

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1301 Young Street, Room 833  
Dallas, Texas 75202



**Division of Medicaid & Children's Health, Region VI**

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December 13, 2010

Our Reference: SPA TX 10-53

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:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 10-53, dated September 15, 2010. This amendment updates the reimbursement methodology for targeted case management provided to infants and toddlers with developmental delays. Beginning October 23, 2010 the Time and Financial Information (TAFI) system will be replaced with the Random Moment Time Study to collect cost data.

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 October 23, 2010. A copy of the CMS-179 and the approved plan pages are enclosed with this letter.

If you have any questions, please contact Scott Harper at (214) 767-6564.

Sincerely,

/s/

Bill Brooks  
Associate Regional Administrator

Enclosures

cc: Emily Zalkovsky, Policy Development Support

|   |  |  |                               |
|---|--|--|-------------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF<br/>STATE PLAN MATERIAL</b><br><b>FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>  |  | 1. TRANSMITTAL NUMBER:<br><br><b>10-053</b>  | 2. STATE:<br><br><b>TEXAS</b> |
|   |  | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)   |                               |
| TO: REGIONAL ADMINISTRATOR<br>CENTERS FOR MEDICARE AND MEDICAID SERVICES<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES   |  | 4. PROPOSED EFFECTIVE DATE:<br><br><b>October 23, 2010</b>   |                               |
| 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:<br><br><b>42 USC 1396n(g)</b>   |  | 7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT<br>a. FFY 2010      \$0<br>b. FFY 2011      \$0<br>c. FFY 2012      \$0                   |                               |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><br><b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>  |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):<br><br><b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>      |                               |
| 10. SUBJECT OF AMENDMENT:<br><br><b>This update includes that beginning October 23, 2010, the Time and Financial Information (TAFI) system to collect time and financial information will no longer be used. Also, effective October 23, 2010, the random moment time study will be implemented and a new cost report will be developed to collect cost data.</b> |  |  |                               |
| 11. GOVERNOR'S REVIEW (Check One):  |  |  |                               |
| <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.<br><input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED<br><input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL       |  |  |                               |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:   |  | 16. RETURN TO:   |                               |
| 13. TYPED NAME:<br><b>Billy R. Millwee</b>  |  | <b>Billy R. Millwee</b><br><b>State Medicaid Director</b><br><b>Post Office Box 13247, MC: H-100</b><br><b>Austin, Texas 78711</b> |                               |
| 14. TITLE:<br><b>State Medicaid Director</b>  |  |  |                               |
| 15. DATE SUBMITTED<br><b>December 7, 2010</b>   |  |  |                               |
| <b>FOR REGIONAL OFFICE USE ONLY</b>   |  |  |                               |
| 17. DATE RECEIVED:<br><b>15 September 2010</b>  |  | 18. DATE APPROVED:<br><b>13 December 2010</b>  |                               |
| PLAN APPROVED - ONE COPY ATTACHED   |  |  |                               |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL:<br><b>23 October 2010</b>  |  | 20. SIGNATURE OF REGIONAL OFFICIAL:  |                               |
| 21. TYPED NAME:<br><b>Bill Brooks</b>   |  | 22. TITLE: <b>Associate Regional Administrator</b><br><b>Division of Medicaid &amp; Children's Health</b>                          |                               |
| 23. REMARKS:  |  |  |                               |

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

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

|            |          |
|------------|----------|
| A          |          |
| STATE      | Texas    |
| DATE REC'D | 9-15-10  |
| DATE APP'D | 12-13-10 |
| DATE EFF   | 10-23-10 |
| HCFA 179   | TN 10-53 |

- (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) Beginning October 23, 2010, the TAFI system to collect time and financial information will no longer be used. Effective October 23, 2010, the random moment time study will be implemented and a new cost report will be developed to collect cost.

(f) 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 10-53

Approval Date 12-13-10

Effective Date 10-23-10

Supersedes TN 10-16

SUPERSEDES TN 10-16