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March 11, 2004

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To: Hospice Providers  
Nursing Facility Providers

Subject: Long Term Care (LTC)  
Hospice Provider Letter No. 04-02  
Room and Board Payments

The Texas Department of Human Services (DHS) has received inquiries regarding room and board payments.

**Policy Question 1:**

If a hospice and a nursing facility (NF) include in their agreement that the NF will bill the department directly for room and board payments, will DHS accept the NF billing and pay the NF directly?

**Policy Clarification 1?**

No. Based on the Medicaid Manual §4308.2 Additional Amount for Nursing Facility Residents, the hospice and NF cannot amend their agreements to include a statement that the NF will bill DHS directly for room and board payments. Section 4308.2 states, "when hospice care is furnished to an individual residing in a nursing facility, **the state will pay the hospice an additional amount on routine home care and continuous home care days to take into account the room and board furnished by the facility.** This amount is determined in accordance with the rates established under §1902(a)(13) of the Act. The additional amount paid to the hospice on behalf of an individual residing in a nursing facility must equal at least 95 percent of the per diem rate that you would have paid to the nursing facility for that individual in that facility under your State plan. In this context, the term "room and board" includes performance of personal care services, including assistance in the activities of daily living, in socializing activities, administration of medication, maintaining the cleanliness of a resident's room, and supervision and assisting in the use of durable medical equipment and prescribed therapies. These additional payment amounts are not subject to the optional cap on overall reimbursement specified in §4308.

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In States that do not include the hospice benefit in the State plan, Medicaid payment must still be made under certain circumstances for specified services provided in conjunction with Medicare hospice care for dually eligible individuals who reside in Medicaid reimbursed nursing facilities. When such an individual elects the Medicare hospice benefit and the hospice and the facility have a written agreement under which the hospice is responsible for the professional management of the individual's hospice care and the facility agrees to provide room and board to the individual, pay the hospice an amount equal to the amounts allocated under the State plan for room and board in the facility. Medicaid payment to the facility for nursing facility care is discontinued. These room and board amounts are determined as explained in the first paragraph of this section. If the individual is an individual described in §1902(a)(10)(A) of the Act, the State must also provide for payment of any coinsurance amounts imposed under §1813(a)(4)."

If you have any questions, please contact Maxcine Tomlinson, Medicaid Hospice Program Specialist, at (512) 438-3169.

Sincerely,

*Signature on file*

Marilyn Eaton  
Director  
Long Term Care Services

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