

### 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) The DSHS laboratory is reimbursed for all laboratory services provided at 100 percent of the Medicare fees.
  - (2) 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 each year on April 1, based on 86.8 percent of the Medicare fees in effect as of January 1 of that same year.
  - (2) 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 each year on April 1, based on 84 percent of the Medicare fees in effect as of January 1 of that same year.
  - (2) 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 April 1, 2013, and is effective for services provided on or after that date. The fee schedule will be posted on the agency's website on April 5, 2013.