



## TEXAS HEALTH AND HUMAN SERVICES COMMISSION

KYLE L. JANEK, M.D.  
EXECUTIVE COMMISSIONER

March 21, 2013

To: Nursing Facility Provider

Subject: Information Letter No. 13-16  
New Program - Upper Payment Limit Supplemental Payment Program

The Texas Health and Human Services Commission (HHSC) will implement a new Upper Payment Limit (UPL) Supplemental Payment Program for non-state government-owned nursing facilities. Participation in the program is voluntary. Eligibility for participating in the program, and the methodology for calculating the supplemental payment amount, is governed by Title 1 of the Texas Administrative Code (TAC) §355.314.

Participation in this program is limited to non-state government-owned nursing facilities. A non-state government-owned nursing facility is defined as a nursing facility where a non-state governmental entity holds the license and is party to the facility's Medicaid contract. A non-state governmental entity is defined as a hospital authority, hospital district, healthcare district, city, or county.

Federal regulations at Title 42 Code of Federal Regulations §447.272 limit the amount a state may pay for inpatient Medicaid services provided by certain providers, including nursing facilities, to no more than a reasonable estimate of the amount that would be paid following Medicare principles. This maximum amount is known as the upper payment limit. When Medicaid rates result in aggregate payments to nursing facilities that are less than the upper payment limit, states may make supplemental payments to eligible providers up to that upper payment limit amount.

Under HHSC's new UPL Supplemental Payment Program for nursing facilities, the non-federal share of the supplemental payment comes in the form of Inter-Governmental Transfers (IGTs) from non-state government-owned entities. After calculating the maximum supplemental payment amounts and notifying the governmental entities of the amount of the IGT, the State will claim the federal matching funds and make payment to each participating nursing facility based on the amount of IGT provided.

If you are a non-state government-owned nursing facility and you wish to participate in the UPL Supplemental Payment Program, you must notify HHSC in writing by April 15, 2013. Include in

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your letter the program type (i.e., nursing facility), your contract number, and your legal business name. Send your written notification to:

HHSC Rate Analysis Department

Attn: Brian King

Mail Code H-400

P.O. Box 85200

Austin, Texas 78708-5200

For questions regarding the content of this letter, please contact Brian King at [brian.king@hhsc.state.tx.us](mailto:brian.king@hhsc.state.tx.us) or (512) 491-1369.

Sincerely,

*[Signature on File]*

Pamela A. Robers, Ph.D.

Director, Rate Analysis for Long Term Services and Supports