

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

October 14, 2011

Our Reference: SPA TX 11-033

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 11-033, dated July 18, 2011. This state plan amendment implements a reimbursement reduction of 10.5 percent for clinical diagnostic laboratory services, excluding the clinical laboratory services provided by the Texas Department of State Health Services.

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,

/s/

Bill Brooks
Associate Regional Administrator

Enclosures

cc: Emily Zalkovsky, Policy Development Support

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: <div style="text-align: center; font-weight: bold;">11-033</div>	2. STATE: <div style="text-align: center; font-weight: bold;">TEXAS</div>
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) 4. PROPOSED EFFECTIVE DATE: <div style="text-align: center; font-weight: bold;">September 1, 2011</div>	
5. TYPE OF PLAN MATERIAL (Circle One): <div style="display: flex; justify-content: space-between;"> <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 </div>			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §440.30; Social Security Act §1903(i)(7); and Social Security Act §1833 (h)(1)(A)		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2011 \$ (1,484,887) b. FFY 2012 \$ (17,130,152) c. FFY 2013 \$ (17,576,275)	
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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 & 9	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 ten and a half percent payment reduction for Medicaid clinical laboratory services, excluding the clinical laboratory services provided by the Texas Department of State Health Services.			
11. GOVERNOR'S REVIEW (Check One): <div style="display: flex; justify-content: space-between;"> <div> <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 </div> <div> <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. </div> </div>			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <div style="border-top: 1px solid black; height: 20px; width: 100%;"></div>		16. RETURN TO: Billy R. Millwee State Medicaid Director Post Office Box 13247 MC: H-100 Austin, Texas 78711	
13. TYPED NAME: Billy R. Millwee			
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: 14 October, 2011	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 July, 2011		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health	
23. REMARKS:			

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) HHSC will update these fees effective September 1, 2011. HHSC will update these fees effective each year on April 1 based on 86.8 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 86.8 percent of the Medicare fees in effect as of January 1 of that same year.
- (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) HHSC will update these fees effective September 1, 2011. HHSC will update these fees effective each year on April 1 based on 84 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 84 percent of the Medicare fees in effect as of January 1 of that same year.
- (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 September 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 September 9, 2011.

SUPERSEDES: TN- 11-15

STATE <u>Texas</u>	A
DATE REC'D <u>7-18-11</u>	
DATE APP'D <u>10-14-11</u>	
DATE EFF <u>9-1-11</u>	
HCFA 179 <u>11-33</u>	

TN 11-33

Approval Date 10-14-11

Effective Date 9-1-11

Supersedes TN 11-15