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State/Territory Name: Texas

State Plan Amendment (SPA) #: 19-0011

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
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

May 13, 2019

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

RE: TN 19-0011

Dear Ms. Muth:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 19-0011. The proposed amendment will clarify language regarding the inflation projection methodology for the Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) program, and it will revise the ICF/IID nursing wage inflation methodology.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

Based upon the information provided by the State, Medicaid State plan amendment 19-0011 is approved effective January 1, 2019. We are enclosing the CMS-179 and the new plan page.

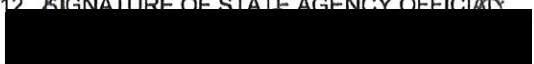

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,

A solid black rectangular box redacting the signature of Kristin Fan.

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 19-0011	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID)	
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: 42 CFR §440.150 Section 1905(a)(24) of the Social Security Act		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2018 \$0.00 b. FFY 2019 \$0.00 c. FFY 2020 \$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: This proposed amendment clarifies the cost projection methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) and revises the nursing wage inflation methodology for ICF/IID.			
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: MAY 13 2019	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2019		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMG	
23. REMARKS:			

Attachment to Blocks 8 & 9 of CMS Form 179

Transmittal Number 19-0011

**Number of the
Plan Section or Attachment**

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

Attachment 4.19-D (ICF/IID)
Page 3

Attachment 4.19-D (ICF/IID)
Page 3 (TN 15-003)

State: Texas
Date Received: March 29, 2019
Date Approved: MAY 13 2019
Date Effective: January 1, 2019
Transmittal Number: 19-0011

Reimbursement Methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID), continued

9. Projected Costs. HHSC projects ICF/IID providers' costs by accounting for changes in cost-related conditions anticipated to occur between the base period and the prospective rate period. Such changes include, but are not limited to, wage-and-price inflation or deflation, changes in program utilization, modifications of federal or state regulations and statutes, and implementation of federal court orders and settlement agreements. The base period is a single state fiscal year spanning from September 1 through August 31, and the prospective rate period is two state fiscal years beginning with the first day of a state fiscal year which is at least one fiscal year after the base period year. Inflation factors and multipliers that HHSC uses to project costs from the base period to the prospective rate period are determined per 9(a) through 9(c).

(i) General Inflation Index. For general inflation adjustments, HHSC uses the Personal Consumption Expenditures (PCE) chain-type price index published by the Bureau of Economic Analysis of the U.S. Department of Commerce. HHSC uses a PCE forecast published by IHS Markit or its successor.

(j) Item-specific and Program-specific Inflation Indices. HHSC uses specific indices in place of the general inflation index when appropriate item- or program-specific inflation indices are available from cost reports or other surveys, other Texas state agencies, nationally recognized public agencies, or independent private firms or sources, and HHSC has determined that these specific inflation indices are derived from information that adequately represents the program(s) or cost(s) to which the specific index is to be applied. The item-specific index that HHSC uses for ICF/IID providers' costs is specified in 9(b)(1).

(1) For inflation adjustments of costs pertaining to nursing wages and salaries, HHSC uses an employment cost index of wages and salaries for private industry workers in nursing and residential care facilities published by the U.S. Bureau of Labor Statistics. HHSC uses a forecast of this inflation index published by IHS Markit or its successor. Periodic reviews of the chosen inflation index will be performed based on cumulative cost report data on nursing wages and salaries.

(k) Adjustment of Tax Rates. HHSC includes Federal Insurance Contributions Act (FICA) payroll tax rates, such as for Social Security taxes and Medicare taxes, and federal and state unemployment tax rates in its projected costs of non-contracted staff salaries and wages. When a FICA tax rate or unemployment tax rate is amended per federal or state statute, HHSC adjusts its cost projections in accordance with the amended tax rate.

(l) State-operated facility costs used in the interim payment rate determination are adjusted in accordance with 10(a)(2)(A).

TN: 19-0011 Approval Date: MAY 13 2019
Supersedes TN: 15-003 Effective Date: 1-1-2019

State: Texas
Date Received: March 29, 2019
Date Approved: MAY 13 2019
Date Effective: January 1, 2019
Transmittal Number: 19-0011