

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**

June 30, 2011

Our Reference: SPA TX 11-15

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 11-15, dated April 4, 2011. This state plan amendment updates the fee schedule rate for clinical diagnostic laboratories (CDL).

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of April 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> FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER:  <div style="text-align: center;"><b>11-015</b></div>	2. STATE:  <div style="text-align: center;"><b>TEXAS</b></div>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE:  <div style="text-align: center;"><b>April 1, 2011</b></div>	
5. TYPE OF PLAN MATERIAL (Circle One):  <input type="checkbox"/> COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
6. FEDERAL STATUTE/REGULATION CITATION: <b>42 CFR §440.30, Other laboratory and X-ray services; 42 CFR Part 493, Laboratory Requirements; Section 1903(l)(7) of the Social Security Act; and Social Security Act 1833 (h)(1)(A)</b>		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2011                      \$ (1,327,962) b. FFY 2012                      \$ (2,582,053) c. FFY 2013                      \$ (2,630,290)	
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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  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 proposed amendment updates the reimbursement for clinical diagnostic laboratories (CDL) and updates the CDL fee schedule. The requested effective date for the proposed amendment is April 1, 2011.</b>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <b>Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.</b> <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  <div style="border: 1px solid black; height: 40px; width: 100%;"></div>		16. RETURN TO:  <b>Billy R. Millwee          State Medicaid Director          Post Office Box 13247 MC: H-100          Austin, Texas 78711</b>	
13. TYPED NAME: <b>Billy R. Millwee</b>		14. TITLE:  <b>State Medicaid Director</b>	
15. DATE SUBMITTED:  <b>April 4, 2011</b>			
17. DATE RECEIVED:      4 April, 2011			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
18. DATE APPROVED: <div style="text-align: center;"><b>30 June 2011</b></div>		19. EFFECTIVE DATE OF APPROVED MATERIAL:  <div style="text-align: center;"><b>1 April, 2011</b></div>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
20. SIGNATURE OF REGIONAL OFFICIAL:  <div style="border: 1px solid black; height: 40px; width: 100%;"></div>		21. TYPED NAME:  <div style="text-align: center;"><b>Bill Brooks</b></div>	
22. TITLE:  <div style="text-align: center;"><b>Associate Regional Administrator          Division of Medicaid &amp; Children's Health</b></div>		23. REMARKS:  <div style="border: 1px solid black; height: 100px; width: 100%;"></div>	

### 3. Clinical Diagnostic Laboratory Services

Medicaid providers of clinical diagnostic laboratory (CDL) services are reimbursed based on fee schedules as follows:

- (a) The Texas Department of State Health Services (DSHS) Laboratory provides Early and Periodic Screening, Diagnosis and Treatment (EPSDT) medical and newborn screening services through a federal freedom-of-choice exemption as well as any other laboratory services provided that are not covered by this exemption.
  - (1) Effective November 1, 2008, the DSHS laboratory is reimbursed for all laboratory services provided at 100 percent of the Medicare fees in effect as of January 1, 2008. HHSC will update these fees effective each year on April 1, based on 100 percent of the Medicare fees in effect as of January 1 of that same year.
- (b) Sole community hospitals are reimbursed the lesser of their billed charges or the fee determined by HHSC, which is 100 percent of the Medicare fee. Under Medicare the fee schedule amount paid to sole community hospitals is three and one third percent higher than the fee schedule amount paid to other types of providers of CDL service.
  - (1) Effective April 1, 2008 HHSC will update these fees effective each year on April 1, based on 99.2 percent of the Medicare fees in effect as of January 1 of that same year. The Medicaid fee for any new procedure codes added during the year will be based on 99.2 percent of the Medicare fees in effect as of January 1 of that same year.
  - (2) The reimbursement for services effective April 1, 2011 will be equal to the updated fee schedule effective April 1, 2011, less two percent.
- (c) The remaining providers of these services are reimbursed the lesser of their billed charges or the fee determined by HHSC, which is 100 percent of the Medicare fee.
  - (1) Effective April 1, 2008 HHSC will update these fees effective each year on April 1, based on 96 percent of the Medicare fees in effect as of January 1 of that same year. The Medicaid fee for any new procedure codes added during the year will be based on 96 percent of the Medicare fees in effect as of January 1 of that same year.
  - (2) The reimbursement for services effective April 1, 2011 will be equal to the updated fee schedule effective April 1, 2011, less two percent.
- (d) The reimbursement methodologies in 3(a) – (c) ensure that Medicaid payments to these providers for these services meet the upper payment limit requirements in Section 1903(i)(7) of the Social Security Act, which requires that Medicaid payments for clinical laboratory services must not exceed the Medicare fee for the service.
- (e) All fee schedules are available through the agency's website as outlined on Attachment 4.19- B, Page 1. The agency's fee schedule was revised with new fees effective April 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.

SUPERSEDES: TN- 10-88

STATE	<u>Texas</u>	A
DATE REC'D	<u>4-4-11</u>	
DATE APP'D	<u>6-30-11</u>	
DATE EFF	<u>4-1-11</u>	
HGFA 179	<u>11-15</u>	

TN 11-15

Approval Date 6-30-11

Effective Date 4-1-11

Supersedes TN 10-88