Table of Contents

State/Territory Name: Texas

State Plan Amendment (SPA) : 23-0017

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved SPA Pages
September 13, 2023
Director: Stephanie Stephens
State Medicaid/CHIP Director
Health and Human Services Commission
Mail Code: H100
Post Office Box 13247
Austin, Texas 78711

RE: Texas TN 23-0017

Dear Director: Emily Zalkovsky,

We have reviewed the proposed Texas State Plan Amendment (SPA) to Attachment 4.19-B, TX#23-0017, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on June 20, 2023. The purpose of the amendment is to update the rate methodology and payment rates for Prescribed Pediatric Extended Care Centers (PPECC).

Based upon the information provided by the State, we have approved the amendment with an effective date of June 1, 2023. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Monica Neiman at: Monica.Neiman@cms.hhs.gov.

Sincerely,

Todd McMillion
Director
Division of Reimbursement Review

Enclosures
## Transmittal and Notice of Approval of State Plan Material

**For: Centers for Medicare & Medicaid Services**

<table>
<thead>
<tr>
<th><strong>1. Transmittal Number</strong></th>
<th>23017</th>
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<tr>
<td><strong>2. State</strong></td>
<td>TX</td>
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### 3. Program Identification: Title XIX of the Social Security Act

### 4. Proposed Effective Date

**June 1, 2023**

### 5. Federal Statute/Regulation Citation

- **42 CFR § 440.167**
- Section 1905(a)(24) of the Social Security Act

### 6. Federal Budget Impact (Amounts in Whole Dollars)

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<tr>
<td>FFY 2024</td>
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</tr>
</tbody>
</table>

### 7. Page Number of the Plan Section or Attachment

- **Attachment 4.19-B**
  - Page 25n

### 8. Page Number of the Superseded Plan Section or Attachment (If Applicable)

- **Attachment 4.19-B**
  - Page 25n (TN 22-0016)

### 9. Subject of Amendment

The purpose of the amendment is to update the rate methodology and payment rates for Prescribed Pediatric Extended Care Centers (PPECC).

### 10. Governor’s Review (Check One)

- **☐ Governor’s Office Reported No Comment**
- **☐ Comments of Governor’s Office Enclosed**
- **☐ No Reply Received Within 45 Days of Submittal**

- **☑ Other, As Specified: Sent to Governor’s Office this date. Comments, if any, will be forwarded upon receipt.**

### 11. Signature of State Agency Official

**Stephanie Stephens**

**Stephanie Stephens**

**Date:** June 20, 2023

### 15. Return To

**Stephanie Stephens**

State Medicaid Director

Post Office Box 13247, MC: H-100

Austin, Texas 78711

### 16. Date Received

**June 20, 2023**

### 17. Date Approved

**September 13, 2023**

### 18. Effective Date of Approved Material

**June 1, 2023**

### 20. Typed Name of Approving Official

**Todd McMillion**

### 21. Title of Approving Official

**Director, Division of Reimbursement Review.**

### 22. Remarks

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**FORM CMS-179 (09/24)**
32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Services - continued

(19) Prescribed Pediatric Extended Care Center (PPECC) Services

(a) Payment rates are developed based on payment rates determined for other programs that provide similar services. If there are no similar services or no prior provider experience in the state that can inform the development of payment rates, payment rates are determined using a pro forma analysis.

(b) A pro forma analysis is defined as an item-by-item, or classes-of-items, calculation of the reasonable and necessary expenses for a provider to operate a PPECC while meeting all regulatory requirements. This analysis may involve assumptions about the salary of an administrator or program director, staff salaries, employee benefits and payroll taxes, building depreciation, mortgage interest, contracted client care expenses, and other building or administration expenses using inflated historical costs of delivering similar services, where appropriate data are available, and estimating the basic types and costs of products and services necessary to deliver services meeting federal and state requirements.

(c) To determine the cost per unit of service, all the pro forma expenses are totaled, and the total is divided by the estimated units of service.

(d) Providers of a bundled service payment will maintain data to include information showing the provision, by the practitioner, of the individual covered Medicaid service in the bundled payment, the extent of services the provider furnishes to beneficiaries, and the cost, by practitioner and type of service, of services delivered under the bundled rate.

(e) PPECCs are limited to 12 hours a day and are further restricted by state licensure requirements to daytime hours; therefore, the rates will not include room and board.

(f) The per diem PPECC transportation rate is a once per day round trip encounter rate. The rate is payable only on days the client utilizes PPECC transportation.

(g) HHSC reviews and, if necessary, updates all rates on a biennial basis.

(h) If HHSC requires the provider to submit a cost report, the provider must follow the prescribed cost reporting guidelines.

(i) All fee schedules are available through the agency's website as outlined in Attachment 4.19-B, page 1.

(j) The agency's fee schedule will be revised with new fees for PPECC services effective June 1, 2023. The fee schedule will be posted on the agency website by September 1, 2023.