

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

November 14, 2016

**Notice of Proposed Payment Rates
For
Medicaid PRESCRIBED PEDIATRIC EXTENDED CARE
CENTER SERVICES**

Payment rates are proposed to be effective:
November 1, 2016

SUMMARY OF PROPOSED PAYMENT RATES

Effective November 1, 2016

The Health and Human Services Commission (HHSC) will conduct a public hearing at 9:00 a.m. on November 23, 2016, in the Public Hearing Room in the John H. Winters Building at 701 W. 51st Street, Austin, Texas 78751, with entrance through Security at the front of the building facing 51st Street. Public comments will be received on proposed payment rates to be effective retroactive to November 1, 2016, for Prescribed Pediatric Extended Care Center (PPECC) services.

HHSC will consider comments and concerns expressed at the hearing prior to final rate approval. This public hearing is held in compliance with the provisions of Human Resources Code §32.0282, Government Code §531.021 and the Texas Administrative Code (TAC) Title 1, §355.105(g), which require public notice and hearings on proposed Medicaid payment rates.

PROPOSED RATES

A PPECC provides non-residential, facility-based care as an alternative to private-duty nursing (PDN) for individuals under the age of 21 with complex medical needs. In accordance with Texas Human Resources Code section 32.024(jj), HHSC is establishing PPECCs as a separate Medicaid provider type.

The proposed PPECC rate is modeled and based primarily on the fully-funded nursing facility (NF) Resource Utilization Group III (RUG III) rate for the Special Extensive 3 (SE3) group for the 2018-2019 state biennium. Costs associated with dietary services other than nutritionist costs, costs associated with NF fixed capital and costs associated with therapies are excluded from this model. Costs associated with therapies are excluded because therapies for PPECC recipients are reimbursed outside of the PPECC rate. Costs associated with dietary services, other than nutritionists, and costs associated with NF fixed capital are excluded as required by the federal Centers for Medicare and Medicaid Services (CMS) and the Texas State plan which states: PPECCs are limited to 12 hours a day and are further restricted by state licensure requirements to daytime hours; therefore, the rates will not include room and board.

The RUG III SE3 rate includes costs for direct nursing staff, other resident care including social work and activities, nutritionist and general and administration activities. To qualify for the SE3 group, a recipient must be receiving one or more of the following services: parenteral / IV feeding; IV medication; suctioning; tracheostomy care; and/or ventilator or respirator care. As well, the recipient must have an activities of daily living (ADL) score of seven or more. Since PPECC services are an array of physician-prescribed services designed to meet the medical, social and developmental needs of a child who is medically or technologically dependent and requires ongoing nursing services and other therapeutic interventions, HHSC proposes that the RUG III SE3 group is an appropriate comparison group.

The fully funded RUG III SE3 rate, excluding costs associated with therapies, dietary services other than nutritionists and NF fixed capital, is equal to \$263.69 per day.

To address the limited fixed capital costs associated with a community-based service, the fully funded fixed capital rate component for the Day Activities and Health Services (DAHS) program of \$2.83 is added to the \$263.69 per day for a total proposed PPECC rate of \$266.52 per 12 hour day of service. The proposed hourly PPECC rate is \$22.21 (e.g., \$266.52 / 12).

For recipients requiring PPECC provided transportation to and from the PPECC, a daily transportation rate was calculated assuming the average recipient is in transit for two hours. Staffing assumptions include a Licensed Vocational Nurse (LVN) with salary plus payroll tax and benefits costs of \$54.41 per hour and a driver with salary plus payroll tax and benefits costs of \$9.87 per hour. Vehicle costs are assumed to be \$4.33 per day based on vehicle costs from the DAHS program. Finally, we assumed that, on average, costs would be spread over seven recipients. The proposed daily PPECC transportation rate is \$18.98 (e.g., $(2 \times (\$54.41 + \$9.87) + \$4.33) / 7 = \18.98).

Table 1. Proposed PPECC Rates

Cost Area	Proposed Rate
Direct Nursing Staff	\$70.07
Other Resident Care	\$21.73
Nutritionist	\$0.32
General and Administration	\$35.45
Total	\$127.57
SE3 index ***	2.07
Total Adjusted for Case Mix	$(\\$127.57 \times 2.07) = \\263.69
DAHS Fixed Capital ****	\$2.83
Total PPECC Daily Rate	\$266.52
Hourly PPECC Rate	\$22.21
Daily PPECC Transportation Rate	\$18.98

METHODOLGY AND JUSTIFICATION

HHSC calculated the proposed payment rates in accordance with the rate-setting methodologies codified in the Texas Administrative Code (TAC) Title 1, §355.9080 (relating to reimbursement methodology for the PPECC program).

Should you have any questions regarding the information in this document, please contact Guerin Heckman, Senior Rate Analyst at (512) 707-6067 or guerin.heckman@hhsc.state.tx.us.

