



COMMISSIONER
Chris Traylor

January 24, 2011

To: Nursing Facility Providers
Hospice Providers

Subject: **Information Letter No. 11-20**

Per Diem Rates Effective February 1, 2011, for the Nursing Facility Program, Hospice Program in Nursing Facilities, and Swing Bed Program

Dear Provider,

The Texas Health and Human Services Commission (HHSC) approved new per diem payment rates for the Nursing Facility (NF) Program, the Hospice Program in NFs and the Swing Bed Program effective February 1, 2011.

Nursing Facility and Swing Bed Program Payment Rates

The new NF and Swing Bed payment rates can be accessed through the HHSC Rate Analysis website at the following address:

<http://www.hhsc.state.tx.us/medicaid/programs/rad/NF/index.html>

Once you access this website, scroll down to the "Payment Rates" heading and click on the link entitled "February 1, 2011."

Providers who are non-participants in the *Enhanced Direct Care Staff Rate* and Swing Bed providers will receive the rates listed on the Base Rate Chart with no enhanced payment rate option. Providers who are participants in the *Enhanced Direct Care Staff Rate* will receive the rates that correspond with their level of participation.

Providers participating in the enhancement program who fail to maintain their required staffing levels will face recoupment of funds associated with unmet staffing requirements. As well, participating providers are required to spend at least 85 percent of their direct care staff revenues on direct care staff compensation or the difference between 85 percent of direct care staff revenues and direct care staff compensation costs is recouped by the state. At no time will a participating facility's direct care rates after spending recoupment be less than the direct care base rate.

Liability Insurance Add-on Payment Rates

House Bill (HB) 154 of the 77th Texas Legislative session requires HHSC to ensure that the rate component derived from reported liability insurance costs is paid only to those facilities that purchase liability insurance acceptable to the commission. The liability insurance add-on for facilities that verify both general and professional liability insurance coverage acceptable to HHSC is \$1.58 per diem. The add-on for professional liability insurance coverage only is \$1.45 per diem, and the add-on for general liability insurance coverage only remains \$0.13 per diem.

Hospice-Nursing Facility Payment Rates

Prior to February 1, 2011, the Medicaid Hospice Program paid the Medicaid hospice provider a Hospice-NF rate that was 95 percent of the Medicaid NF rate for each hospice recipient in a NF. HHSC did not reduce the Hospice-NF rates effective February 1, 2011. In order to maintain the Hospice-NF rates at their previous level, HHSC has increased the percent of the Medicaid NF rate paid to the Medicaid hospice provider from 95 percent to 96.96 percent. This change will maintain Hospice-NF rates at essentially their pre-February 1, 2011 level, though individual rates may increase or decrease by \$0.01 due to the need to round payment rates to the nearest whole cent.

These rates will be reconciled at a later date to account for the recoupment of funds from NFs failing to meet their staffing and/or spending requirements.

Claims Submission

Claims submitted by providers for services provided on or after February 1, 2011, should be prepared using the new per diem payment rates. All claims for services delivered on or after February 1, 2011, will be processed using the new payment rates.

For Further Information

If you have questions regarding the nursing facility reimbursement rates, please contact Cheryl Jablonski at 512-491-1764 or by e-mail at: cheryl.jablonski@hhsc.state.tx.us. If you have questions regarding the liability insurance add-on, please contact Cilla Hammer at 512-491-1372 or by e-mail at: cilla.hammer@hhsc.state.tx.us. If you have questions about the *Enhanced Direct Care Staff Rate*, please contact Laura Marble at 512-491-1354 or by e-mail at laura.marble@hhsc.state.tx.us.

Sincerely,

[signature on file]

Pam McDonald
Director, HHSC Rate Analysis for Long-Term Services and Supports