

Table of Contents

State/Territory Name: Texas

State Plan Amendment (SPA) #: 11-31

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Superseding Page Listing
- 4) Approved SPA Page

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

February 10, 2012

Our Reference: SPA TX 11-031

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 11-031, dated July 18, 2011. This state plan amendment (SPA) updates the fee schedule rate for a variety of outpatient hospital services. The state plan amendment also modifies the rate for imaging services by basing it on 100 percent of the Medicare fee schedule in effect on January 1, 2011. Additionally, this SPA implements an eight percent rate reduction for outpatient hospital facility services and utilizes specific CPT codes to identify ED visits that are less complex. Those emergency room visits identified by the lower complexity CPT codes in the SPA will be reduced by 40 percent.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of September 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,

Bill Brooks
Associate Regional Administrator

cc: Emily Zalkovsky, Policy Development Support

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES**

1. TRANSMITTAL NUMBER:

11-031

2. STATE:

TEXAS

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE:

September 1, 2011

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Circle One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR §440.20

7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT

a. FFY 2011 \$ (4,264,023)

b. FFY 2012 \$ (49,191,169)

c. FFY 2013 \$ (50,282,442)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

SEE ATTACHMENT TO BLOCKS 8 & 9

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

SEE ATTACHMENT TO BLOCKS 8 & 9

10. SUBJECT OF AMENDMENT:

The amendment implements a fee schedule for hospital outpatient imaging service, reduces reimbursement of non-qualifying emergency services to 60% reimbursement, and an additional eight percent payment reduction for all other hospital outpatient services.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ 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:

13. TYPED NAME:

Billy R. Millwee

Billy R. Millwee

State Medicaid Director

Post Office Box 13247; MC H-100

Austin, Texas 78711

14. TITLE:

State Medicaid Director

15. DATE SUBMITTED:

July 18, 2011

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18 July, 2011

18. DATE APPROVED:

10 February 2012

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

1 September, 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Bill Brooks

22. TITLE: **Associate Regional Administrator**

Division of Medicaid & Children's Health

23. REMARKS:

Attachment to Blocks 8 & 9 to CMS Form 179

Transmittal Number 11-031

**Number of the
Plan Section or Attachment**

Attachment 4.19-B
Page 2

**Number of the Superseded
Plan Section or Attachment**

Attachment 4.19-B
Page 2 (TN 10-086)

STATE <u>Texas</u>	A
DATE REC'D <u>7-18-11</u>	
DATE APP'D <u>2-10-12</u>	
DATE EFF <u>9-1-11</u>	
HOCA 179 <u>11-31</u>	

4. Outpatient Hospital Services

Medicaid payments for outpatient hospital services are equal to a percentage of full, allowable costs and are determined in the following manner:

- (a) Interim Medicaid reimbursement for outpatient hospital services. Except as described in (c) of this paragraph, HHSC will reimburse for outpatient hospital services as follows:
 - (1) For services delivered on or after September 1, 2011, the allowable Medicaid outpatient charges per claim are multiplied by the cost reduction percentage of 76.03 percent for a high-volume provider, and 72.27 percent for the remaining hospitals. A high-volume provider is defined as one that is paid at least \$200,000 during calendar year 2004.
 - (2) The results in (1) are multiplied by each hospital's ratio of cost to charges as derived from outpatient cost centers contained in the most recently filed Medicaid Hospital Cost Report (CMS Form 2552). This result is the Medicaid Outpatient Hospital Services claim interim payment.
 - (3) For outpatient emergency department (ED) services that do not qualify as emergency visits, the reimbursement is 60 percent of the amount determined in (2).
- (b) Final Medicaid payment is determined by comparing allowed costs to interim payments. The state identifies the allowable costs from outpatient cost centers contained in the hospital fiscal year-end Medicaid Hospital Cost Report as filed on CMS Form 2552. These costs are reduced by the cost reduction factor, described in (1) above, and compared to the aggregate adjudicated interim Medicaid payments for claims with dates of service that match the corresponding hospital fiscal year-end cost report. This comparison will result in a payment or recoupment to/from the hospital provider also described as an estimate of the total Medicaid outpatient hospital services costs for each provider. The most recent ratio of cost to charges from the cost report settlement process is applied to the future interim Medicaid payment (4)(a) above and is completed on each as filed, amended, or Medicare-audited cost report.
- (c) Outpatient hospital imaging. Outpatient hospital imaging services are not reimbursed under the outpatient cost-based reimbursement methodology described in this subsection. Outpatient hospital imaging services are reimbursed according to an outpatient hospital imaging service fee schedule that is based on 100 percent of the Medicare fee schedule in effect on January 2011 for similar services.
- (d) This methodology results in an estimate of total Medicaid outpatient hospital services cost for each provider that is consistent with the upper payment limit for such services described at 42 CFR 447.321.
- (e) The methodology described in this section is applicable to provider-based facilities as defined at 42 CFR 413.65.

5. Hospital Ambulatory Surgical Centers (HASC) are reimbursed in accordance with Attachment 4.19-B, page 7(f), relating to the reimbursement methodology for Ambulatory Surgical Centers (ASCs).

6-7. Intentionally left blank.