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# **Nursing Facility Initial Testing Phase Two Report**

**As Required By  
S.B. 7, 83<sup>rd</sup> Legislature, Regular Session, 2013**

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**Health and Human Services Commission  
April 2015**

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I.

## **I. EXECUTIVE SUMMARY**

S.B. 7, 83<sup>rd</sup> Legislature, Regular Session, 2013, requires the Texas Health and Human Services Commission (HHSC) to develop two reports on delivery of nursing facility benefits through managed care: *Phase One, Nursing Facility Contract Planning* (completed October 2013); and *Phase Two, Nursing Facility Initial Testing* (completed July 2014).<sup>i</sup>

This report addresses nursing facility initial testing, including details on how HHSC:

- Designs and tests the nursing facility portal;
- Establishes and informs MCOs of the minimum technological or system requirements needed to use the portal;
- Establishes operating policies that require that MCOs maintain a portal through which providers may confirm Medicaid client eligibility on a monthly basis; and
- Establishes the manner in which MCOs are to assist HHSC in collecting from Medicaid clients applied income or cost-sharing payments, including copayments, as applicable.

## **II. INTRODUCTION**

This report was completed in July 2014 and only reflects work up to that date.

S.B. 7 directs HHSC to deliver nursing facility benefits through the STAR+PLUS Medicaid managed care model. S.B. 7 also establishes a legislatively-appointed Nursing Facility Advisory Committee. Additional bill provisions include:

- HHSC is required to establish a portal through which nursing facility providers participating in STAR+PLUS may submit claims to any participating MCO;
- HHSC is required to maintain the minimum reimbursement rate paid to nursing facilities, including the staff rate enhancement;
- STAR+PLUS MCOs must pay nursing facilities no later than the tenth day after the date the nursing facility submits a clean claim for reimbursement; and
- STAR+PLUS MCOs must provide discharge planning, transitional care, and other education programs to physicians and hospitals regarding available long-term care settings.

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<sup>i</sup> <http://www.capitol.state.tx.us/tlodocs/83R/billtext/html/SB00007F.htm>.

HHSC also is required to develop two reports regarding the transition to the provision of nursing facility benefits through the STAR+PLUS program:

- *Phase One, Nursing Facility Contract Planning* must be completed, and a report submitted to the Nursing Facility Advisory Committee by October 1, 2013; and
- *Phase Two, Nursing Facility Initial Testing* must be completed, and a report submitted to the Nursing Facility Advisory Committee by July 15, 2014.

Under *Phase One, Nursing Facility Contract Planning*, HHSC developed a contract template to be used by HHSC when contracting with a STAR+PLUS MCO to provide nursing facility services. The *Phase One, Nursing Facility Contract Planning* included links to the HHSC Uniform Managed Care Contract (UMCC) and the Uniform Managed Care Manual (UMCM), which together constitute the HHSC contract template with the Medicaid MCOs.

This report, *Phase Two, Nursing Facility Initial Testing*, provides details on how HHSC:

- Designs and tests the nursing facility portal;
- Establishes and informs MCOs of the minimum technological or system requirements needed to use the portal;
- Establishes operating policies that require that MCOs maintain a portal through which providers may confirm Medicaid client eligibility on a monthly basis; and
- Establishes the manner in which MCOs are to assist HHSC in collecting from Medicaid clients applied income or cost-sharing payments, including copayments, as applicable.

### **III. BACKGROUND**

Nursing facilities are residential facilities that provide care for people whose medical condition regularly requires the skills of licensed nurses. These facilities provide for the medical, social and psychological needs of each resident, including room and board, social services, over-the-counter drugs (prescription drugs are covered through the Medicaid Vendor Drug program or Medicare Part D), medical supplies and equipment, rehabilitative services, and personal needs items.<sup>ii</sup>

Nursing facility benefits are a Medicaid covered service currently paid through a fee-for-service delivery system under which health care providers are paid for each service provided (e.g. an office visit, test, or procedure).<sup>iii</sup> Beginning March 1, 2015, HHSC will deliver nursing facility

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<sup>ii</sup> <http://www.dads.state.tx.us/services/faqs-fact/nf.html>.

<sup>iii</sup> <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Fee-for-Service.html>.

benefits through the STAR+PLUS Medicaid managed care model.<sup>iv</sup> Through STAR+PLUS, individuals will access most or all of their Medicaid services from an MCO under contract with the state. HHSC and the STAR+PLUS MCOs will enter into a contractual relationship in which the MCOs agree to provide specified Medicaid benefits, including nursing facility benefits, to Medicaid clients in exchange for a monthly payment from the state.<sup>v</sup> Providing nursing facility services through STAR+PLUS is expected to improve quality of care for nursing facility residents and to promote care in the least restrictive, most appropriate setting.

#### **IV. NURSING FACILITY INITIAL TESTING**

As required by S.B. 7, the following details how HHSC:

- Designs and tests the nursing facility portal;
- Establishes and informs MCOs of the minimum technological or system requirements needed to use the portal;
- Establishes operating policies that require that MCOs maintain a portal through which providers may confirm Medicaid client eligibility on a monthly basis; and
- Establishes the manner in which MCOs are to assist HHSC in collecting from Medicaid clients applied income or cost-sharing payments, including copayments, as applicable.

##### ***Designing and Testing the Nursing Facility Portal***

S.B. 7 directs HHSC to ensure the establishment of a portal that is in compliance with state and federal regulations, including standard coding requirements, through which nursing facility providers participating in the STAR+PLUS Medicaid program may submit claims to any participating MCO. Nursing facility providers must submit claims electronically either directly to the MCO or to the nursing facility portal, which will route the claim to the MCO.

HHSC worked with the Medicaid claims administrator and STAR+PLUS MCOs to design and test the nursing facility portal. In May 2014, the portal business/system requirements and detail design concluded, and HHSC began working with vendors to build the portal with an anticipated completion date of August 2014. In June 2014, HHSC began developing the portal testing approach. The MCOs can begin testing with the nursing facility portal in September 2014 and continue throughout October 2014, allowing time for MCOs to identify and address any outstanding issues.<sup>vi</sup>

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<sup>iv</sup> Although initially intended to take effect September 1, 2014, HHSC will not provide nursing facility services through the STAR+PLUS managed care program until March 1, 2015 to ensure adequate time for MCO systems and operational readiness.

<sup>v</sup> <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Managed-Care/Managed-Care.html>.

<sup>vi</sup> HHSC developed flexible testing timelines for MCOs in August and September 2014 to allow for implementation and stabilization of the September 1, 2014 Medicaid managed care initiatives—concerning carving acute care services for individuals with intellectual and developmental disabilities (IDD) into Medicaid managed care and expansion of the STAR+PLUS program to the Medicaid rural service areas (MRSA).

### ***MCO System Requirements to Use the Portal***

In order to ensure STAR+PLUS MCOs are informed of the minimum technological and system requirements needed to use the nursing facility portal to receive claims and data interface files, HHSC began meeting (either in-person or via conference call) at least weekly with MCOs in November 2013. In March 2014, HHSC delivered interface file layouts and test data to the STAR+PLUS MCOs. The MCOs require the data to adjudicate claims. In May 2014, HHSC, in conjunction with the Department of Aging and Disability Services (DADS), delivered and presented portal business and system requirements to the MCOs. HHSC continues discuss portal requirements with the MCOs on a weekly basis. In October 2014, HHSC staff plans to go onsite to each of the STAR+PLUS MCOs to review claims processing in-person.

Major requirements concerning the nursing facility portal are detailed in the STAR+PLUS MCO contracts, including their standard provider contracts and the UMCM Nursing Facility Claims Manual. HHSC offered STAR+PLUS MCOs opportunities to comment on these contract requirements before finalizing them.

### ***Provider Confirmation of Eligibility***

S.B. 7 also directs HHSC to establish operating polices that require MCOs to maintain a portal through which providers may confirm Medicaid client eligibility on a monthly basis. As provided in the UMCC, HHSC requires STAR+PLUS MCOs to offer its providers/subcontractors the option of submitting and receiving claims information through an electronic data interchange (EDI) that allows for automated processing and adjudication of claims. The MCO must provide a portal for nursing facility providers that supports functionality to reduce administrative burden on network providers at no cost to the providers.

The provider portal functionality must include:

- Client eligibility verification;
- Submission of electronic claims;
- Prior Authorization requests;
- Claims appeals and reconsiderations; and
- Exchange of data and other documentation necessary for prior authorization and claim processing.

Throughout the readiness review process via both desk and onsite reviews, HHSC can verify that each of the MCO's portals meet this requirement.

### ***Collecting Applied Income and Cost-Sharing***

As required by S.B. 7, HHSC must ensure that STAR+PLUS MCOs assist in collecting applied income from Medicaid clients. Applied income is the portion of the earned and unearned income

of a STAR+PLUS client or, if applicable, a client and a client's spouse, that is paid under the Medicaid program to the nursing facility in which the client resides. For Medicaid-eligible nursing facility residents, HHSC conducts post-eligibility calculations to determine their applied income, (which also is known as a copayment). The applied income, or the amount of income a client pays a nursing facility,<sup>vii</sup> is determined by deducting items from the total income in the order listed in federal regulation.

As required in the standard nursing facility provider contracts developed by HHSC in collaboration with nursing facility providers and STAR+PLUS MCOs, the MCOs will provide the name and contact information of a service coordinator or other designated representative who will assist with the collection of applied income from clients. MCOs must notify providers within ten days of any change to the assigned service coordinator or representative. Nursing facility providers must make reasonable efforts to collect applied income, document those efforts, and notify the service coordinator or the MCO's designated representative when it has made two unsuccessful attempts to collect applied income in a month.

## **V. CONCLUSION**

S.B. 7 directs HHSC to deliver nursing facility benefits through the STAR+PLUS Medicaid managed care model. This report, *Phase Two, Nursing Facility Initial Testing* (completed July 2014), provides details on how HHSC:

- Designs and tests the nursing facility portal;
- Establishes and informs MCOs of the minimum technological or system requirements needed to use the portal;
- Establishes operating policies that require that MCOs maintain a portal through which providers may confirm Medicaid client eligibility on a monthly basis; and
- Establishes the manner in which MCOs are to assist HHSC in collecting from Medicaid clients applied income or cost-sharing payments, including copayments, as applicable.

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<sup>vii</sup> 42 CFR 435.725.