

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

**Proposed Medicaid Payment Rates for Non-State
Operated Intermediate Care Facilities for Persons with Mental
Retardation 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 non-state operated Intermediate Care Facilities for Persons with Mental Retardation (ICF/MR) 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, 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 two percent reduction to non-state operated ICF/MR 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, non-state operated ICF/MR reimbursement rates 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 became effective September 1, 2010 and the two percent reduction to the August 31, 2010 rates that became effective February 1, 2011. The combined impact of these three reductions will be that non-state operated ICF/MR rates proposed to be effective September 1, 2011 will be five percent less than non-state operated ICF/MR rates in effect on August 31, 2010.

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

Methodology

The proposed non-state operated ICF/MR rates were determined in accordance with the rate setting methodology at Texas Administrative Code (TAC) Title 1, Chapter 355, Subchapter D, §355.456, Rate Setting Methodology. The proposed Consolidated Waiver Program rates were determined in accordance with 1 TAC, Chapter 355, Subchapter E, §355.506, Reimbursement Methodology for Consolidated Waiver Program, and proposed Consumer Directed Services rates were determined in accordance with 1 TAC, Chapter 355, Subchapter A, §355.114, Consumer Directed Services Payment Option. 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 1 TAC Chapter 355, 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 ICF/MR Rates

See the attached tables for proposed ICF/MR rates.

Table 1 of the attachment shows the ICF/MR payment rates by facility size and level of need (LON) in effect on August 31, 2010.

Table 2 shows the ICF/MR payment rates by facility size and LON in effect on September 1, 2010.

Table 3 shows the ICF/MR payment rates by facility size and LON in effect on February 1, 2011.

Table 4 shows the proposed ICF/MR payment rates by facility size and LON. Note that rates for each ICF/MR cost component are proposed to be reduced by the same percentage.

Rates for Associated Services

Payment rates for the Out-of-Home Respite in an ICF/MR and Consumer Directed Services (CDS) Out-of-Home Respite in an ICF/MR services in the Consolidated Waiver Program are tied by Texas Administrative Code rule to reimbursement rates for ICF/MR. These rates are proposed to be reduced by an additional two percent below the rates that were in effect August 31, 2010. Attached Table 5 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.