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State/Territory Name: Texas

State Plan Amendment (SPA) #: 16-0021

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

October 27, 2016

Our Reference: TX SPA 16-0021

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

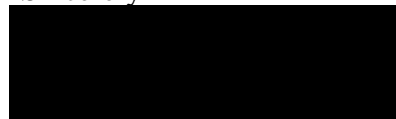
Dear Ms. Snyder:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 16-0021, dated September 13, 2016. This state plan amendment updates the clinical diagnostic laboratories (CDL) fee schedules.

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

If you have any questions, please contact Ford Blunt of my staff. Mr. Blunt may be reached at (214) 767-6381 or by email at Ford.Blunt@cms.hhs.gov.

Sincerely



Bill Brooks
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy

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|---|--|-------------------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES | 1. TRANSMITTAL NUMBER: 16-0021 | 2. STATE: TEXAS |
| | 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: July 1, 2016 | |
| 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: Social Security Act §1902(a)(30); 42 C.F.R. §447.201 | 7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2016 \$(420,021) b. FFY 2017 \$(1,726,579) c. FFY 2018 \$(1,803,144) | |
| 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 proposed amendment updates the clinical diagnostic laboratories (CDL) fee schedule. | | |
| 11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL | | |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | 16. RETURN TO: Jami Snyder State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711 | |
| 13. TYPED NAME: Jami Snyder | | |
| 14. TITLE: State Medicaid Director | | |
| 15. DATE SUBMITTED: September 13, 2016 | | |
| FOR REGIONAL OFFICE USE ONLY | | |
| 17. DATE RECEIVED: September 13, 2016 | 18. DATE APPROVED: October 27, 2016 | |
| PLAN APPROVED – ONE COPY ATTACHED | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2016 | 20. SIGNATURE OF REGIONAL OFFICIAL:  | |
| 21. TYPED NAME: Bill Brooks | 22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health | |
| 23. REMARKS: | | |

Attachment to Blocks 8 & 9 of CMS Form 179

Transmittal Number 16-0021

**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 16-0019)

State: Texas
Date Received: 09-13-2016
Date Approved: 10-27-2016
Date Effective 07-01-2016
Transmittal Number: TX 16-0021

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 July 1, 2016 and was posted on the agency's website on July 15, 2016.

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| TN: <u>16-0021</u> | Approval Date: <u>10-27-16</u> |
| Supersedes TN: <u>16-0019</u> | Effective Date: <u>07-01-16</u> |

State: Texas
Date Received: 09-13-2016
Date Approved: 10-27-2016
Date Effective 07-01-2016
Transmittal Number: TX 16-0021