate methodology. The payment rate methodology for this class of services aligns to the nursing and non-therapy ancillary components contained in the federal per diem rate for rural Medicare skilled nursing facilities for the most recent federal fiscal year as published in the Federal Register, adjusted by applying the highest case-mix index (CMI). Payment rates determined in this manner will be:
 - (A) based on available funds and subject to legislative appropriations; and
 - (B) paid uniformly for all Medicaid residents of a qualifying pediatric care facility.
 - (2) Cost reports. Cost reports for pediatric care facilities are governed by the requirements specified in II and III. A nursing facility that contains a pediatric care facility distinct unit must complete two cost reports: one report for the distinct pediatric care facility unit and one report for the remainder of the facility.
 - (3) Additional reimbursements. A pediatric care facility will not be eligible for additional reimbursements from either of the following sources.
 - (A) The ventilator-dependent or the children-with-tracheostomies supplemental reimbursements.
 - (B) Enhanced rates from the Direct Care Staff Enhancement program.

VII. Reimbursement Methodology for Pediatric Care Facilities

(d) Effective April 1, 2025, for pediatric care facilities, the rate will be equal to the rate in effect on March 31, 2025, plus 103 percent. This rate was posted on the agency's website at <https://pfd.hhs.texas.gov/long-term-services-supports/pediatric-care-facility-special-reimbursement-class> on March 14, 2025.