

**TEXAS HEALTH AND HUMAN SERVICES COMMISSION
RATE ANALYSIS DEPARTMENT**

**Proposed Medicaid Nursing Facility and
Hospice-Nursing Facility Payment Rates**

**Payment rates are proposed to be effective
February 1, 2011.**

SUMMARY OF PROPOSED MEDICAID PAYMENT RATES

Effective February 1, 2011

Included in this document is information relating to proposed reductions in Medicaid Nursing Facility (NF) and associated services rates and a proposed increase in the percentage of each NF rate included in Medicaid Hospice-NF reimbursement rates. HHSC is responsible for the reimbursement determination for the Texas Medicaid Program.

Hearing

HHSC will conduct a public hearing to receive comments regarding the proposed Medicaid rates on January 7, 2011, at 10:00 a.m. in the Brown-Heatly Building Public Hearing Room, 4900 North Lamar Boulevard, Austin, Texas. This public hearing is held in compliance with the provisions of Human Resources Code §32.0282(a), which requires a public hearing on proposed payment rates. Should you have any questions regarding the information in this document, please contact:

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Background

On December 6, 2010, the Governor, Lieutenant Governor and House Speaker sent a letter to all State Agencies asking them to identify savings of 2.5 percent of their original general revenue and general-revenue-dedicated appropriations for fiscal year 2011. In response to this letter, reimbursement rates for each NF Resource Utilization Group (RUG-III) and supplemental reimbursement group are proposed to be reduced by an additional two percent below the rates that were in effect August 31, 2010. This proposed reduction is in addition to the one percent reduction to the August 31, 2010 rates that was effective September 1, 2010. The combined impact of these two reductions will be that NF rates proposed to be effective February 1, 2011 will be three percent less than NF rates in effect on August 31, 2010. As well, reimbursement rates for purchased general and professional liability insurance and per diem add-on payments for enhanced staffing levels are proposed to be reduced by an additional two percent below the rates that were in effect August 31, 2010. Finally, minimum required Licensed Vocational Nurse (LVN) equivalent minutes are proposed to be reduced by an additional two percent. The proposed effective date for these reductions is February 1, 2011.

HHSC does not intend to reduce Medicaid Hospice-NF rates.

Methodology

The proposed NF rates and minutes were determined in accordance with the rate setting methodology at Texas Administrative Code (TAC) Title 1, Chapter 355, Subchapter A, §355.307, Reimbursement Setting Methodology; §355.308, Direct Care Staff Rate Component; and §355.312, Reimbursement Setting Methodology – Liability Insurance Costs. These rates and minutes were subsequently adjusted in accordance with 1 TAC Chapter 355, Subchapter A, §355.101, Introduction, and §355.109, Adjusting Reimbursement When New Legislation, Regulations or Economic Factors Affect Costs and 1 TAC Chapter 355, Subchapter B, §355.201, Establishment and Adjustment of Reimbursement Rates by the Health and Human Services Commission.

Proposed NF Rates and Minimum Required LVN-Equivalent Minutes

See the attached tables for proposed NF rates and minutes.

Table 1 of the attachment shows the current NF payment rates by RUG-III and supplemental reimbursement group as well as the add-on payments for general and professional liability insurance.

Table 2 shows the proposed NF payment rates by RUG-III and supplemental reimbursement group as well as the proposed add-on payments for general and professional liability insurance.

Table 3 shows the current and proposed minimum required LVN-equivalent minutes for each RUG-III group, supplemental reimbursement group and Medicare.

Table 4 shows the current and proposed NF enhancement level increments.

Hospice-Nursing Facility Rates

The Medicaid Hospice Program currently pays the Medicaid hospice provider a Hospice-NF rate that is 95 percent of the Medicaid NF rate for each hospice recipient in a NF. HHSC does not intend to reduce the Hospice-NF rates. In order to maintain the Hospice-NF rates at their current level, HHSC is proposing to increase the percent of the Medicaid NF rate paid to the Medicaid hospice provider from 95 percent to 96.96 percent. This change will maintain Hospice-NF rates at essentially their current level though individual rates may increase or decrease by \$0.01 due to the need to round payment rates to the nearest whole cent.

These rates will be reconciled at a later date to account for the recoupment of funds from NFs failing to meet their staffing and/or spending requirements.

Rates for Associated Services

Payment rates for the Out-of-Home Respite in a NF and Consumer Directed Services (CDS) Out-of-Home Respite in a NF services in the Community Based Alternatives and Integrated Care Management – Home and Community Support Services and Assisted Living/Residential Care waiver programs, the Out-of-Home Respite in a NF and CDS Out-of-Home Respite in a NF services in the Consolidated Waiver Program, and the Out-of-Home Respite service in the Medically Dependent Children Program are tied by Texas Administrative Code rule to reimbursement rates for NFs. These rates are proposed to be reduced by three percent below the rates that were in effect August 31, 2010.