

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 10-013	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: June 1, 2010	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
6. FEDERAL STATUTE/REGULATION CITATION: 42 USC 1396n(g)		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2010 \$0 b. FFY 2011 \$0 c. FFY 2012 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 AND 9		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 AND 9	
10. SUBJECT OF AMENDMENT: The proposed amendment eliminates cost settlement of the interim rate and implements a statewide prospective flat monthly rate effective June 1, 2010 for Case Management for Individuals with Mental Retardation or Related Condition or Pervasive Developmental Disability program. This amendment would also add sunset language to end this monthly rate effective August 31, 2011 and proposes to replace it with a 15-minute unit of service effective September 1, 2011.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: Billy R. Millwee		Billy R. Millwee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711	
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED March 4, 2010			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 4 March, 2010		18. DATE APPROVED: 25 May, 2010	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 June, 2010		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Div of Medicaid & Children's Health	
23. REMARKS:			

22. Case Management for Individuals with Mental Retardation or a Related Condition or Pervasive Developmental Disability (continued)

- (C) Providers must eliminate unallowable expenses from the cost report. Unallowable expenses included in the cost report are omitted from the cost report database and appropriate adjustments are made to expenses and other information reported by providers; the purpose is to ensure that the database reflects costs and other information that are consistent with efficiency, economy, and quality of care; are necessary for the provision of covered case management services; and are consistent with federal and state Medicaid regulations. If there is doubt as to the accuracy or allowableness of a significant part of the information reported, individual cost reports may be eliminated from the database.

- (D) Providers will be reimbursed a statewide interim rate comprised of modeled costs for direct care plus a statewide weighted average for reported indirect costs. The modeled costs-for-direct-care rate is based on cost calculations that include a statewide weighted average hourly wage for persons who provide case management as 100 percent of their job responsibilities, a predetermined caseload size of 45 for case managers providing case management, a statewide weighted average supervisory wage rate and span of control, and a statewide weighted average benefits factor. The associated indirect costs collected through the cost reporting process for administrative claiming include clerical and support costs, travel and training costs, and other allowable operating costs such as rent, utilities, office supplies, administration, and depreciation necessary to provide case management. Following each annual reimbursement period, each provider's actual allowable costs will be compared to interim reimbursement and any resulting monetary reconciliation will be made in accordance with item (G) of this section.

SUPERSEDES: TN- 07-43

STATE	<u>Texas</u>	A
DATE RECD.	<u>3-4-10</u>	
DATE APPVD.	<u>5-25-10</u>	
DATE EFF.	<u>6-1-10</u>	
HCTA 179	<u>10-13</u>	

TN No. 10-13

Approval Date 5-25-10

Effective Date 6-1-10

Supersedes TN No. 07-43

22. Case Management for Individuals with Mental Retardation or a Related Condition or Pervasive Developmental Disability (continued)

- (E) Total costs are projected from the historical reporting period to the interim rate period. Cost projections adjust the allowable historical costs for significant changes in cost-related conditions anticipated to occur between the historical cost period and the prospective rate period. Significant conditions include, but are not necessarily limited to, wage and price inflation for deflation, changes in program utilization and efficiency, modification of federal or state regulations and statutes. Appropriate economic adjusters, as described in state regulations, are determined to calculate the projected expenses. The Personal Consumption Expenditures (PCE) Chain-Type Index, which is based on data from the U.S. Department of Commerce, is the most general measure of inflation and is applied to salaries and benefits, materials, supplies, and services.
- (F) Rates are adjusted if new legislation including the appropriations, regulations or economic factors affect costs, as specified in state regulations. Cost data will be collected to supplement the cost report to capture costs not reported during the historical reporting period.
- (G) For the non-modeled component for the interim rates, provider costs by unit of service are arrayed from low to high. HHSC may exclude or adjust certain expenses in the cost-report database in order to base rates on the reasonable and necessary costs that an economical and efficient provider must incur. Statistical outliers (those providers whose unit costs exceed +/- two standard deviations of the mean) are removed. The mean projected total cost per unit of service is calculated after statistical outliers have been removed and this becomes the recommended reimbursement rate.
- (H) If a provider's costs exceed the statewide rate, HHSC will reimburse the provider its costs up to 125 percent of the statewide rate. If a provider's costs are less than 95 percent of the statewide rate, the provider will pay HHSC the difference between the provider's costs and 95 percent of the statewide rate.

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22. Case Management for Individuals with Mental Retardation or a Related Condition or Pervasive Developmental Disability (continued)

- (b) For payment rates in effect June 1, 2010 through August 31, 2011.
- (1) A statewide monthly rate is established for a face-to-face contact.
 - (2) The statewide monthly rate is a prospective rate without adjustment for individual provider cost.
 - (3) The monthly rate for this period is determined by an analysis of the current cost to deliver case management in this program and an analysis of the cost to deliver case management to the Home and Community-based Services (HCS) clients that will begin receiving services in this program on June 1, 2010.
 - (4) This monthly rate will end on August 31, 2011. A revised state plan amendment will be submitted to establish a new rate methodology based on a 15-minute unit of service that will be implemented on September 1, 2011.
 - (5) The agency's fee schedule was revised with new fees for case management services for individuals with mental retardation or a related condition or pervasive developmental disability effective for services on or after June 1, 2010. The fee schedule will be posted by June 1, 2010.
 - (6) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.

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