May 20, 2025

LTCOP TRANSITIONING FROM RUG TO PDPM LTC FOR NURSING FACILITIES

BACKGROUND

Beginning Sept. 1, 2025, the Texas Medicaid & Healthcare Partnership (TMHP) Long- Term Care Online Portal (LTCOP) will transition from the Resource Utilization Group (RUG) system to the Patient Driven Payment Model Long-Term Care (PDPM LTC) methodology for nursing facility (NF) daily care reimbursement.

This change modernizes Texas Medicaid's payment system and aligns reimbursement more closely with residents' care needs. Since 2020, the HHSC Provider Finance Department has worked with the Nursing Facility Payment Methodology Advisory Committee (NF-PMAC) – which includes NF owners, association leaders, and managed care organization representatives – to evaluate alternatives to the RUG system. The committee recommended PDPM LTC as the optimal replacement.

In 2023, the 88th Texas Legislature reinforced this direction through Rider 25, which mandates the implementation of PDPM LTC.

SUMMARY OF CHANGE

- Transition Date: PDPM LTC will apply to all assessments with an Assessment Reference Date (ARD) of September 1, 2025, or later.
- System Update: TMHP's LTCOP will calculate and display PDPM LTC values based on submitted Minimum Data Set data.
- New Billing Codes: HHSC will implement new codes for daily care services under PDPM LTC, including specific codes for residents with an HIV/AIDS diagnosis.

PROVIDER ACTION REQUIRED

- Prepare for Transition: Ensure that your facility updates claim templates and billing systems to accommodate the new PDPM LTC codes.
- Continue Current Practices: Use the RUG methodology for assessments conducted with ARDs prior to September 1, 2025. Once residents are reassessed on or after that date, you must use PDPM LTC.
- Submit Assessments: Continue submitting MDS Omnibus Budget Reconciliation Act (OBRA) assessments and the LTC Medicaid Information (LTCMI) in accordance with federal and state guidelines.
- Monitor Updates: Regularly check the TMHP and HHSC Provider Finance websites for guidance and training resources.
- Request Support: Contact the TMHP LTC Help Desk for technical assistance related to the transition.
- Sunset RUG: HHSC will disable Section RUG in the LTCOP. The system will no longer calculate RUG levels after the transition.

RESOURCES

TMHP LTC web page: Long-Term Care (LTC) | TMHP
HHSC Provider Finance Department web page: Patient Driven Payment Model for Long-Term Care Rate Setting Methodology for Nursing Facilities | Provider Finance Department

QUESTIONS

For any questions regarding this notice, please contact your Community Provider Performance Manager (provider representative).