



June 28, 2016

Andrew Slavitt  
Acting Administrator  
Centers for Medicare & Medicaid Services  
U.S. Department of Health and Human Services  
200 Independence Ave., SW, Room 445-G  
Hubert H. Humphrey Building  
Washington, D.C. 20201

RE: Texas State Plan Amendment for Acute Therapy Rate Reductions

Dear Administrator Slavitt:

Last summer, the Texas Health and Human Services Commission (HHSC) proposed Medicaid rate reductions for physical, occupational, and speech therapy provided by comprehensive outpatient rehabilitation facilities/outpatient rehabilitation facilities, home health agencies, and independent therapists. These services are most often provided to our most vulnerable Texans, who have conditions such as cerebral palsy, muscular dystrophy, and autism.

At that time, many of us wrote individual and joint letters to then-Executive Commissioner Chris Traylor expressing our concerns that the proposed rate reductions would have a devastating impact on the ability of children to access medically necessary therapy services. We also sent letters to the Texas Legislative Budget Board, requesting their assistance in mitigating the impact of the proposed rate reductions. Unfortunately, these efforts proved to be futile.

HHSC has chosen to move forward with these rate reductions effective July 15, 2016. It is our understanding that HHSC will submit a State Plan Amendment to the Centers for Medicare and Medicaid Services (CMS) as soon as June 30, 2016 to implement the proposed rate reductions. We write to you to reiterate our concerns and request your intervention.

By way of background, in 2015, Rider 50 (c), H.B. 1, 84<sup>th</sup> Texas Legislature, directed HHSC to make \$150 million of reductions in general revenue over the FY 2016-2017 state biennium to Medicaid acute care therapy services through a combination of rate reductions and policy changes. Rate reductions for therapy services were originally scheduled to be implemented September 1, 2015, and then a new rate proposal was scheduled to be implemented October 1, 2015. While the second proposal had smaller rate reductions for some therapy services and used a different basis for calculating reductions compared to the first proposal, the overall impact the proposed rates will have on the ability of providers to deliver therapy services is still quite significant. Some therapy rates would be reduced up to 26 percent.

Further complicating matters, about two months ago, providers across the state received notice from the state's largest Medicaid managed care organizations (MCOs), Superior HealthPlan, Inc., stating that the MCO planned to impose reductions in contracted rates for physical, occupational, and speech therapy services effective July 1, 2016. These rate reductions vary from 70 percent to 90 percent of the Medicaid fee schedule for pediatric acute therapy services. We fear that these rate reductions applied to the rates contained in the State Plan Amendment will further cripple the ability of therapy providers to deliver services.

In Texas, of the children with disabilities who receive pediatric acute therapy services, about half are currently enrolled in traditional Medicaid (fee-for-service), and the other half are covered by MCOs. The former would be directly impacted by HHSC's proposed rate reductions mentioned previously. However, with the pending rollout of STAR Kids, all of these children will eventually be enrolled in a managed care plan.

Once again, to no avail, we wrote to HHSC with our concerns that the agency's proposed reductions in the fee-for-service program coupled with those in managed care would greatly diminish the number of providers available in the state, thereby threatening access and quality to care for our most vulnerable children (our joint letter and the agency's response are enclosed for your reference).

We urge CMS to expeditiously review the State Plan Amendment to ensure that the proposed rate reductions do not restrict access to medically necessary therapy services, regardless of the setting, type of therapy, or whether the therapy service is provided in a managed care or fee-for-service model. Furthermore, as part of the review of the State Plan Amendment, CMS should request that HHSC demonstrate how access to care will be maintained and monitored in both fee-for-service and managed care delivery models.

Thank you for your attention to this matter.

Respectfully,

José Rodríguez  
Senate District 29

Rodney Ellis  
Senate District 13

Sylvia R. Garcia  
Senate District 6

Juan "Chuy" Hinojosa  
Senate District 20

Eddie Lucio, Jr.  
Senate District 27

José Menéndez  
Senate District 26



Carlos Uresti  
Senate District 19

Kirk Watson  
Senate District 14



Royce West  
Senate District 23



John Whitmire  
Senate District 15



Judith Zaffirini  
Senate District 21

Enclosures:

- (1) April 29, 2016 Senators' letter to HHSC Com. Traylor
- (2) May 16, 2016 HHSC Com. Traylor's response