



Date: August 10, 2023

To: Medicaid Nursing Facility Providers

Subject: Information Letter No. 2023-32
Section RUG Tab Required for Reimbursement of Medicaid Nursing
Facility Services Effective October 1, 2023

Overview

The Centers for Medicare & Medicaid Services (CMS) will no longer calculate Medicaid Resource Utilization Group (RUG) III values for Minimum Data Set (MDS) 3.0 comprehensive and quarterly assessments with an assessment reference date (ARD) of October 1, 2023, or later (as communicated in the [CMS State Medicaid Director letter # 22-005](#)). Effective October 1, 2023, CMS is also removing 55 RUG-related fields from the MDS. Despite these changes, HHSC will continue using the existing RUG III reimbursement methodology for Medicaid nursing facility (NF) services without payment interruption to the NF. For MDS assessments with an ARD of October 1, 2023, or later, the Texas Medicaid Healthcare Partnership (TMHP) will calculate the RUG III score based on data elements captured in the Section RUG tab on the Long-Term Care Online Portal (LTCOP) when the Section Long-Term Care Medicaid Information (LTCMI) is completed. To receive reimbursement, NF providers must complete the Section RUG tab on the TMHP LTCOP for MDS assessments with an ARD date of October 1, 2023, or later.

This information letter provides important information to NF providers about these upcoming process changes.

Policy Details & Provider Responsibilities

NF providers are required to complete the Long-Term Care Medicaid Information (LTCMI) (1 TAC [§371.212](#)). Beginning October 1, 2023, to receive reimbursement for Medicaid NF services, NF providers must complete the Section RUG tab as part of the LTCMI for comprehensive and quarterly MDS assessments with an ARD of

October 1, 2023, or later. TMHP cannot calculate the RUG III values for these assessments until the Section RUG tab is complete with all RUG-related fields.

On the Section RUG Tab:

- The RUG-related fields remaining on the comprehensive and quarterly MDS assessments received from CMS will be pre-populated and read-only.
- The 55 RUG-related fields that, on October 1, 2023, CMS is removing from the comprehensive and quarterly MDS assessments (e.g., section G) will be blank.
 - ▶ Providers that use a third-party vendor for LTCMI submissions must ensure their vendor is aware and able to coordinate RUG submissions with these changes beginning October 1, 2023.
 - ▶ Providers that manually complete the LTCMI on the LTCOP must manually enter the data for these fields before submitting the LTCMI.

More information about the changes can be found in the [TMHP Notice](#).

This Section RUG solution will not impact the transmission of RUG III values to payers, including TMHP and managed care organizations, for use in claims adjudication.

HHSC is completing trader party testing of the Section RUG tab with third-party vendors, such as SimpleLTC. HHSC is also directly completing testing of the Section RUG tab to ensure providers that do not use third party vendors can manually enter the information without issue.

Resources

- [CMS State Medicaid Director Letter #22-005 RE: Guidance on Nursing Facility State Plan Payment and Upper Payment Limit Approaches in Medicaid Relying on the Medicare Patient-Driven Payment Model](#)
- [TMHP LTC User Guide for Nursing Facility Forms 3618/3619 and Minimum Data Set/ Long-term Care Medicaid Information \(MDS/LTCMI\)](#) (MDS updates will be published late September)

- [Upcoming Changes to MDS Assessments on the TMHP LTC Online Portal on October 1 Announcement](#)

Contact Information

NF providers can send questions about this letter to the following mailbox:

- HHSC: managed_care_initiatives@hhs.texas.gov

Sincerely,

[Signature on File]

Jennie Costilow
Program Policy Director
Medicaid and CHIP Services