

**Center for Medicaid and State Operations**

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Mr. Chris Traylor  
State Medicaid Director  
Texas Health and Human Services Commission  
P.O. Box 13247  
Austin, Texas 78711

RE: TN 08-026

Dear Mr. Traylor:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 08-026. This amendment modifies the reimbursement methodology for freestanding psychiatric facilities that primarily treat children under age 21. This change would allow these freestanding psychiatric facilities to be exempt from the prospective payment methodology if they met certain requirements and be reimbursed under the TEFRA cost-based reimbursement methodology.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. As part of the review process the State was asked to provide information regarding funding of the State share of expenditures under Attachment 4.19-A. Based upon the assurances provided, we are approving Medicaid State plan amendment 08-026, effective September 1, 2008. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at 214-767-6490.

Sincerely,

/s/

Jackie Garner  
Acting Director  
Center for Medicaid and State Operations

Enclosures