



Division of Medicaid & Children's Health, Region VI

June 23, 2010

Our Reference: SPA TX 10-016

Mr. Billy Millwee
Associate Commissioner for Medicaid & CHIP
Health and Human Services Commission
Post Office Box 13247
Mail Code: H100
Austin, Texas 78711

Dear Mr. Millwee:

This letter is being sent as a companion to our approval to Texas State Plan Amendment (SPA) 10-016. During our review of that SPA, the Centers for Medicare & Medicaid Services (CMS) performed an analysis of the coverage for Targeted Case Management (TCM) services for Infants and Toddlers with Developmental Delays, also known as, Early Childhood Intervention TCM. Based on that review, it was determined that certain areas in the coverage section were not consistent with current guidance and regulations at 42 Code of Federal Regulation 440.169 and 441.18.

In order to ensure compliance with current regulations and policy related to the above provisions, the State is responsible for the following:

On Supplement 1 to Attachment 3.1-A, Page 1F.2, please clarify the following in the SPA's language:

1. Monitoring will occur at least annually.
2. Providers are required to maintain case records that include the name of the participant; dates of services; provider name; units of services; goals of the care plan; whether individuals have chosen not to receive case management services; coordination with other case managers; and a timeline for obtaining services and a reassessment.

In addition please add the following assurances:

3. Targeted case management services will not be used to restrict an individual's access to other services under the plan.
4. Individuals will not be compelled to receive case management services, condition receipt of targeted case management services on the receipt of other Medicaid services, or condition receipt of other Medicaid services on receipt of targeted case management services; and

5. Providers of case management services do not exercise the agency's authority to authorize or deny the provision of other services under the plan.

The State has 90 days from the date of this letter to address the issues described above. Within that period the State may submit SPAs to address the inconsistencies or submit a corrective action plan describing in detail how the State will resolve the issues identified above in a timely manner. Failure to respond will result in the initiation of a formal compliance process. During the 90 days, CMS will provide any required technical assistance.

If you have any questions about this request, please contact Ford Blunt of my staff at either 214-767-6381 or by E-mail at ford.blunt@cms.hhs.gov.

Sincerely,

Bill Brooks
Associate Regional Administrator

Cc: Emily Zalkovsky



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Dear Mr. Millwee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 10-016, dated March 30, 2010. This amendment updates the Early Childhood Intervention (ECI) Targeted Case Management (TCM) under Infants and Toddlers with Developmental Delays rate by an inflation factor of 24 percent.

As previously communicated to the State, CMS is issuing a companion letter in conjunction with our approval of SPA 10-16 in which we request the State to clarify coverage issues relating to ECI TCM. It was determined that certain areas in the coverage section were not consistent with current guidance and regulations at 42 CFR 441.18. Please be mindful of the timeframes referenced in the companion letter.

Additionally, please note that when the State submits a State Plan Amendment (SPA) that may impact Indians or Indian health providers, CMS will look for evidence of the State's Tribal consultation process for that SPA. Pursuant to the new section 1902(a) (73) of the Act added by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, the State must submit evidence to CMS regarding the solicitation of advice prior to submission of the State Plan Amendment. Such consultation must include all federally-recognized tribes, Indian Health Service and Urban Indian Organizations within the State.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of March 15, 2010. A copy of the CMS-179 and the approved plan pages are enclosed with this letter.

If you have any questions, please contact Ford J. Blunt at (214) 767-6381.

Sincerely,

Bill Brooks
Associate Regional Administrator

Enclosures

Cc: Emily Zalkovsky, Policy Development Support

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 10-016	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: March 15, 2010	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
6. FEDERAL STATUTE/REGULATION CITATION: 42 USC 1396n(g)		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2010 \$1,766,058 b. FFY 2011 \$3,112,792 c. FFY 2012 \$3,193,102	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 AND 9		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 AND 9	
10. SUBJECT OF AMENDMENT: The proposed amendment is an update to the Early Childhood Intervention (ECI) Targeted Case Management rate (TCM).			
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 be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO: Billy R. Millwee State Medicaid Director Post Office Box 13247 MC: H-100 Austin, Texas 78711-5200	
13. TYPED NAME: Billy R. Millwee			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED March 29, 2010			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 30 March, 2010		18. DATE APPROVED: 28 June, 2010	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 15 March, 2010		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Div of Medicaid & Children's Health	
23. REMARKS:			

STATE	<u>Texas</u>	A
DATE REC'D	<u>3-30-10</u>	
DATE APPV'D	<u>6-23-10</u>	
DATE EFF	<u>3-15-10</u>	
HCFA 179	<u>10-16</u>	

39. Case Management Services for Infants and Toddlers with Development Delays

(a) The recommended rate is determined in the following manner:

- (1) Each provider's total reported costs on the TAFI report are compared with their total reported costs on ECI financial reports.
 - (2) Providers whose variance between reported costs on the TAFI report and the ECI financial reports exceed plus or minus two standard deviations of the mean provider variance are eliminated.
 - (3) Total allowance case management costs for each provider are determined from the allowable historical costs reported on the TAFI report.
 - (4) Each provider's total allowable case management cost is projected from the historical cost reporting period to the prospective rate period using inflation factors.
 - (5) Each provider's total allowable case management cost is divided by their associated number of unduplicated case management contacts for the period, thus determining the provider's cost per contact.
 - (6) The mean provider cost per contact is calculated, and the statistical outliers (those providers whose cost per contact exceeds plus or minus two standard deviations of the mean provider cost per contact) are eliminated. After removal of the statistical outliers, the mean cost per contact is calculated.
 - (7) The mean cost per contact is the proposed reimbursement rate.
- (b) Rate setting authority. The Commission establishes the reimbursement rate in an open meeting after consideration of financial and statistical information and public testimony. The Commission set rates which, in its opinion, are within budgetary constraints, adequate to reimburse the cost of operations for an efficient and economic provider, and justifiable given current economic conditions.
- (c) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.
- (d) The current rate of \$141.83 per client per month, which was effective February 1, 2000, is adjusted by applying inflation from federal fiscal year 2000 to federal fiscal year 2010 of 24 percent to calculate a new rate of \$175.87 to be effective March 15, 2010. This monthly rate will end on September 30, 2011.
- (e) The agency's fee schedule was revised with a new rate for case management services effective for services on or after March 15, 2010. The new rate will be posted within 30 days of approval of this amendment by CMS.

TN No. 10-16

Approval Date 6-23-10

Effective Date 3-15-10

Supersedes TN No. 00-03

SUPERSEDES: TN- 00-03