

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

**Proposed Medicaid Payment Rates for the Home and Community-
based Services and Texas Home Living Waiver Programs and
Associated Services**

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

SUMMARY OF PROPOSED MEDICAID PAYMENT RATES
Effective September 1, 2011

Included in this document is information relating to proposed Medicaid payment rate reductions for Home and Community-based Services (HCS), Texas Home Living (TxHmL) and associated services. The Health and Human Services Commission (HHSC) is responsible for reimbursement determination for the Texas Medicaid Program.

Hearing

HHSC will conduct a public hearing to receive comments regarding the proposed Medicaid rates detailed in this document on June 29, 2011, at 8:30 a.m. in the John H. Winters Building Public Hearing Room, 701 West 51st Street, 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

The 2012-2013 General Appropriations Act (Article II, H.B. 1, 82nd Legislature, Regular Session, 2011) details funding for the HCS waiver program for the 2012-2013 biennium. The rate reductions detailed in this informational packet are proposed to ensure that the HCS program remains within appropriated funds for the 2012-2013 biennium.

General Reductions

The 2012-2013 General Appropriations Act (Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 16, H.B. 1, 82nd Legislature, Regular Session, 2011) indicated that appropriations made in the Act reflect a one percent reduction to HCS provider rates for the 2012-13 biennium. Section 16 also indicated that the identified reductions for fiscal years 2012 and 2013 are intended to be calculated based on the rates in effect on August 31, 2010, and are in addition to cumulative rate reductions made during fiscal year 2011. In response to H.B. 1, HCS reimbursement rates are proposed to be reduced by an additional one percent below the rates that were in effect August 31, 2010. This proposed reduction is in addition to the two percent reduction to the August 31, 2010 rates that became effective February 1, 2011. The combined impact of these two reductions will be that HCS rates proposed to be effective September 1, 2011 will be three percent less than HCS rates in effect on August 31, 2010. While the reduction percentages between the August 31, 2010, and the February 1, 2011,

rates varied across cost components, the percentage reductions between the February 1, 2011, rates and the proposed rates are essentially equal across cost components.

Attendant Compensation Rate Enhancement Add-ons

Reimbursement rates for HCS Attendant Compensation Rate Enhancement add-ons are not proposed to be reduced.

Supported Home Living

H.B. 1 addressed the HCS Supported Home Living (SHL) service through Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 17(a)(3), Equalizing Rates Across Waivers. Under this provision, the indirect cost component (also known as the administration and operation cost component) for HCS SHL is reduced to \$5.00 per hour. The rates for the attendant compensation and other direct care cost components will remain at their current levels. This change will align payment for administrative costs for HCS SHL more closely with payment for administrative costs for similar services in other Department of Aging and Disability Services (DADS) waiver programs. Because this proposed rate is already more than one percent below the current HCS SHL rate, HCS SHL will not be subject to the additional one percent reduction described under “General Reductions” above.

Foster Companion Care

H.B. 1 addresses the HCS Foster/Companion Care (FCC) service through Article II, Department of Human Services Rider 48, Home and Community-based Services (HCS) Foster Care Rates. Under this provision, the modeled foster/companion care coordinator to consumer ratio assumed in the calculation of the rate is increased from 1:15 to 1:20. As a result, the foster/companion care coordinator component of the FCC rate is reduced by \$1.42 per day. This change will align payment for the foster/companion care coordinator, an administrative cost of the HCS FCC service, more closely with actual costs for this function. Because the proposed FCC rates are already more than one percent below the current HCS FCC rates, HCS FCC will not be subject to the additional one percent reduction described under “General Reductions” above.

Professional Services

Rates for professional services that are common across multiple DADS Home and Community-Based Services (HCBS) waivers are not proposed to be reduced. These services include: nursing services provided by a registered nurse, nursing services provided by a licensed vocational nurse, physical therapy, occupational therapy, speech/language therapy, behavioral support services, audiology services, and nutrition/dietary services.

Consumer Directed Services

Rate reductions for HCS services available under the Consumer Directed Services (CDS) option will be applied proportionately across the Consumer Direct Services Agency (CDSA) monthly Financial Management Services (FMS) fee and the CDS service rate that goes directly to individuals using the CDS option. The Support Consultation rate is not proposed to be reduced as this is a rate that is common across multiple DADS HCBS waivers.

Texas Home Living

Texas Administrative Code (TAC) rules at 1 TAC §355.723 tie TxHmL rates to HCS rates and the 81st Legislature appropriated sufficient funds to increase TxHmL rates to match HCS rates for the 2010-2011 biennium. In response to legislative direction to equalize rates between HCS and TxHmL, TxHmL rates were increased by an average of 18% effective October 1, 2009, and the rates in these two programs are currently equal for equivalent services. In order to maintain consistency of rates between these programs, TxHmL rates are proposed to be reduced to match proposed HCS payment rates as described above.

Methodology

The proposed rates were determined in accordance with the rate setting methodologies codified at Title 1 of the Texas Administrative Code (TAC), Chapter 355, Subchapter E, §355.506, Reimbursement Methodology for Consolidated Waiver Program, and §355.513, Reimbursement Methodology for the Deaf-Blind with Multiple Disabilities Waiver Program, Subchapter F, §355.723, Reimbursement Methodology for Home and Community-Based Services and Texas Home Living Programs, and Subchapter A, §355.114, Consumer Directed Services Payment Option. (Note that §355.723 will be proposed to be amended in the *Texas Register* for a September 1, 2011, effective date). These rates 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 Subchapter B, §355.201, Establishment and Adjustment of Reimbursement Rates by the Health and Human Services Commission. These rate adjustments are being made as a result of the 2012-2013 General Appropriations Act (Article II, H.B. 1, 82nd Legislature, Regular Session, 2011).

Proposed HCS and TxHmL Rates

See the attached tables for proposed HCS and TxHmL rates.

Table 1 of the attachment shows the August 31, 2010, HCS rates by service type, level of need (LON) and cost component. Table 2 shows the February 1, 2011, HCS rates by service type, LON and cost component. Table 3 shows the calculation of the proposed reduction in the FCC rate. Table 4 shows the proposed HCS rates by service type, LON and cost component. Table 5 shows the calculation of the division of the indirect cost reduction in SHL between the CDSA FMS monthly fee and the CDS service rate that goes directly to the consumer. Table 6 shows the proposed HCS Consumer Directed Services rates by service type, and Table 7 shows those HCS services not proposed to have a rate reduction.

Table 8 shows the August 31, 2011, TxHmL rates by service type and cost component. Table 9 shows the February 1, 2011, TxHmL rates by service type and cost component. Table 10 shows the proposed TxHmL rates by service type and cost component. Table 11 shows the proposed TxHmL Consumer Directed Services rates by service type and cost component and Table 12 shows those TxHmL services not proposed to have a rate reduction.

Rates for Associated Services

Payment rates for the 24-Hour Residential Habilitation and Supported Employment services in the Consolidated Waiver Program and the Supported Employment and Employment Assistance services in the Deaf Blind Multiple Disabilities Waiver are tied by Texas Administrative Code rule to reimbursement rates for HCS. These rates are proposed to be reduced to match proposed HCS payment rates as described above. Attached Table 13 shows the current and proposed rates for those Consolidated Waiver Program rates modified by this proposal as well as the percent change from August 31, 2010, to proposed rates. Attached Table 14 shows the current and proposed rates for those Deaf-Blind with Multiple Disabilities waiver program rates modified by this proposal as well as the percent change from August 31, 2010, to proposed rates.