



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

May 12, 2003

ALBERT HAWKINS
COMMISSIONER

RE: Reimbursement methodology changes for Medicaid home health services effective November 1, 2002

Dear Medicaid Home Health Agency:

The Texas Health and Human Services Commission (HHSC) adopted revised reimbursement methodology rules for Medicaid home health professional services at Title 1 of the Texas Administrative Code §355.8021, effective November 1, 2002. A copy of the October 4, 2002, Texas Register notice of adoption, including a copy of the revised rules, is enclosed.

The purpose of the rule revisions was to replace the cost-based reimbursement methodology with a statewide fee schedule, resulting in each Medicaid home health agency (HHA) receiving the same visit rate for the same service.

As of November 1, 2002, the statewide visit rates are: skilled nursing visit \$100.94; physical therapy visit \$116.36; occupational therapy visit \$118.62; speech language pathology visit \$119.61; and aide visit \$47.03.

These reimbursement methodology changes have not been implemented. Due to the transition from National Heritage Insurance Company (NHIC) as the state's Medicaid claims administrator to Texas Medicaid & Healthcare Partnerships (TMHP) as the state's fiscal agent effective January 1, 2004, all changes to the claims administration software must be frozen as of August 16, 2003, in order for TMHP to test its systems and ensure a smooth, problem-free transition on January 1, 2004.

With the requirements for implementation of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 by October 16, 2003, and numerous priority projects that must be completed prior to August 16, 2003, the implementation of these reimbursement methodology changes will not be implemented until some time after March 1, 2004. You will be notified of the implementation date through a banner message at least 30 days prior to actual implementation.

Due to the lengthy delay in implementing these reimbursement methodology changes, this letter is being sent to you as notification of the changes so that you can take whatever steps are necessary to be prepared for the actual implementation. Whenever the changes are implemented, all the claims for these home health services delivered on or after November 1, 2002, must be reprocessed. Since this change in reimbursement methodology is budget neutral, some HHAs will receive more money and some HHAs will receive less money. The reprocessing of claims will result in your receiving additional funds if your current payment rate for a specific service is less than the new statewide visit rate for that service. However, the reprocessing effort will result in recoupment of amounts you received for current payment rates in excess of the new statewide visit rates.

For example, if you are currently receiving a cost-based reimbursement visit rate of \$125.00 for home health skilled nursing services, since the new statewide visit rate effective November 1, 2002, is \$100.94, when your claims for these services are reprocessed, \$24.06 (i.e., \$125.00 - \$100.94 = \$24.06) would be recouped for each nursing services claim paid at a rate of \$125.00.

However, if you are currently receiving a cost-based reimbursement visit rate of \$90.00 for home health skilled nursing services, since the new statewide visit rate effective November 1, 2002, is \$100.94, when your claims for these services are reprocessed, you would receive additional payments of \$10.94 for each such claim.

Thus, you need to compare your current cost-based reimbursement visit rates for each service with the new statewide visit rates in order to determine for each service whether you will be receiving additional payments or whether you will be faced with recoupment of funds. If these reimbursement methodology changes will result in recoupment of funds for your organization, you may want to consider setting aside some operating funds now to be used when the changes are implemented and the recoupments are processed.

Do not change your current billing procedures. Please continue to submit claims with your usual and customary billing charges.

As further notification of these reimbursement changes, HHSC will instruct NHIC to run a banner message during June 2003. That banner message will refer to this letter.

If you have any questions regarding this letter, please contact Nancy Kimble, HHSC Rate Analyst (telephone: 512-338-6496; facsimile: 512-338-6544; E-mail: nancy.kimble@hhsc.state.tx.us).

Sincerely,



Stephen A. Lorenzen, PhD
Director, Rate Analysis Department

Enclosure