

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

Proposed Rule Amendment to the Reimbursement
Methodology for Inpatient Hospitals and on Proposed
Rates effective September 1, 2012

SUMMARY OF PROPOSED RULE AMENDMENT TO THE REIMBURSEMENT METHODOLOGY FOR INPATIENT HOSPITALS AND ON PROPOSED RATES

EFFECTIVE SEPTEMBER 1, 2012

Included in this document is information related to the proposed Rule Amendment to the Reimbursement Methodology for Inpatient Hospitals and on Proposed Rates. The Health and Human Services Commission (HHSC) is responsible for the reimbursement determination for the Texas Medicaid Program.

Hearing

The Texas Health and Human Services Commission (HHSC) will conduct a public hearing on Monday, July 23, 2012, at 1:30 p.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, to receive public comments on proposed amendments to the administrative rule at Title 1 Texas Administrative Code §355.8052 which governs the payment methodology for Medicaid inpatient hospital reimbursement. The public hearing will also receive public comments on proposed rates developed as a result of these proposed rule amendments. The hearing will be held in compliance with Texas Government Code §2001.029, which provides an opportunity for a public hearing, when requested, before adoption of a rule. Human Resources Code §32.0282 and the Texas Administrative Code, Title 1 (1 TAC), §355.201(e)-(f), which require public notice of and hearings on proposed Medicaid reimbursements.

Should you have any questions regarding the information in this document, please contact:

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Background

The 82nd Legislature amended the Government Code to add Chapter 536: *Medicaid and Child Health Plan Programs: Quality-Based Outcomes and Payments*. As amended, the Government Code requires HHSC, to the extent possible, to convert hospital reimbursement systems under the child health plan and Medicaid programs to a diagnosis-related groups (DRG) methodology that will allow HHSC to more accurately classify specific patient populations and account for severity of patient illness and mortality risk. See TEX. GOV'T CODE §536.005(a). To comply with this requirement, HHSC is proposing to transition from the use of Medicare Severity Diagnosis Related Groups (MS-DRG) to the 3MTM All Patient Refined Diagnosis Related Groups (APR-DRG) for hospital inpatient reimbursement.

The proposed rule still complies with the 2012-13 General Appropriations Act (Article II, Health and Human Services Commission, 82nd Legislature, Regular Session, 2011), in which HHSC was directed to develop a statewide SDA and was authorized to consider

high-cost hospital functions and services, including regional differences.

Methodology

The payment rates were calculated in accordance with the proposed new rule at 1 TAC §355.8052, which addresses the reimbursement methodology for inpatient hospital services.