

LTCOP Transitioning from RUG to PDPM LTC for Nursing Facility Residents

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

In 2020, HHSC Provider Finance convened the Nursing Facility Payment Methodology Advisory Committee (NF-PMAC) to gather external feedback on alternative NF payment methods to RUG. NF-PMAC, comprised of NF owners, NF associations, and Managed Care Organization representatives, met regularly between July 2020 and July 2022. NF-PMAC voted to recommend the PDPM LTC as the preferred alternative to the RUG methodology. This new methodology aims to enhance care quality by using patient-driven data to calculate daily rates.

In 2023, Rider 25 from the 88th Texas Legislature directed HHSC to implement the approved PDPM LTC methodology.

Overview of the RUG to PDPM LTC Transition

- Release One (August 2024): The Texas Health and Human Services Commission (HHSC) worked with TMHP to update the LTCOP to display Section GG of the Minimum Data Set (MDS).
- Release Two (to be effective September 1, 2025):
 - Existing fields on the submitted MDS will be used to calculate the PDPM LTC value where Assessment Reference Date (ARD) is 9/1/2025 or greater.
 - The PDPM LTC value will be saved in the LTCOP and will be viewable prior to the LTC Medicaid Information (LTCMI) submission.
 - The PDPM LTC value will be transmitted to downstream systems and trading partners for service reimbursement consideration in the same field and format as the legacy RUG value.

Transition Process Details

There will be no hard cut-over from RUG to PDPM LTC value. The system will use the ARD to determine which methodology to apply. When PDPM LTC takes effect on September 1, 2025, members who are currently receiving services under RUG-based assessments will continue under that methodology until they undergo reassessment. PDPM LTC will be calculated using data submitted through the existing MDS submission process. For new NF residents and those reassessed on or after September 1, 2025, RUG levels will no longer be calculated, and only PDPM LTC levels will be applied. RUG levels are expected to be fully phased out and will no longer be used after all members transition to PDPM LTC.

New NF Daily Care Bill Codes

New bill codes will be introduced 9/1/2025 for NF daily care services corresponding to the new PDPM LTC levels. HHSC has also developed enhanced rates for reimbursement of claims for residents with a diagnosis of HIV/AIDS. Separate bill codes will be used for these claims. Claim template will require updates as residents transition to PDPM LTC from RUG.

Post-Transition Requirements

NFs will continue to be required to complete the following:

- MDS Omnibus Budget Reconciliation Act (OBRA) assessments, as directed by the federal Centers for Medicare & Medicaid Services (CMS) Resident Assessment Instrument (RAI) manual.
- Section LTCMI.

Note: Section RUG will be disabled.

PDPM Resources

More information about the upcoming changes will be available in future articles on the TMHP [LTC web page](#).

The HHSC Provider Finance Department's [PDPM web page](#) contains additional details related to PDPM LTC development as well as associated rates for Medicaid NF daily care.

For more information, call the TMHP LTC Help Desk at 800-626-4117 and select option 1.