

## **Table of Contents**

**State/Territory Name: Texas**

**State Plan Amendment (SPA) #: 14-11**

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  
Dallas Regional Office  
1301 Young Street, Suite 833  
Dallas, Texas 75202



**DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI**

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July 28, 2014

Our Reference: SPA 14-011

Ms. Kay Ghahremani  
State Medicaid/CHIP Director  
Health and Human Services Commission  
Post Office Box 13247  
Mail Code H100  
Austin, Texas 78711

Dear Ms. Ghahremani:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 14-011, dated June 4, 2014. This state plan amendment updates the fee schedule for clinical diagnostic laboratories.

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, 2014. A copy of the CMS-179 and approved plan pages are enclosed with this letter.

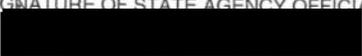
If you have questions, please contact Cheryl Rupley at (214) 767-6278.

Sincerely,

A solid black rectangular box redacting the signature of Bill Brooks.

Bill Brooks  
Associate Regional Administrator

cc: Becky Brownlee, Policy Development Support

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: <b>14-011</b>	2. STATE: <b>TEXAS</b>
		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: <b>April 1, 2014</b>	
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(i)(7) of the Social Security Act; and Social Security Act 1833 (h)(1)(A)</b>		7. FEDERAL BUDGET IMPACT: <b>SEE ATTACHMENT</b> a. FFY 2014 (\$1,253,873) b. FFY 2015 (\$2,165,344) c. FFY 2016 (\$2,219,904)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <b>SEE ATTACHMENT TO BLOCKS 8 and 9</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <b>SEE ATTACHMENT TO BLOCKS 8 and 9</b>	
10. SUBJECT OF AMENDMENT: <b>The proposed amendment updates the clinical diagnostic laboratories (CDL) fee schedule to reflect corresponding Medicare fee reductions of approximately 0.78 percent.</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: <b>Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.</b>			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: <b>Kay Ghahremani State Medicaid Director Post Office Box 13247 MC: H-100 Austin, Texas 78711</b>	
13. TYPED NAME: <b>Kay Ghahremani</b>			
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED: <b>June 4, 2014</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>4 June, 2014</b>		18. DATE APPROVED: <b>28 July, 2014</b>	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>1 April, 2014</b>		20. SIGNATURE: 	
21. TYPED NAME: <b>Bill Brooks</b>		22. TITLE: <b>Associate Regional Administrator Division of Medicaid &amp; Children's Health</b>	
23. REMARKS:			

**Attachment to Blocks 8 and 9 to CMS Form 179**

**Transmittal Number 14-011**

**Number of the  
Plan Section or Attachment**

Attachment 4.19-B  
Page 1c

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

Attachment 4.19-B  
Page 1c (TN 13-013)

State: Texas  
Date Received: 4 June, 2014  
Date Approved: 28 July, 2014  
Date Effective: 1 April, 2014  
Transmittal Number: 14-11

### 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, 2014, and is effective for services provided on or after that date. The fee schedule was posted on the agency's website on April 15, 2014.

State: Texas  
Date Received: 4 June, 2014  
Date Approved: 28 July, 2014  
Date Effective: 1 April, 2014  
Transmittal Number: 14-11

TN: 14-11

Approval Date: 7-28-14

Effective Date: 4-1-14

Supersedes TN: 13-13