

**TEXAS HEALTH AND HUMAN SERVICES
COMMISSION
RATE ANALYSIS DEPARTMENT**

Public Hearing – July 19, 2017

Notice of Proposed Adjustments to Fees, Rates or Charges for Physical, Occupational, and Speech Therapy provided by Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities (CORF/ORF), Home Health Agencies (HHA), and Independent Therapists (to include Early Childhood Intervention and physicians)

**Adjustments are proposed to be effective
September 1, 2017**

SUMMARY OF PROPOSED ADJUSTMENTS

To Be Effective September 1, 2017

Included in this document is information relating to the proposed adjustments to Medicaid payment rates for Physical, Occupational, and Speech Therapy provided by Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities (CORF/ORF), Home Health Agencies (HHA), and Independent Therapists (to include Early Childhood Intervention and physicians). The rates are proposed to be effective September 1, 2017.

Hearing

The Health and Human Services Commission (HHSC) will conduct a public hearing to receive comments regarding the proposed adjustments to Medicaid rates detailed in this document from 9:00 a.m. to 12:00 noon on July 19, 2017, to receive comment on proposed Medicaid payment rates for Physical, Occupational, and Speech Therapy provided by Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities (CORF/ORF), Home Health Agencies (HHA), and Independent Therapists (to include Early Childhood Intervention (ECI) and physicians). The public hearing will be held in the HHSC Public Hearing Room at the Brown-Heatly Building, located at 4900 North Lamar Blvd., Austin, Texas. Registration for those testifying occurs from 9 a.m. to 12 noon. If the time allotted for the hearing does not accommodate the number of persons registered, HHSC will extend the public hearing to accommodate those registrants; however, that extension will only be until 5 p.m. on that date. HHSC will consider all concerns expressed at the hearing prior to final rate approval. This public hearing will be held in compliance with the provisions of Human Resources Code §32.0282 which requires a public hearing on proposed payment rate adjustments.

HHSC will broadcast the public hearing; the broadcast can be accessed at <http://legacy-hhsc.hhsc.state.tx.us/news/webcasting.asp>. The broadcast will be archived and can be accessed on demand at the same website.

Should you have any questions regarding the information in this document, please contact one of the following:

For questions related to proposed reimbursement rates:

Rate Analysis for Acute Care Services
Texas Health and Human Services Commission
E-mail: RADAcuteCare@hhsc.state.tx.us

Medical Policy Changes

For more information, please reference the provider notification "Physical, Occupational, and Speech Therapy Benefits for All Ages to Change for Texas Medicaid September 1, 2017" posted at:

http://www.tmhp.com/Pages/Medicaid/Medicaid_home.aspx

For questions related to proposed Medicaid medical policy changes:

Medicaid Medical Benefits

Texas Health and Human Services Commission

E-mail: mcdmedicalbenefitspolicycomment@hhsc.state.tx.us

Background

HHSC is responsible for the reimbursement determination functions for the Texas Medicaid Program. Proposed rates are calculated utilizing established methodologies that conform to the Social Security Act and related federal regulations, the federally approved Texas Medicaid State Plan, all applicable state statutes and rules, and other requirements. HHSC reviews the Medicaid reimbursement rates for all acute care services every two years. These biennial reviews result in rates that are increased, decreased, or remain the same. The reviews are conducted to ensure that rates continue to be based on established rate methodologies.

Methodology

The specific administrative rules that govern the establishment of the fees in this proposal include these rules in 1 TAC (please note there are pending rule changes for several of the rules listed below):

- §355.201(d)(1)(A) and (D), which authorize HHSC to adjust rates for medical assistance if state law is enacted requiring a rate increase or reduction or restricting the availability of appropriated funds;
- §355.8021, which addresses the reimbursement methodology for home health services and durable medical equipment, prosthetics, orthotics, and supplies;
- §355.8085, which addresses the reimbursement methodology for physicians and other practitioners;

- §355.8441, which addresses the reimbursement methodology for Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) services (known in Texas as Texas Health Steps).

Legislative Direction:

The 2018-19 General Appropriations Act, S.B. 1, 85th Legislature, Regular Session, 2017 [Article II, HHSC, Rider 218] directed the Health and Human Services Commission (HHSC) to restore approximately 25 percent of the reductions made to reimbursement rates for acute care therapy services as directed by the 2016-17 General Appropriations Act, H.B. 1, 84th Legislature, Regular Session, 2015 [Article II, HHSC, Rider 50(c)].

Rider 218 also provides for phase-in and delay of a reduction to reimbursement rates for therapy assistants for fiscal year 2018. HHSC must adopt an amendment to the Texas Administrative Code (TAC) reimbursement methodology for therapy services in order to proceed with this planned adjustment of fees as paid to a licensed therapist for services provided by a therapy assistant. The proposed rule is anticipated to follow assumptions set forth in the rider which pend implementation of reductions until December 1, 2017. The reductions will initially take effect at a rate of 85 percent of the rate paid to a licensed therapist from December 1, 2017 through August 31, 2018. Effective September 1, 2018, the rate for therapy assistants will phase down to 70 percent of the rate paid to a licensed therapist.

Proposed Rate Adjustments

A summary of the methodologies used to determine the proposed fee-for-service Medicaid rates is listed below:

1. 25 Percent Restoration of the Reimbursement Rate Reduction Effective December 15, 2016

As directed by the 85th Legislature, the proposed reimbursement rates include a restoration of 25 percent of the total reduction amount implemented December 15, 2016 for each procedure code.

2. Phase-in of Reduction to Reimbursement for Therapy Assistants

As directed by the 85th Legislature, reimbursement for therapy assistants will be reduced to 85 percent of the reimbursement rate paid to a

licensed therapist effective December 1, 2017 and to 70 percent of the rate paid to a licensed therapist effective September 1, 2018.

3. 15-Minute Billing Increments

Currently, home health agencies are reimbursed by Texas Medicaid at an untimed encounter rate for all treatment procedure codes, while independent therapists and Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities (CORFs/ORFs) are reimbursed for the same procedure codes in 15-minute increments. HHSC will eliminate the encounter rate for home health agencies and establish a reimbursement rate based on 15-minute increments to align with the American Medical Association (AMA) Current Procedural Terminology (CPT) descriptions. This change only updates the reimbursement structure for procedure codes that have a timed aspect that aligns with the AMA CPT procedure code definitions. New reimbursement rates will hold all providers accountable for the amount of time spent with a client and reimburse based on the actual time spent with a client, in 15-minute increments. (Note: The procedure codes referenced in this initiative are not the same as those referenced in item 4 below). The proposed Medicaid rates are based on the average of the existing Medicaid rates for children for all provider types.

4. Untimed Procedure Codes

Currently, CORFs/ORFs and independent therapists are reimbursed in 15-minute increments for certain therapy procedure codes. HHSC proposes to change Medicaid reimbursement for CORFs/ORFs and independent therapists from 15-minute increments to an untimed encounter rate to align with AMA CPT requirements. In conjunction with this change, HHSC will propose to adjust existing home health agency encounter rates for the same untimed procedure codes to reflect the average amount of billable time associated with these codes. This initiative only updates the reimbursement structure for procedure codes that have an untimed aspect that aligns with the AMA CPT code definitions. New reimbursement rates will reflect the average amount of billable time for CORFs/ORFs and independent therapists. (Note: The procedure codes referenced in this initiative are not the same as those referenced in item 3 above). The proposed Medicaid rates are based on the average of the existing Medicaid rates for children for all provider types.

5. Therapy Assistant Rate – Reduce to Lower Rate than Licensed Therapist

Effective May 1, 2016, Medicaid medical policy changed to require therapy providers to bill all services rendered by a therapy assistant with a UB modifier. This modifier allows the Medicaid claims administrator and the managed care organizations to distinguish between services delivered by a licensed therapist and those delivered by a therapy assistant. HHSC will implement a lower reimbursement rate for services provided by a therapy assistant. The reductions will initially take effect at a rate of 85 percent of the rate paid to a licensed therapist from December 1, 2017 through August 31, 2018. Effective September 1, 2018, the reimbursement rate for therapy assistants will phase down to 70 percent of the rate paid to a licensed therapist.

6. Lower Speech Therapy Reevaluation Reimbursement Rate

Currently, the speech therapy reevaluation procedure code is reimbursed at a higher rate than the evaluation procedure codes. HHSC proposes to establish a lower fee-for-service rate for the reevaluation procedure code as it requires less time and effort than an initial evaluation. The reevaluation is proposed to be reimbursed at 70 percent of the Medicaid rate for an evaluation.

7. End-Date Procedure Codes 97039, 97139 and S8990

Propose to end-date unlisted and maintenance therapy procedure codes 97039 (unlisted modality (specify type and time if constant attendance)), 97139 (unlisted therapeutic procedure (specify)) and S8990 (Physical or manipulative therapy performed for maintenance rather than restoration)

8. Update Reimbursement for Modality Procedure Codes (97012 – 97028)

Update reimbursement for modality procedure codes at the Medicare reimbursement rate and allow these modality procedure codes to be billed in addition to a timed therapy treatment.

9. Modifier to indicate if therapy treatment service was performed by a licensed therapist or therapy assistant

Beginning September 1, 2017, for all provider types, therapy treatment services provided by a licensed therapist must be billed with a U5 modifier and treatment services provided by a therapy assistant must continue to be billed with a UB modifier.

Specific proposed payment rate adjustments are listed in the attachments outlined below:

- Att 1 – CORFORF
- Att 2 – HHA
- Att 3 – Independent Therapists (to include ECI and physicians)
- Att 4 – Proposed Fee Schedule for All Providers

Written Comments

The written comment period regarding the proposed payment rate adjustments has been extended and will be accepted in lieu of, or in addition to, oral testimony until 5 p.m. on July 19, 2017. Written comments may be sent by U.S. mail to the Texas Health and Human Services Commission, Attention: Rate Analysis, Mail Code H-400, P.O. Box 149030, Austin, Texas 78714-9030; by fax to Rate Analysis at (512) 730-7475; or by e-mail to RADAcuteCare@hhsc.state.tx.us. In addition, written comments will be accepted by overnight mail or hand delivery to Texas Health and Human Services Commission, Attention: Rate Analysis, Mail Code H-400, Brown-Heatly Building, 4900 North Lamar, Austin, Texas 78751

Persons with disabilities who wished to attend the hearing and required auxiliary aids or services were advised to contact Rate Analysis at (512) 730-7401 at least 72 hours in advance, so appropriate arrangements could be made.

This public rate hearing briefing packet presents proposed payment rates and is distributed at HHSC public rate hearings and posted by the proposed effective date on the HHSC website at <http://legacy-hhsc.hhsc.state.tx.us/rad/rate-packets.shtml>. Proposed rates may or may not be adopted, depending on HHSC management decisions after review of public comments and additional information. Provider and public notification about adoption decisions are published on the Texas Medicaid and Healthcare Partnership (TMHP) website at <http://www.tmhp.com> in banner messages, bulletins, notices, and updates to the Texas Medicaid fee schedules. The fees schedules are available in static files or online lookup at <http://public.tmhp.com/FeeSchedules>.