

As required by the 2016-17 General Appropriations Act (GAA), H.B. 1, 84th Legislature, Regular Session, 2015 [Article II, HHSC, Rider 50(c)] (henceforth, Rider 50) the Health and Human Services Commission (HHSC) was directed to achieve savings in Medicaid acute care therapy through rate reductions and medical policy initiatives.

On May 1, 2016, HHSC implemented a new physical, occupational, and speech therapy medical policy for children and adults per the cost-containment medical policy initiatives outlined in Rider 50; however, some cost-containment items were postponed.

HHSC will now pursue the initiatives outlined below. The changes will ensure compliance with federal billing guidelines. The changes will also ensure reimbursement rates accurately reflect the level of professional delivering a service and the refinement of the billing and coding design to accurately reflect the amount of time spent with a client.

HHSC anticipates a July 1, 2017, effective date for all initiatives.

1. 15-Minute Billing Increments

Currently, home health agencies are reimbursed by Texas Medicaid at an untimed encounter rate for all treatment procedure codes, while independent therapists and Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities (CORFs/ORFs) are reimbursed for the same procedure codes in 15-minute increments. HHSC will eliminate the encounter rate for home health agencies and establish a reimbursement rate based on 15-minute increments to align with the American Medical Association (AMA) Current Procedural Terminology (CPT) descriptions. This change only updates the reimbursement structure for procedure codes that have a timed aspect that aligns with the AMA CPT procedure code definitions. New reimbursement rates will hold all providers accountable for the amount of time spent with a client and reimburse based on the actual time spent with a client, in 15-minute increments. (Note: The procedure codes referenced in this initiative are not the same as those referenced in initiative 2.)

2. Untimed Codes

Currently, CORFs/ORFs and independent therapists are reimbursed in 15-minute increments for certain therapy procedure codes. HHSC proposes to change Medicaid reimbursement for CORFs/ORFs and independent therapists from 15-minute increments to an untimed encounter rate to align with AMA CPT requirements. In conjunction with this change, HHSC will propose to adjust existing home health agency encounter rates for the same untimed procedure codes to reflect the

average amount of billable time associated with these codes. This initiative only updates the reimbursement structure for procedure codes that have an untimed aspect that aligns with the AMA CPT code definitions. New reimbursement rates will reflect the average amount of billable time for CORFs/ORFs and independent therapists. (Note: The procedure codes referenced in this initiative are not the same as those referenced in initiative 1.)

3. Therapy Assistant Rate – Reduce to Lower Rate than Licensed Therapist

Effective May 1, 2016, Medicaid medical policy changed to require therapy providers to bill all services rendered by a therapy assistant with a modifier. This modifier allows the Medicaid claims administrator and the managed care organizations to distinguish between services delivered by a licensed therapist and those delivered by a therapy assistant. HHSC will implement a lower rate for services provided by a therapy assistant. Fee-for-service reimbursement for services provided by therapy assistants will be set at 70 percent of the reimbursement for services provided by licensed therapists based on the salary differential between licensed therapists and therapy assistants.

4. Lower Speech Therapy Reevaluation Reimbursement Rate

Currently, the speech therapy reevaluation procedure code is reimbursed at a higher rate than the evaluation procedure codes. HHSC will establish a lower fee-for-service rate for the reevaluation code as it requires less time and effort than an initial evaluation.

Additional Information

Proposed rules related to initiative 3 will be published March 24, 2017, and a rule hearing will be held April 12, 2017.

A rate hearing will be scheduled in May 2017, to receive public comment on the proposed rate changes for the initiatives. Proposed rates will be released at least ten days prior to the hearing.

HHSC is notifying providers that the original anticipated date for several therapy policy/rate changes discussed earlier this year is no longer July 1. The expected date for certain key changes is now September 1, 2017. This is to align with the expected September 1, 2017 therapy rate changes resulting from the partial rate restoration directed by the 85th Legislature. As per Rider 218, changes to rates for therapy assistants will not be effective until December 1, 2017.

Attached is the previous notification, which provides an overview of the adjustments that have been under consideration. HHSC will send more detailed information, including timelines for specific changes, next week.