

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1301 Young Street, Room 833  
Dallas, Texas 75202



**Division of Medicaid & Children's Health, Region VI**

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March 11, 2011

Our Reference: SPA TX 10-87

Mr. Billy Millwee  
Associate Commissioner for Medicaid & CHIP  
Health and Human Services Commission  
Post Office Box 13247  
Mail Code: H100  
Austin, Texas 78711

Dear Mr. Millwee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 10-87, dated December 29, 2010. This state plan amendment implements a reimbursement reduction of one percent for services provided by freestanding ambulatory surgical centers and hospital based ambulatory surgical centers.

Additionally, please note that when the State submits a State Plan Amendment (SPA) that may impact Indians or Indian health providers, CMS will look for evidence of the State's Tribal consultation process for that SPA. Pursuant to the new section 1902(a) (73) of the Act added by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, the State must submit evidence to CMS regarding the solicitation of advice prior to submission of the State Plan Amendment. Such consultation must include all federally-recognized tribes, Indian Health Service and Urban Indian Organizations within the State.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of February 1, 2011. A copy of the CMS-179 and the approved plan pages are enclosed with this letter.

If you have any questions, please contact Cheryl Rupley at (214) 767-6278.

Sincerely,

/s/

Bill Brooks  
Associate Regional Administrator

Enclosures

cc: Emily Zalkovsky, Policy Development Support

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER:  <b>10-087</b>	2. STATE:  <b>TEXAS</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE:  <b>February 1, 2011</b>	
5. TYPE OF PLAN MATERIAL (Circle One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  <b>§§ 1905(a)(2) and 1905(a)(9), SSA 42 CFR §§ 440.20 and 440.90</b>		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2011      \$ (358,567) b. FFY 2012      \$ (498,823) c. FFY 2013      \$ (515,584)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>	
10. SUBJECT OF AMENDMENT:  <b>The amendment implements a one percent payment reduction for Medicaid services provided by ambulatory surgical centers and hospital-based ambulatory surgical centers.</b>			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.	
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:  <b>Billy R. Millwee State Medicaid Director Post Office Box 85200 Austin, Texas 78711-5200</b>	
13. TYPED NAME: <b>Billy R. Millwee</b>			
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED: <b>December 29, 2010</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>29 December, 2010</b>		18. DATE APPROVED: <b>11 March, 2011</b>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>1 February, 2011</b>		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: <b>Bill Brooks</b>		22. TITLE: <b>Associate Regional Administrator Division of Medicaid &amp; Children's Health</b>	
23. REMARKS:			

STATE <u>Texas</u>	A
DATE REC'D <u>12-29-10</u>	
DATE APPV'D <u>3-11-11</u>	
DATE EFF <u>2-1-11</u>	
HCFA 179 <u>10-87</u>	

State of Texas  
Attachment 4.19-B  
Page 7(g)

# 16. Ambulatory Surgical Centers (ASCs) (continued)

(f) Example 2:

1. Billed charges = \$75.00
2. Medicaid published fee = \$80.00
3. Lesser of billed charges or Medicaid published fee = \$75.00, which becomes the allowed amount.
4. Since the billed charges are not greater than the Medicaid fee plus the 5.2 percent high-volume provider payment add-on (i.e.,  $\$80.00 + \$4.16 = \$84.16$ ), no high-volume provider payment add-on is applied, resulting in the actual payment to the provider of \$75.00.

(g) Example 3:

1. Billed charges = \$82.00
2. Medicaid published fee = \$80.00
3. Lesser of billed charges or Medicaid published fee = \$80.00, which becomes the allowed amount.
4. Since the billed charges are not greater than the Medicaid fee plus the 5.2 percent high-volume provider payment add-on (i.e.,  $\$80.00 + \$4.16 = \$84.16$ ), only part of the high-volume provider payment add-on is applied, i.e., up to the billed charges, resulting in the actual payment to the provider of \$82.00.

(h) Medicaid payments for ASC services do not exceed Medicare payments for these same ASC services.

(i) The reimbursement for services effective September 1, 2010 through January 31, 2011 will be equal to the payment that would have been made on August 31, 2010, less one percent.

(j) The reimbursement for services effective February 1, 2011 will be equal to the payment that would have been made on August 31, 2010, less two percent.

(k) The agency's fee schedule was revised with new fees effective February 1, 2011 and is effective for services provided on or after that date. The fee schedule will be posted on the agency's website on April 8, 2011.

(l) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, page 1.

SUPERSEDES: TN- 10-44

TN 10-87

Approval Date 3-11-11

Effective Date 2-1-11

Supersedes TN 10-44