

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

**Proposed Medicaid Payment Rates for Nursing
Facilities**

**Payment rates are proposed to be effective
September 1, 2010.**

SUMMARY OF PROPOSED MEDICAID PAYMENT RATES

Effective September 1, 2010

Included in this document is information relating to the proposed Medicaid payment rate reduction for Nursing Facilities (NFs). 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 June 30, 2010, at 9:00 a.m. in the Lone Star Conference Room in Building H of the Braker Center, at 11209 Metric Boulevard, Austin, TX 78758-4021, with entrance through security at the front of the building facing Metric Boulevard. This public hearing is held in compliance with the provisions of Human Resources Code §32.0282 and 1 TAC §355.105(g), which require a public hearing on proposed payment rates. Should you have any questions regarding the information in this document, please contact:

Pam McDonald, Director
Texas Health and Human Services Commission
Rate Analysis for Long Term Services & Supports
Mail Code H-400
(512) 491-1373; FAX: (512) 491-1998
E-mail: pam.mcdonald@hhsc.state.tx.us

Background

The Legislative Budget Board and the Governor's Office informed HHSC in a letter dated May 17, 2010, of their revision to the Spending Reduction Plan for the 2010-11 Biennium submitted by HHSC. The spending reduction plan was submitted in response to a letter dated January 15, 2010 from the Governor, Lieutenant Governor, and Speaker requesting a spending reduction proposal. As a result of this revision to the spending reduction plan the proposed reimbursement rates for each NF Resource Utilization Group (RUG-III) and supplemental reimbursement group are proposed to be reduced by one percent. 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 one percent. Finally, minimum required Licensed Vocational Nurse (LVN) equivalent minutes are proposed to be reduced by one percent. The proposed effective date for these reductions is September 1, 2010.

Methodology

The proposed 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 Rates and Minutes

See the attached tables for proposed 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.