



October 30, 2020

Rate Tables Overview

The Health and Human Services Commission (HHSC) Provider Finance Department (PFD) is responsible for setting Medicaid and other reimbursement rates for other state programs. Based on these rates and reimbursements, the provider reimbursement rate tables are being published to serve as a public and transparent resource about reimbursement levels for various Medicaid and non-Medicaid services reimbursed by the state. These rate tables were included in the "Consolidated Budget Report" which is no longer required. The rate tables contain overall percent rate changes required to recognize increases/decreases in costs incurred by providers based on various established methodologies. The estimated fiscal impact of a one percent rate change can be used to estimate most of the fiscal impact to the state for each one percent rate increase or decrease in provider reimbursement. In addition to the rate tables, information is provided on several specific rate issues, including supplemental payment programs, hospital inpatient rates, nursing facility financing, long-term services and supports and compensation for attendant workers.

Relationship between Fee-for-Service Rates and Managed Care Capitation Rates

Fee-For-Service (FFS) rates are paid for each Medicaid and other service from claims submitted to the state. FFS rates are also of importance in the managed care delivery system for several reasons. FFS rate changes are often incorporated into the calculation of managed care capitation rates. Managed care capitation rates are paid to a managed care organization (MCO) per member per month with the expectation that the MCO will manage payments for services to providers on behalf of their enrolled clients through contractual arrangements with providers. HHSC establishes managed care capitation rates using a mathematical analysis that evaluates past experience, risk, and FFS rate modifications.

In addition, FFS rates are used as a reference tool in certain ways. Many contracts between MCOs and providers incorporate payment rates based on a percentage of the same service's FFS rate. HHSC requires managed care organizations to pay

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rates to Medicaid providers that follow the reimbursement principles that are "consistent with efficiency, economy, and quality of care" and are "sufficient to enlist enough providers so that services...are available to beneficiaries at least to the extent that those services are available to the general population." HHSC does not require MCOs to utilize the FFS rates, and some MCOs use proprietary reimbursement structures and alternate reimbursement models. These arrangements are negotiated contracts between the MCO and the Medicaid provider to which HHSC is not a party.

In addition, in accordance with Texas Government Code section 533.00251(c)(1), HHSC is responsible for setting the minimum reimbursement rate paid to a nursing facility in the managed care program. HHSC also produces "proxy" rates for former FFS services that have been wholly carved into managed care such as Community Based Alternatives and STAR+PLUS Community First Choice to facilitate MCO capitation development.

HHSC also administers the Nursing Facility Direct Care Rate Enhancement program for the MCOs and is working with the MCOs to increase HHSC oversight of the Community Care Attendant Compensation Rate Enhancement program.

Costs presented in this rate table include costs for services delivered through both the FFS and managed care systems and include managed care premium tax costs (1.75 percent of managed care premium impact), risk margin costs (currently 1.75 percent of managed care premium impact) and administrative costs (5.25 percent calculated from the HMO portion of expenditures).

STAR+PLUS, STAR+PLUS Home and Community-Based Services, STAR Kids, and STAR Kids Medically Dependent Children's Program are paid through a managed care model using a state capitation rate. Although this rate table includes both FFS and Managed Care, an FFS methodology was used to calculate the impacts and do not necessarily reflect the state's total costs associated with paying these services through the state capitation rate. These costs include a gross-up factor for the premium tax, managed care risk margin and administrative costs. These STAR+PLUS costs do not include costs associated with dual demonstration.

Additional Information

The PFD Long-term Services and Supports (LTSS) rate table includes estimates for services for which HHSC sets a payment rate and had utilization. Items reimbursed at cost such as adaptive aids, minor home modifications or dental services provided in the 1915(c) waivers or institutional settings were not included in the fiscal estimates.

The HHSC PFD has implemented a biennial fee review schedule to systemically review Medicaid and other client services reimbursement rates. More information regarding the biennial fee review can be viewed [here](#).

In addition to the biennial fee review schedule, LTSS staff are conducting reviews of certain rate methodologies. Below is a list of reviews currently being conducted as of October 2020.

Nursing Facility Payment Methodology Advisory Committee

The Nursing Facility Payment Methodology Advisory Committee (NF-PMAC) is established by Title 1 of the Texas Administrative Code (1 TAC) §351.839. The committee: advises HHSC on the establishment and implementation of recommended improvements to the nursing facility (NF) reimbursement methodology and other NF payment topics; studies and makes recommendations on the development of an NF reimbursement methodology that incentivizes quality care for people served in an NF, and is cost-effective, streamlined and transparent; and performs other tasks as requested by the executive commissioner.

Additional information regarding NF-PMAC can be viewed [here](#).

HCS and TxHmL Administrative Weights

The PFD LTSS has contracted with a third-party vendor to administer a Random Moment Time Study (RMTS) related to Home- and Community-Based Services (HCS) and Texas Home Living (TxHmL) programs. The RMTS will evaluate administrative weights in the HCS and TxHmL Rate Methodology by assisting HHSC

in determining how many hours administrative staff work to support each service in HCS and TxHmL.

Assisted Living Facility

The PFD LTSS staff are currently evaluating the rate-setting methodology for Assisted Living Facility (ALF) Services, in collaboration with a third-party vendor.

Financial Management Services Agencies (FMSA)

The PFD LTSS staff are currently evaluating the rate setting methodology for Financial Management Services Agencies (FMSA), in collaboration with a contracted third-party vendor.

For questions and inquiries, please email HHSC Provider Finance Department at:

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