

## **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

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
233 North Michigan Ave., Suite 600  
Chicago, Illinois 60601



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**Financial Management Group**

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](mailto: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**

1. TRANSMITTAL NUMBER  
**2 3 0 0 1 7**

2. STATE  
**T X**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

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)  
a. FFY **2023** \$ **0**  
b. FFY **2024** \$ **0**

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

[Redacted Signature]

15. RETURN TO

**Stephanie Stephens  
State Medicaid Director  
Post Office Box 13247, MC: H-100  
Austin, Texas 78711**

12. TYPED NAME

**Stephanie Stephens**

13. TITLE

**State Medicaid Director**

14. DATE SUBMITTED

**June 20, 2023**

**FOR CMS USE ONLY**

16. DATE RECEIVED  
June 20, 2023

17. DATE APPROVED  
September 13, 2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
June 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL  
Todd McMillon

21. TITLE OF APPROVING OFFICIAL  
Director, Division of Reimbursement Review.

22. REMARKS

**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.
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