

**TEXAS HEALTH AND HUMAN SERVICES
COMMISSION
PROVIDER FINANCE DEPARTMENT**

**Notice of Proposed Adjustments to Payment Rates
for Rural Hospital Outpatient Services**

**Adjustments are proposed to be effective
September 1, 2021**

SUMMARY OF PROPOSED ADJUSTMENTS

To Be Effective September 1, 2021

Included in this document is information related to the prospective reimbursement methodology for the outpatient payment of rural hospitals participating in Medicaid. The Texas Health and Human Services Commission (HHSC) intends to submit an amendment to the Texas State Plan for Medical Assistance under Title XIX of the Social Security Act to increase the outpatient reimbursement rates for rural hospitals to reflect these proposed adjustments. The rates are proposed to be effective September 1, 2021.

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 on July 12, 2021, at 9:00 a.m. HHSC will consider all concerns expressed at the hearing prior to final rate approval. This public hearing will be held in compliance with Texas Human Resources Code §32.0282, which requires a public hearing on proposed payment rate adjustments. Due to the declared state of disaster stemming from COVID-19, this hearing will be conducted online only.

Please Register for the HHSC Public Rate Hearing for Rural Hospital Outpatient Services to be held on July 12, 2021, at 9:00 AM CST at:

<https://attendee.gotowebinar.com/register/825080537950819086>

After registering, you will receive a confirmation email containing information about joining the webinar.

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

Provider Finance for Hospital Services
Texas Health and Human Services Commission
E-mail: PFD_Hospitals@hhsc.state.tx.us

HHSC will broadcast the public hearing; the broadcast can be accessed at <https://hhs.texas.gov/about-hhs/communications-events/live-archived-meetings>. The broadcast will be archived and can be accessed on demand at the same website.

Background

HHSC is required by Senate Bill 1 (S.B. 1), Article II, Rider 8(f), 87th Legislature, Regular Session 2021 to allocate certain funds appropriated to provide an increase to outpatient reimbursement rates for rural hospitals. HHSC proposes an increase to outpatient services reimbursement by removing the cap that was established September 1, 2013 and applying a percentage increase to the cost to charge ratios for rural hospitals. This proposal will also eliminate the cost settlement of payments to maintain the level of payment directed by the rider. Rider 8 states that reimbursement for outpatient emergency department services which do not qualify as emergency visits may not exceed 65 percent of cost. Therefore, HHSC proposes a decrease in the allowable charges to 55 percent for these services to accommodate the increase in cost to charge ratios and retain the payments below 65 percent of cost. (The proposed increase does not include services that are reimbursed by a flat fee, (i.e. clinical diagnostic laboratory, diagnostic radiology and hospital ambulatory surgical centers).

Methodology

The specific administrative rule that govern the establishment of the rates in this proposal include this rule in the TAC:

- §355.8061, which addresses outpatient hospital reimbursement;

Proposed Rate Adjustments

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

- Increase outpatient services reimbursement by removing the cap and applying a percent increase to the cost to charge ratio in effect on August 31, 2021.
- Decrease the allowable charges to 55 percent for outpatient emergency department services which do not qualify as emergency visits
- Eliminate the cost settlement of over payments

An informational listing of the proposed payment rate adjustments which are subject to change based on cost reports processed prior to September 1, 2021, are listed in the attachment outlined below:

Att 1 – Summary of Proposed Outpatient Rural Hospital Rates

Written Comments

Written comments regarding the proposed payment rate adjustments will be accepted in lieu of, or in addition to, oral testimony until 5 p.m. the day of the hearing. Written comments may be sent by U.S. mail to the Texas Health and Human Services Commission, Attention: Provider Finance Department, Mail Code H-400, North Austin Complex, 4601 W Guadalupe St, Austin, Texas 78751; by fax to Provider Finance Department at (512) 730-7475; or by e-mail to PFD_Hospitals@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: Provider Finance Department, Mail Code H-400, North Austin Complex, 4601 W Guadalupe St, Austin, Texas 78751.

Persons with disabilities who wish to attend the hearing and require auxiliary aids or services should contact Provider Finance Department at (512) 730-7401 at least 72 hours in advance for appropriate arrangements.

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 <https://pfd.hhs.texas.gov/rate-packets>. 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, and notices.

Preferred Communication. During the current state of disaster due to COVID-19, physical forms of communication are checked with less frequency than during normal business operations. For quickest response, and to help curb the possible transmission of infection, please turn to e-mail or phone if possible, for communication with HHSC related to this rate hearing.