

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-13-15
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations, CMSO

Mr. Chris Traylor
Associate Commissioner for Medicaid & CHIP
Health and Human Services Commission
Post Office Box 13247
Austin, Texas 78711

RE: TN 09-016

Dear Mr. Traylor:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 09-016. The proposed amendment will adjust the Nursing Facility rate components to equal the rate components in effect on August 31, 2009, plus an average increase of 7.12 percent. The proposed amendment also adjusts the pediatric care facility payment rate to be equal to the pediatric care facility payment rate in effect on August 31, 2009, and deletes the provision for reinvestment under the Direct Care Staff Rate Component.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13) and 1902(a)(30), and 1903(a) 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 your responses we are pleased to inform you that Medicaid State plan amendment 09-016 is approved effective September 1, 2009. We are enclosing the HCFA-179 and the new plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,

/S/

Cindy Mann
Director
Center for Medicaid and State Operations (CMSO)

Enclosures

bcc: Stuart Goldstein, CO
Sandra Dasheiff, Dallas RO
Bill Brooks, ARA Medicaid, Region VI

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-13-15
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations, CMSO

Mr. Chris Traylor
Associate Commissioner for Medicaid & CHIP
Health and Human Services Commission
Post Office Box 13247
Austin, Texas 78711

SEP 11 2009

RE: TN 09-016

Dear Mr. Traylor:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 09-016. The proposed amendment will adjust the Nursing Facility rate components to equal the rate components in effect on August 31, 2009, plus an average increase of 7.12 percent. The proposed amendment also adjusts the pediatric care facility payment rate to be equal to the pediatric care facility payment rate in effect on August 31, 2009, and deletes the provision for reinvestment under the Direct Care Staff Rate Component.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13) and 1902(a)(30), and 1903(a) 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 your responses we are pleased to inform you that Medicaid State plan amendment 09-016 is approved effective September 1, 2009. We are enclosing the HCFA-179 and the new plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,

Cindy Mann
Director
Center for Medicaid and State Operations (CMSO)

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID		1. TRANSMITTAL NUMBER: 09-016	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, 2009	
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 CFR §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 2009 \$ 9,569,867 b. FFY 2010 \$ 116,686,042 c. FFY 2011 \$ 116,985,187	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT	
10. SUBJECT OF AMENDMENT: <p>The proposed amendment will adjust the Nursing Facility rate components that would otherwise become effective on September 1, 2009, to equal the rate components in effect on August 31, 2009, plus an average increase of 7.12 percent. The proposed amendment also adjusts the pediatric care facility payment rate that would otherwise become effective on September 1, 2009, to equal the pediatric care facility payment rate in effect on August 31, 2009, and deletes the provision for reinvestment under the Direct Care Staff Rate Component.</p>			
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 <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL be forwarded upon receipt.			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO: Chris Traylor State Medicaid Director Post Office Box 85200 Austin, Texas 78711-5200	
13. TYPED NAME: Chris Traylor			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: August 14, 2009			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: 9-11-09	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP - 1 2009		20. SIGNATURE OF REGIONAL OFFICIAL: [Signature]	
21. TYPED NAME: William Lasowski		22. TITLE: Deputy Director, CMSO	
23. REMARKS:			

- (3) Payment rate determination. Payment rates will be determined in the following manner:
- (a) Payment rates for this class of service will be determined annually, coincident with the state's fiscal year on a facility-specific basis for the pediatric care facility. 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 final 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 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.
- (4) Effective September 1, 2009, the payment rates for this class of service will be equal to the payment rates in effect on August 31, 2009 plus 2.79 percent.

TN No. 09-16

Approval Date SEP 11 2009

Effective Date 9-1-09

Supersedes TN No. 08-23

- (F) Texas Index for Level of Effort (TILE) to RUG-III hold harmless transition. For rates effective September 1, 2008, through August 31, 2009, payment rates for the direct care staff and other recipient care components will be equal to the rates in effect on August 31, 2008 times 1.085, payment rates for the dietary, general/administration and fixed capital asset rate components will be equal to the rates in effect on August 31, 2008 times 1.025, payment rates for the professional and general liability insurance add-on and the professional-only liability insurance add-on will be equal to the rates in effect on August 31, 2008 times 1.024, and the payment rate for the general-only liability insurance add-on will be equal to the rate in effect on August 31, 2008 times 1.018.
- (1) To calculate the updated direct care staff per diem rate component for each of the RUG-III case mix groups and for the default groups, divide each of the standardized statewide case mix indexes from (IV)(B)(3)(c) by 0.9908, multiply each quotient by the statewide average TILE case mix index for the period beginning the first day of December, 2007 and ending the last day of February, 2008 and multiply each product by the average updated direct care staff rate component.
- (2) To calculate the updated other recipient care per diem rate component for each of the RUG-III case mix groups and for the default groups, divide each of the standardized statewide case mix indexes from (IV)(B)(3)(c) by 1.0267, multiply each quotient by the statewide average TILE case mix index for the period beginning the first day of December, 2007 and ending the last day of February, 2008 and multiply each product by the average updated other recipient care rate component.

TN No. 09-16

Approval Date SEP 11 2009

Effective Date 9-1-09

Supersedes TN No. 08-23

- (G) Effective September 1, 2009, the sum of nursing facility rate components will be equal to the sum of nursing facility rate components in effect on August 31, 2009 plus 2.79%. The percent increase for each rate component will vary based on the ratio of that rate component's rate (as determined in accordance with the reimbursement methodology described in this attachment) to the payment rate in effect on August 31, 2009. 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 and administration rate component, and liability insurance rate component. These rates will be posted on the agency's website on September 1, 2009. All rates are available through the agency's website as outlined on Attachment 4.19-D, NF page 1.

TN No. 09-16

Approval Date SEP 11 2009

Effective Date 9-1-09

Supersedes TN No. New Page

- (K) **Medicaid Swing Bed Program for Rural Hospitals.** When a rural hospital participating in the Medicaid swing bed program furnishes NF nursing care to a Medicaid recipient, HHSC or its designee makes payment to the hospital using the same procedures, the same case-mix methodology and the same RUG rates that HHSC authorizes for reimbursing NFs receiving the direct care base rate with no enhancement levels. These hospitals are not subject to the staffing and spending requirements.

- (L) **Failure to Submit Report.** Facilities that do not submit required reports completed in accordance with all applicable rules and instructions within 60 days of the due date will be subject to an immediate recoupment of funds related to participation paid to the facility for services provided during the reporting period in question. These facilities will remain nonparticipating facilities and recouped funds will not be restored until an acceptable report is received. Funds identified for recoupment based on the report will be deducted from recouped funds before the recouped funds are restored.

TN No. 09-16

Approval Date SEP 11 2009

Effective Date 9-1-09

Supersedes TN No. 04-26