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

November 19, 2010

Our Reference: SPA TX 10-055

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 10-055, dated August 30, 2010. This amendment eliminates the monthly rate for case management for individuals with mental retardation or a related condition or pervasive developmental disability and proposes to replace it with an encounter payment rate.

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 September 1, 2011. 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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: **10-055**

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: **September 1, 2011**

5. TYPE OF PLAN MATERIAL *(Circle One)*:

☐ ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 USC 1396n(g)

7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT
a. FFY **2011** **$0**
b. FFY **2012** **$0**
c. FFY **2013** **$0**

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 eliminates the monthly rate for case management for individuals with mental retardation or a related condition or pervasive developmental disability effective August 31, 2011 and proposes to replace it with an encounter payment rate effective September 1, 2011.

11. 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.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Billy R. Millwee

14. TITLE:
State Medicaid Director

15. DATE SUBMITTED
August 24, 2010

16. RETURN TO:
Billy R. Millwee
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 30 August, 2010

18. DATE APPROVED: 19 November, 2010

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
1 September, 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
BILL BROOKS

22. TITLE: Associate Regional Administrator
Div of Medicaid & Children's Healht

23. REMARKS:

FORM CMS – 179 (07-92)

22. Case Management for Individuals with Mental Retardation or a Related Condition or Pervasive Developmental Disability

(a) Two statewide encounter rates are established for a comprehensive encounter and a follow-up encounter. The statewide encounter rate is a prospective rate without adjustment for individual provider cost. The encounter unit of service is established as follows:

(1) Comprehensive Encounter. A comprehensive encounter is a face-to-face contact with the client. This comprehensive encounter rate is based on an average time of 45 minutes per contact to provide for assessment, monitoring of progress towards outcomes, plan review, and/or plan revision. A comprehensive encounter is limited to one billable encounter per client per calendar month.

(2) Follow-up Encounter. A follow-up encounter is a face-to-face, telephone, or telehealth contact which involves interface with the client or a collateral. This follow-up encounter rate is based on an average time of 15 minutes per contact. Activities on a follow-up encounter include follow-up activities related to the comprehensive encounter. The provider agency is allowed up to three follow-up encounters per calendar month for each comprehensive encounter that has occurred within the calendar month. They do not have to be provided to the client for whom the comprehensive encounter was provided.

(3) Cap and Rollover. A monthly cap will be established on the total number of follow-up encounters that can be billed by each provider agency during the calendar month. The monthly cap that the provider can bill is equal to three follow-up encounters for each comprehensive encounter delivered in the month. Any allowed follow-up encounters not billed during the calendar month will be rolled over to the following calendar month. The rollover of follow-up encounters will begin on September 1st and will end on July 31st with the final rollover into the month of August of each year.

Example:
Client A and Client B both had a comprehensive encounter in a calendar month. As a result, the agency is allowed and may bill up to six follow-up encounters for the month. Client A had one follow-up encounter within the same month and Client B had four follow-up encounters. All five follow-up encounters are allowable and billable. One allowable follow-up encounter was not billed and would roll over to the following month since six follow-up encounters were allowed for the two clients. If the same two clients both had a comprehensive encounter the next calendar month, the agency is allowed and may bill for six follow-up encounters and one roll over encounter for a total of seven follow-up encounters the following month.

22. Case Management for Individuals with Mental Retardation or a Related Condition or Pervasive Developmental Disability (continued)

(b) The initial encounter rates are determined by dividing the current annual cost to deliver the service divided by the maximum number of comprehensive and follow-up encounters anticipated to be delivered for the first year of implementation, with comprehensive encounters counting as three units and follow-up encounters counting as one unit.

(c) Provider costs will be collected for use as a basis for updating reimbursement rates.

(1) Inclusion of certain reported expenses. Provider agencies must ensure that all requested costs are included in the cost reporting system.

(2) Several different kinds of data are collected. These include the number of units of service. The cost data include direct costs, programmatic indirect costs, and general and administrative costs including salaries, benefits, and non-labor costs. Programmatic indirect costs include salaries, benefits and other costs of this case management program that are indirectly related to the delivery of case management services to clients. General and administrative overhead costs include the salaries, benefits and other costs that, while not directly part of the case management services program, constitute costs that support the operations of the case management services program.

(3) Provider agencies must eliminate unallowable expenses from the cost report. Unallowable expenses included in the cost report are omitted from the cost report database and appropriate adjustments are made to expenses and other information reported by providers. The purpose of the omission is to ensure that the database reflects costs and other information that are consistent with efficiency, economy, and quality of care; are necessary for the provision of covered case management services; and are consistent with federal and state Medicaid regulations. If there is doubt as to the accuracy or allowableness of a significant part of the information reported, individual cost reports may be eliminated from the database.

(4) Total costs are projected from the historical reporting period to the rate period. Cost projections adjust the allowable historical costs for significant changes in cost-related conditions anticipated to occur between the historical cost period and the prospective rate period. Significant conditions include, but are not necessarily limited to, wage and price inflation for deflation, changes in program utilization and efficiency, and modification of federal or state regulations and statutes. The Personal Consumption Expenditures (PCE) Chain-Type Index, which is based on data from the U.S. Department of Commerce, is the most general measure used to project costs.

(d) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.