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State/Territory Name: Texas

State Plan Amendment (SPA) #: 16-0007

This file contains the following documents in the order listed:

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

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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June 6, 2016

Our Reference: SPA TX 16-0007

Mr. Gary Jessee  
State Medicaid/CHIP Director  
Health and Human Services Commission  
Post Office Box 13247  
Mail Code H100  
Austin, Texas 78711

Dear Mr. Jessee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 16-0007, dated March 30, 2016. This state plan amendment updates the clinical diagnostic laboratories (COL) fee schedule.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date of January 1, 2016. A copy of the CMS-179 and approved plan page are enclosed with this letter.

If you have any questions please contact Suzette Seng of my staff. Ms. Seng may be reached at (214) 767-6478 or by Email at [Suzette.Seng@cms.hhs.gov](mailto:Suzette.Seng@cms.hhs.gov).

Sincerely,

A black rectangular box redacting the signature of Bill Brooks.

Bill Brooks  
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy Development Support

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER:  <b>16-0007</b>	2. STATE:  <b>TEXAS</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE:  <b>January 1, 2016</b>	
5. TYPE OF PLAN MATERIAL (Circle One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  <b>Social Security Act §1902(a)(30); 42 CFR §447.201</b>		7. FEDERAL BUDGET IMPACT: <b>SEE ATTACHMENT</b> a. FFY 2016 <b>\$624,215</b> b. FFY 2017 <b>\$854,855</b> c. FFY 2018 <b>\$892,893</b>	
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 clinical diagnostic laboratories (CDL) fee schedule.</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: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.	
12. [REDACTED] OFFICIAL:	16. RETURN TO:		
13. TYPED NAME: <b>Gary Jessee</b>	<b>Gary Jessee</b> <b>State Medicaid Director</b> <b>Post Office Box 13247, MC: H-100</b> <b>Austin, Texas 78711</b>		
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED: <b>March 30, 2016</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>March 30, 2016</b>		18. DATE APPROVED: <b>June 06, 2016</b>	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  <b>January 01, 2016</b>		20. SIGNATURE OF REGIONAL OFFICIAL: [REDACTED]	
21. TYPED NAME:  <b>Bill Brooks</b>		22. TITLE: <b>Associate Regional Administrator</b> <b>Division of Medicaid and Children's Health</b>	
23. REMARKS:			

**Attachment to Blocks 8 & 9 of CMS Form 179**

**Transmittal Number 16-0007**

**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 15-038)

State: Texas  
Date Received: March 30, 2016  
Date Approved: June 6, 2016  
Date Effective: January 1, 2016  
Transmittal Number: 16-0007

### 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.

The DSHS laboratory is reimbursed for all laboratory services provided at 100 percent of the Medicare fees.

- (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.

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.

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 on a per test basis.

- (e) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.

- (f) The agency's fee schedule was revised with new fees for clinical diagnostic laboratory services effective January 1, 2016, and will be posted on the agency's website on April 15, 2016.