

OVERVIEW

The intent of the Texas Medicaid Waiver Application (“UC Application”) is to provide a simplified way to subsidize the costs incurred by hospitals and physicians for patient care services (as further defined below) provided to Medicaid and Uninsured patients that are not reimbursed through the claims adjudication process or by other supplemental payments. All UC payments to providers and all expenditures described as UC permissible expenditures must not exceed the cost of services provided to Medicaid and Uninsured patients as defined and discussed in this protocol. These unreimbursed Medicaid and Uninsured costs are determined based on one of two UC tools depending on the type of entity providing the service. These tools have been approved by the Centers for Medicare and Medicaid Services (CMS). To the extent that there are UC expenditures a hospital provider wants to make against the UC cost limit, and the methodology for capturing such expenditures is not stated in this protocol, the expenditures must be approved by CMS prior to the submission of the reconciliation for the applicable period for the expenditures.

The Medicaid coverage limitations under Section 1905(a) of the Act, which excludes coverage for patients in an IMD who are under age 65, except for coverage of inpatient psychiatric hospital services for individuals under age 21, are applicable.

The Texas Hospital Uncompensated Care tool (“TXHUC”) will be utilized by hospitals to determine their unreimbursed costs for Medicaid and Uninsured patients for physician’s and mid-level professional’s direct patient care services where the hospital incurs these costs. In addition, if the hospital has unreimbursed hospital costs for services provided to Medicaid and Uninsured patients that were not paid via the claims adjudication process or thru the Medicaid Disproportionate Share (DSH) pool, these costs can be included in the TXHUC application. Also, for some hospitals meeting the criteria, unreimbursed pharmacy costs for take home drugs provided by the hospital to Medicaid and Uninsured patients will be included in the TXHUC application.

The Texas Physicians Uncompensated Care tool (“TXPUC”) will be utilized by physician entities that provide direct patient care physician and mid-level professional services to Medicaid and Uninsured patients in a hospital setting and the professional entity is not reimbursed under a contractual or employment relationship by the hospital for these services. The professional entity may also include in its TXPUC application the costs related to direct patient care services provided to Medicaid and Uninsured patients in a non-hospital setting. Only physician entities that had previously received payments under the Texas Medicaid Physician UPL (Upper Payment Limit) program and their successor organizations are eligible to submit a TXPUC application under the 1115 Waiver program.

The costs and other data included in the initial UC application should be representative of the fiscal period from October 1, 2009 through September 30, 2010. The UC application should be submitted to the Texas Health and Human Services Commission (HHSC) by the deadline specified by HHSC on its website at <http://www.hhsc.state.tx.us/rad/hospital-svcs/1115-waiver.shtml>. Applications for future fiscal periods which will cover the period from October 1 through September 30 of the applicable years will be due to HHSC by the deadline specified by HHSC. For hospitals, due to the five (5) month time period for the completion of the Medicare cost report which serves as the basis for the costs to be reported on the UC application, some entities will not have completed their cost report prior to the deadline for the submission of their UC application. In these situations, the hospital should submit a full 12 months of data on the UC application based on the most recently completed Medicare cost reporting period that includes a minimum of twelve (12) months. It should be noted that when HHSC completes the reconciliation process, HHSC will utilize the hospital’s actual data reported on their respective UC applications, weighted accordingly, to determine the hospital’s final UC Pool distribution. This should not be an issue

for physician and mid-level professional organizations since their financial data should be available immediately following the end of their respective fiscal years.

All costs and other data reported in the UC Application are subject to the Medicare regulations and Program instructions. The entity submitting the UC Application must maintain adequate supporting documentation for all information included in the UC Application in accordance with the Medicare program's data retention policies. The entity must submit the supporting documentation upon request from HHSC.

For purposes of the UC Application, a mid-level professional is defined as:

- Certified Registered Nurse Anesthetist (CRNA)
- Nurse Practitioner
- Physician Assistant
- Dentist
- Certified Nurse Midwife
- Clinical Social Worker
- Clinical Psychologist
- Optometrist

For purposes of the UC Application, a visit is defined as:

A face-to-face encounter between a patient and a physician. Multiple encounters with the same physician that take place on the same day and at a single location constitute a single visit. More than one visit may be counted on the same day (which may be at a different location) in either of the following situations:

- a) When the patient, after the first visit, suffers illness or injury requiring another diagnosis or treatment, two visits may be counted.
- b) When the patient is seen by a dentist and sees a physician, two visits may be counted.