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State/Territory Name: Texas

State Plan Amendment (SPA) #: 19-0010

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved Page

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



Regional Operations Group

June 24, 2019

Our Reference: TX SPA 19-0010

Ms. Stephanie Muth
State Medicaid Director
Texas Health and Human Services Commission
Mail Code: H100
Post Office Box 13247
Austin, TX 78711

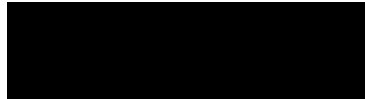
Dear Ms. Muth:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 19-0010 dated March 29, 2019. This state plan amendment modifies the reimbursement methodology in the state plan for certain 1915(i) Home and Community Based Services (HCBS) by requiring biennial, rather than annual, cost reports from providers whose cost reports data is used to develop payment rates for HCBS.

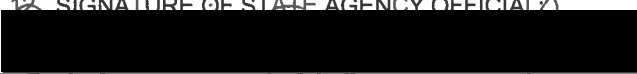

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of January 1, 2019. A copy of the CMS-179 and approved plan pages are enclosed with this letter.

If you have any questions, please contact Ford Blunt of my staff. Mr. Blunt may be reached at (214) 767-6381 or by e-mail at Ford.Blunt@cms.hhs.gov.

Sincerely,



Bill Brooks
Director
Regional Operations Group

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 19-0010	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) 1915(i) Home and Community Based Services (HCBS)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: January 1, 2019	
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: Section 1915(i) of the Social Security Act 42 C.F.R. § 440.182(c)(8)		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2019 (\$0.00) b. FFY 2020 (\$0.00) c. FFY 2021 (\$0.00)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 & 9		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 & 9	
10. SUBJECT OF AMENDMENT: The proposed amendment modifies the reimbursement methodology in the state plan for certain 1915(i) Home and Community Based Services (HCBS) by requiring biennial, rather than annual, cost reports from providers whose cost report data is used to develop payment rates for HCBS.			
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. <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Stephanie Muth State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711	
13. TYPED NAME: Stephanie Muth			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: March 29, 2019			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: March 29, 2019		18. DATE APPROVED: June 24, 2019	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2019		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Bill Brooks		22. TITLE: Director Regional Operations Group	
23. REMARKS:			

Attachment to Blocks 8 & 9 of CMS Form 179

Transmittal Number 19-0010

**Number of the
Plan Section or Attachment**

**Number of the Superseded
Plan Section or Attachment**

Attachment 4.19-B
Page 1
Page 84

Attachment 4.19-B
Page 1 (TN 11-17)
Page 84 (TN 14-0014)

State: Texas
Date Received: 03-29-19
Date Approved: 06-24-19
Date Effective: 01-01-19
Transmittal Number: 19-0010

All rates and fees can be found by accessing the agency's website at <https://rad.hhs.texas.gov/>.

Except as otherwise specified in the plan, state-developed fee schedules and rates are the same for both governmental and private providers. The agency's fee schedule rates are set as indicated in the individual plan pages for each service and are effective for services provided on or after that date.

TN: 19-0010 Approval Date: 06-24-19
Supersedes TN: 11-17 Effective Date: 01-01-19

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<input checked="" type="checkbox"/>	Other Services (specify below)
	<p><u>General Rate Setting</u> The rates for all services in the HCBS-AMH program are available on the agency’s website, as outlined on Attachment 4.19-B, Page 1. Unless otherwise specified, all rates are effective as of January 1, 2015.</p> <p>HHSC determines payment rates every two years for each service. The rates for services are prospective and uniform statewide. HHSC determines payment rates after analysis of financial and statistical information, and the effect of the payment rates on the achievement of program objectives, including economic conditions and budgetary considerations. Payment rates are developed as described below.</p> <p><u>Cost Reports</u> The rates for certain services are set using cost report data. Providers of these services are required to submit cost reports to HHSC every other year. Providers are responsible for eliminating all unallowable expenses from the cost report prior to submission of the cost report. HHSC reviews all cost reports and a sample of cost reports are reviewed on-site. HHSC removes any unallowable costs and corrects any errors detected on the cost report during the review or on-site audit. Audited cost reports are used in the determination of statewide prospective rates.</p> <p>The recommended unit of service rates for each service are determined as follows: (1) total allowable costs for each provider are determined from the audited cost report; (2) each provider’s total allowable costs are projected from the historical cost reporting period to the prospective reimbursement period using the appropriate inflationary factors outlined below; (3) payroll taxes and benefits are allocated to each salary item; (4) total projected allowable costs are divided by the number of units of service to determine the projected cost per unit of service; (5) the allowable costs per unit of service for each contracted provider are arrayed and weighted by the number of units of service and the median cost per unit of service is calculated; and (6) the median cost per unit of service for each service is multiplied by 1.044.</p> <p>Additionally, for the HCS and TxHmL programs, the initial model-based rates for these services were determined using cost, financial, statistical, and operational information collected during site visits performed by an independent consultant. The data was collected from cost reports and the service providers' accounting systems. Additionally, the state fiscal year (SFY) 1996 state wage data, the SFY 1994 cost data, and the SFY 1995 data from service providers was reviewed and analyzed. The base model rate year was calendar year 1997. Data from SFY 1994-1996 were used to develop the current rate structure; rates are rebased every biennium from the most recent projected cost report data, within available appropriations.</p> <p>To project costs to the prospective reimbursement period, HHSC uses the Personal Consumption Expenditures (PCE) chain-type price index as the general cost inflation index. The PCE chain-type price index is a nationally recognized measure of inflation published by the Bureau of Economic Analysis of the U.S. Department of Commerce. To project or inflate costs from the reporting period to the prospective reimbursement period, HHSC uses the lowest feasible PCE chain-type price index forecast consistent with the forecasts of nationally recognized sources available to HHSC at the time proposed reimbursement is prepared for public dissemination and comment. HHSC uses specific indices in place of the general cost inflation index when appropriate item-specific or program-specific cost indices are available from cost reports or other surveys, other Texas state agencies or independent private sources, or nationally recognized public agencies or independent private firms, and HHSC has determined that these specific indices are derived from information that adequately represents the program(s) or cost(s) to which the specific index is to be applied. Nursing wages are inflated by wage inflation factors based on wage and hour survey information submitted on cost reports or special surveys, Social Security payroll taxes are inflated by FICA inflation factors based on data obtained from the Statistical Abstract of the United States, and federal and state unemployment taxes are inflated by FUTA/SUTA inflation factors based on data obtained from the Texas Workforce Commission.</p>

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