



Overview of Nursing Facility Direct Care Staff Enhancement Program

Purpose

The Direct Care Staff Enhancement program incentivizes nursing facility providers to increase wages and benefits for direct care staff.

Implementation

The Direct Care Staff Enhancement program was implemented on September 1, 2000, in the former Department of Human Services programs to improve the quality of care for nursing home clients (Article II, Department of Human Services, Rider 38, H.B. 1, 76th Legislature, Regular Session, 1999). The rules are outlined in Title 1, Texas Administrative Code (TAC) Section 355.308, entitled Reimbursement Methodology for Nursing Facilities, Direct Care Staff Rate Component.

Optional Participation

Participation in the direct care staff enhancement is voluntary.

Participation Agreement

Facilities may choose to participate in the direct care staff enhancement by submitting a signed Enrollment Contract Amendment to enroll, meeting specified staffing levels, and providing staffing and spending reports to the Texas Health and Human Services Commission (HHSC).

Direct Care Staff Spending Requirement

HHSC adopted Title 1 of the Texas Administrative Code (1 TAC) Section 355.304 concerning the Direct Care Staff Spending Requirement on or after September 1, 2023, and an amendment to Section 355.308 concerning the Direct Care Staff Rate Component. 1 TAC Section 355.304 implements the 2024-25 General

Appropriations Act, House Bill 1, 88th Legislature, Regular Session, 2023 (Article II, HHSC, Rider 24). Rider 24 provides appropriations for rate increases for nursing facilities. Please reference [Information Letter \(IL\) 2023-43](#) for more information on Nursing Facility Direct Care Spending Requirements.

Direct Care Staffing and Revenue Enhancements for Participants

Facilities choosing to participate in the direct care staff enhancement agree to maintain a certain staffing level in return for increased direct care staff revenues. The staffing requirements are as follows:

- Minimum staffing requirements for participants are based on the statewide average direct care staff hours associated with the direct care staff rate component for nursing facilities, adjusted for each facility's case mix. All times are expressed in terms of Licensed Vocational Nurse (LVN) equivalent minutes.
- Enhanced staffing payment options: Facilities participating in the direct care staff enhancement may choose to staff at one of several optional levels above the minimum requirement and receive additional payments associated with their chosen level. Requested levels will be granted, beginning with the lowest level requested and then successive levels, until the requested enhancements are granted within the available funds.

Staffing Accountability for Participating Facilities

HHSC will determine each facility's staffing level annually using adjustments to direct care staff payments if staffing requirements are fulfilled.

- If participating facilities fail to meet their staffing requirement for any reporting period, all direct care staff revenues associated with unmet staffing goals will be recouped.
- Participating facilities may mitigate staffing recoupments by expending the enhanced funds on direct care nursing staff.

Direct Care Staff Compensation Accountability

Participants are subject to recoupment of unexpended funds below 85 percent of Direct Care Staff Compensation component revenues based on their Annual Staffing and Compensation Reports. A participating facility's direct care rate will not be less than the direct care base rate after recoupment.

Dietary and Fixed Capital Offsets to Recoupment

Recoupment based on direct care staff spending below 90 percent of Direct Care Staff Compensation component revenues may be offset, within specified limits, by allowable dietary and fixed capital asset costs over those components of the Medicaid rates.

Grouping

Compliance with spending requirements may be evaluated in the aggregate for all participating nursing facility contracts controlled by common ownership.