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State Plan Amendment

SPA 19-0012 NF Cost Report Reform - Effective 01/01/2019

This file contains the following documents in order listed:

1. CMS Approval Letter
2. CMS Form 179
3. Superseding Page Listing (Attachment to Blocks 8 & 9 of CMS Form 179)
4. Approved SPA Page
Ms. Stephanie Muth  
State Medicaid/CHIP Director  
Health and Human Services Commission  
Mail Code: H100  
Post Office Box 13247  
Austin, Texas  78711

RE:  TN 19-0012

Dear Ms. Muth:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 19-0012. The purpose of this amendment is to require biennial cost reports for nursing facilities, and they will submit cost reports every other year beginning with their fiscal year 2018 cost reports. During interim years, nursing facilities, who participate in the Direct Care Staff Compensation Program, will submit a Staffing and Compensation Report.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

Based upon the information provided by the State, Medicaid State plan amendment 19-0012 is approved effective January 1, 2019. We are enclosing the CMS-179 and the new plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,

Kristin Fan  
Director

Enclosures
The amendment modifies the reimbursement methodology for the Nursing Facility (NF) program by requiring biennial, rather than annual, cost reports. NF providers will be required to submit cost reports every other year beginning with their fiscal year 2018 cost reports. During interim years, NF providers who participate in the Direct Care Staff Compensation Program will be required to submit a Staffing and Compensation Report.
Attachment to Blocks 8 & 9 of CMS Form 179

Transmittal Number 19-0012

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State: Texas
Date Received: March 29, 2019
Date Approved: JUN 03, 2019
Date Effective: January 1, 2019
Transmittal Number: 19-0012
Reimbursement Methodology for Nursing Facilities

The Texas Health and Human Services Commission (HHSC), the Single State Medicaid Agency, has final approval authority of Medicaid payment rates. HHSC determines Nursing Facility (NF) Medicaid payment rates after consideration of analysis of financial and statistical information, and the effect of the payment rates on achievement of program objectives, including economic conditions and budgetary considerations.

(I) General

(A) Uniform Rates. Payment rates are uniform statewide for the same class of service.

(B) Prospective Rates with Retrospective Adjustments. Payment rates are determined prospectively with retrospective adjustments for failure to meet staffing and/or spending requirements.

(C) Unit of Service. The unit of service is a day of care provided to a Medicaid client by a Medicaid-contracted NF. A day is defined as a 24-hour period extending from midnight to midnight.

(D) Frequency of Rate Determination. Rates are determined for a period of two years based upon cost reports, which are collected every two years.

(E) References in the text to the Texas Department of Human Services (DHS) should be considered to be references to HHSC or its designee.
Reimbursement Methodology for Nursing Facilities (continued)

(II) Cost Reporting.

(A) Cost Reports. To ensure adequate financial and statistical information upon which to base payment rates, HHSC requires that each contracted provider submit a cost report every other year and, if necessary, (a) supplemental report(s). It is the responsibility of the provider to submit accurate and complete information, in accordance with all pertinent HHSC cost reporting rules and cost report instructions.

(B) Pro Forma Costing. When historical costs are unavailable, such as in the case of changes in program requirements, payment rates will be based on a pro forma approach. This approach involves using historical costs of delivering similar services and determining the types and costs of products and services necessary to deliver services meeting federal and state requirements.

(C) Audits and Desk Reviews. HHSC conducts desk reviews and field audits of provider cost reports to ensure that the financial and statistical information reported in the cost reports conforms to all applicable rules and instructions.

(D) Informal Reviews and Appeals. A contracted provider may request an informal review and, subsequently, an appeal of a desk review or field audit disallowance.