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State/Territory Name: Texas

State Plan Amendment (SPA) : 22-0020

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604

Financial Management Group

December 17, 2025

Director: Emily Zalkovsky
State Medicaid/CHIP Director
Health and Human Services Commission
Mail Code: H100
Post Office Box 13247
Austin, Texas 78711

RE: TN 22-0020

Dear Director: Emily Zalkovsky,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Texas state plan amendment (SPA) to Attachment 4.19-B 22-0020, which was submitted to CMS on June 29, 2022.The proposed amendment will update School Health and Related Services (SHARS) pages within the Reimbursement Methodologies for the Early and Periodic Screening, Diagnosis, and Treatment Comprehensive-Care Program (EPSDT-CCP) section of the state plan.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 1, 2022. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Monica Neiman via email at Monica.Neiman@cms.hhs.gov.

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 22-0020

2. STATE: TX

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2022

5. FEDERAL STATUTE/REGULATION CITATION
Title XIX Social Security Act §1902(a)(30); 42 CFR §447.201(b)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 $ 0
b. FFY 2024 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
SEE ATTACHMENT TO BLOCKS 7 & 8

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
SEE ATTACHMENT TO BLOCKS 7 & 8

9. SUBJECT OF AMENDMENT
The proposed amendment will update School Health and Related Services (SHARS) pages within the Reimbursement Methodologies for the Early and Periodic Screening, Diagnosis, and Treatment Comprehensive-Care Program (EPSDT-CCP) section of the state plan.

10. GOVERNOR'S REVIEW *(Check One)*

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
- ☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- ☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
- ☑ OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Emily Zalkovsky

13. TITLE
State Medicaid Director

14. DATE SUBMITTED
June 29, 2022

15. RETURN TO
Emily Zalkovsky
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711

FOR CMS USE ONLY

16. DATE RECEIVED
June 29, 2022

17. DATE APPROVED
December 17, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS

Attachment to Blocks 7 & 8 of CMS Form 179

Transmittal Number 22-0020

Number of the Plan Section or Attachment	**Number of the Superseded Plan Section or Attachment**
Attachment 4.19B	Attachment 4.19B
Page 25L	Page 25L (TN 06-05)
Page 25L.1	Page 25L.1 (TN 06-05)
Page 25L.2	Page 25L.2 (TN 06-05)
Page 25L.3	Page 25L.3 (TN 06-05)
Page 25L.4	Page 25L.4 (TN 13-11)
Page 25L.5	Page 25L.5 (TN 13-11)
Page 25L.5a	new page
Page 25L.5b	new page
Page 25L.5c	new page

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis, and Treatment- Comprehensive Care Program (EPSDT-CCP) Services – continued

17) School Health and Related Services (SHARS)
School-based services are known as School Health and Related Services (SHARS) in Texas and are delivered by school districts. Within this methodology, SHARS are Medicaid services provided by qualified personnel or qualified health care professionals who have been approved under Appendix 1 to Attachment 3.1-A of the Texas Medicaid State Plan under Item 4.b. EPSDT Services. SHARS includes the following Medicaid services:

1. Audiology and Hearing Services
2. Physician Services
3. Occupational Therapy
4. Physical Therapy
5. Psychological Services
6. Speech and Language Services
7. Nursing Services
8. Counseling Services
9. Transportation Services
10. Personal Care Services

SHARS services are furnished to Medicaid-enrolled students and must be identified in an Individualized Education Program (IEP) or in a Section 504 Plan.

A. Interim Claiming Process

1) Interim claiming. Local Education Agencies (LEAs) must submit interim claims:

i. For each medical service (except personal care services) for which they are seeking reimbursement and must submit at least one claim for each individual child they are claiming on the cost report;
ii. For each personal care service unit each eligible student has received within the cost report period;
iii. For each eligible specialized transportation one-way trip within the cost report period.
iv. That are valid and meet the requirements outlined above.

2) Interim claims records are in the Texas Medicaid Management Information System. The process for claiming is as follows: The LEA submits the claim information to HHSC's fiscal intermediary. The claims process is an automated process that checks that the service is allowable based on the submitted procedure code, national provider identifier, provider type, date of service, student's Medicaid eligibility, and student's age (must be 20 years or younger for SHARS), and then pays or denies the claim.

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis, and Treatment- Comprehensive Care Program (EPSDT-CCP) Services – continued

B. Direct Medical Services Payment Methodology

Providers are reimbursed on an interim basis for SHARS direct medical services per unit of service at the lesser of the provider's billed charges or a state-wide interim rate. The interim rate is the rate for a specific service for a cost reporting period that is provisional in nature, pending the completion of a cost reconciliation and a cost settlement for that cost reporting period. The interim rate is developed based on a biennial review of the most recently available year of actual cost data submitted by providers. The state will submit changes for review to the Centers for Medicare and Medicaid Services (CMS) to ensure that the changes comply with the most current State Plan Amendment federal regulatory requirements. Interim rates are set by extracting the settled cost report data from each district and determining the average rate to be applied across all SHARS providers.

To determine the Medicaid-allowable direct and indirect costs of providing SHARS direct medical services to Medicaid-enrolled clients, the following steps are performed:

1) Direct costs for direct medical services include payroll costs and other costs that can be directly charged to direct medical services. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of direct service personnel listed in the descriptions of the covered Medicaid services delivered by school districts in Appendix 1 to Attachment 3.1-A of the Texas Medicaid State Plan under Item 4.b, excluding transportation personnel. Indirect costs are determined by applying the school district's specific unrestricted indirect cost rate to its net direct costs. Texas public school districts use predetermined fixed rates for indirect costs. The Texas Education Agency (TEA) has developed an indirect cost plan to be used by school districts in Texas. Providers are permitted to certify Medicaid- allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate, including any indirect costs related to contracted services. Indirect costs should not be duplicated on contracted services.

   Salaries, Benefits, and Compensation: All salaries, benefits, and compensations are subject to review and adjustment as deemed necessary by the state. All SHARS cost reports undergo first and second level desk reviews by HHSC.

2) Other direct costs include costs directly related to the approved

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis, and Treatment- Comprehensive Care Program (EPSDT-CCP) Services – continued

direct services personnel for the delivery of medical services. , medically related supplies and materials, and direct medical equipment depreciation.These direct costs are accumulated on the annual cost report, resulting in total direct costs. The cost report contains the scope of cost and methods of cost allocation that have been reviewed by CMS.

3) Total direct costs for direct medical services from Item 1 above are reduced by any federal payments for those costs, resulting in adjusted direct costs for direct medical services.

4) Adjusted direct costs from Item 2 above are then allocated to direct medical services regardless of payer source by applying the direct medical services percentage, resulting in net direct costs.

Time Study Percentages: A CMS-approved time study implementation guide is used to determine the percentage of time that medical service personnel spend on direct medical services, general and administrative time, and all other activities to account for 100 percent of time to ensure that there is no duplicate claiming. This time study methodology utilizes one cost pool representing individuals performing direct services and is outlined in more detail in the state implementation guide.

The state uses a Random Moment Time Study (RMTS).

i. The RMTS direct medical service percentages will be calculated using 100 percent of the time school is in session. The summer vacation period will be time studied.

ii. The Texas sampling periods are defined as follows:

Period 1 = October 1 – December 31

Period 2 = January 1 – March 31

Period 3 = April 1 – June 30

Period 4 = July 1 – September 30

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis and treatment-Comprehensive Care Program (EPSDT-CCP) Services – continued

5) Indirect costs are determined by applying the school district's specific unrestricted indirect cost rate to its net direct costs. Texas public school districts use predetermined fixed rates for indirect costs. The Texas Education Agency (TEA) has developed an indirect cost plan to be used by school districts in Texas. Providers are permitted to certify Medicaid- allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate, including any indirect costs related to contracted services. Indirect costs should not be duplicated on contracted services.

6) Net direct costs, which include the payroll costs and other costs directly charged to direct medical services, listed in detail on page 25L.1, B. Direct Medical Services Payment Methodology 1) and 2) are combined with indirect costs.

7) Medicaid's portion of total net costs is identified for students enrolled in Medicaid with IEPs and students enrolled in Medicaid with Section 504 plans requiring audiology services. The results of the previous step are multiplied by the ratio of the total number of students enrolled in Medicaid with IEPs per the Family Educational Rights and Privacy Act (FERPA) who have parental consent to release information to Medicaid requiring direct medical services plus the total number of students enrolled in Medicaid with Section 504 plans requiring audiology services per FERPA who have parental consent to release information to Medicaid (that are not receiving audiology services under an IEP) divided by the total number of students with IEPs plus the total number of students with Section 504 plans requiring audiology services . The IEP ratio is applied per LEA.

C. Transportation Services Payment Methodology

Providers are reimbursed for covered SHARS transportation services per unit of service at a provider-specific interim rate. The unit of service is based on a one-way trip. The provider-specific interim rate is the rate for a period that is provisional in nature, pending the completion of a cost reconciliation and a cost settlement for that period. SHARS transportation services are reimbursed the lesser of the provider's billed charges or the statewide interim rate.

School-based specialized transportation is defined as transportation to a medically necessary service (as outlined in the IEP of an enrolled Medicaid beneficiary) provided in a specially-adapted vehicle that has been physically-adjusted or designed (e.g., special harnesses, wheelchair lifts, ramps,

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis and Treatment- Comprehensive Care Program (EPSDT-CCP) Services – continued

specialized environmental controls, etc.,) to accommodate students with disabilities in the school-based setting. Note: the presence of only an aide (on a non-adapted bus/vehicle) or simple seat belts does not make a vehicle specially-adapted.

Reimbursement is available for transporting children receiving services to and from school under the following circumstances:

1) The student has a written IEP and per IDEA and FERPA who have parental consent to release information to Medicaid ;
2) Specialized transportation (and the specific adaptation) is noted in the IEP as a medically necessary service;
3) The student is enrolled in Medicaid;
4) The student receives a Medicaid-covered IEP service on the day that transportation is claimed; and
5) The service billed only represents the costs associated with the trip on the specially adapted transportation for direct medical services as listed in the IEP (e.g., the one-way trip).

To determine the Medicaid-allowable direct and indirect costs of providing SHARS covered transportation services to Medicaid eligible clients, the following steps are performed:

1) Direct costs for covered transportation services include payroll costs and other costs, including contracted transportation services costs,that can be directly charged to covered transportation services. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of bus drivers and mechanics. Other direct costs include costs directly related to the delivery of covered transportation services, such as professional and contracted services, contracted transportation costs, gasoline and other fuels, other maintenance and repair costs, vehicle insurance, interest, rentals, and vehicle depreciation These direct costs are accumulated on the annual cost report, resulting in total direct costs. Indirect costs should not be duplicated on contracted services. Indirect costs are determined by applying the school district's specific unrestricted indirect cost rate to its net direct costs. Texas public school districts use predetermined fixed rates for indirect costs. The Texas Education Agency (TEA) has developed an indirect cost plan to be used by school districts in Texas. Providers are permitted to certify Medicaid- allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate, including any indirect costs related to contracted services. Indirect costs should not be duplicated on contracted services.

2) Salaries, Benefits, and Compensation: All salaries, benefits, and

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis, and Treatment- Comprehensive Care Program (EPSDT-CCP) Services – continued

compensations are subject to review and adjustment as deemed necessary by the state. All SHARS cost reports undergo first and second level desk reviews by HHSC.

3) Total direct costs for covered transportation services from Item 1 above are reduced by any federal payments for those costs, resulting in adjusted direct costs for covered transportation services.

4) Indirect costs are determined by applying the school district's specific unrestricted indirect cost rate to its net direct costs. Texas public school districts use predetermined fixed rates for indirect costs. TEA has, in cooperation with the United States Department of Education (USDE), developed an indirect cost plan to be used by school districts in Texas TEA approves unrestricted indirect cost rates for school districts for the USDE, which is the cognizant agency for school districts. Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate, including any indirect costs related to contracted services. Indirect costs should not be duplicated on contracted services.

5) Net direct costs, which include the transportation payroll costs, contracted transportation services costs, and other costs for covered transportation services listed in detail on pages 25L.6-25L.8, C. Transportation Services Payment Methodology 1), are combined with indirect costs. Indirect costs should not be duplicated on contracted services.

6) LEAs that can identify a discrete cost pool for specialized transportation of allowable costs related to specialized transportation, (e.g., bus drivers, mechanics, fuel, maintenance, leases, insurance costs, depreciation, contracted costs, etc.) may use the following reimbursement methodology option in 7):

7) Step down to Medicaid by applying the ratio of Medicaid- eligible IEP one-way trips per FERPA who have parental consent to release information to Medicaid / all one-way trips **on the specially adapted vehicles** in the cost pool (including any IEP and non-IEP trips taken in the vehicles). The numerator of the one-way trip ratio is the number of one-way trips provided to the Medicaid-enrolled IEP students meeting the five circumstances described above.

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis, and Treatment- Comprehensive Care Program (EPSDT-CCP) Services – continued

The following is a second reimbursement methodology option that is available to LEAs. For Specialized Transportation (when no separate cost pool from the general transportation cost pool can be established: LEAs identify ALL transportation allowable costs (e.g., bus drivers, mechanics, fuel, maintenance, leases, insurance costs, depreciation, contracted costs, etc.).

8) Step down to specialized transportation by applying the ratio of all IEP students that have specialized transportation required in their IEP per FERPA who have parental consent to release information to Medicaid / all students in the LEA.

9) Further step down to Medicaid using the results of the previous step by applying the ratio of the total number of eligible one-way trips for Medicaid-enrolled IEP students with an IEP that includes specialized transportation / all transportation one-way trips for IEP students in the LEA.

10) Trip logs will be maintained daily to record one-way specialized transportation trips. The One-Way Trip ratio is applied per LEA.

D. Certification of Funds Process

Each provider certifies on a quarterly basis an amount equal to each interim rate times the units of service reimbursed during the previous federal fiscal quarter. In addition, each provider certifies on an annual basis, through its cost report its total actual, incurred allowable costs/expenditures, including the federal share and the nonfederal share. Providers are permitted only to certify Medicaid- allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

E. Annual Cost Report Process

The cost report is due on or before April 1 of the year following the reporting period. The primary purposes of the cost report are to:

1) Document the provider's total Medicaid allowable scope of costs for delivering SHARS, including direct costs and indirect costs, based on the cost allocation methodology procedures described herein; and

2) Reconcile its interim payments to its total Medicaid- allowable scope of costs.

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis, and Treatment- Comprehensive Care Program (EPSDT-CCP) Services – continued

The annual SHARS Cost Report includes a certification of funds statement to be completed, certifying the provider's actual, incurred costs/expenditures. All filed annual SHARS Cost Reports are subject to desk review by HHSC or its designee.

1) The list of providers in the Direct Service Cost Pool that will be used to allocate costs to Medicaid in the cost report are as follows:

Direct Service and Administrative Cost Pool:

i. Registered Nurse (RN)
ii. Licensed Vocational/Practical Nurse (LPN/LVN)
iii. Advanced Practice Registered Nurse (APRN), including Nurse Practitioner (NP), Clinical Nurse Specialists (CNS) [One example of a CNS is a Psychiatric Mental Health Nurse (PMHN).]
iv. Delegated Nursing Service Provider (e.g., clinic aides, home health aides, certified nurse aides, certified medication aides, and school health aides)
v. Physician [medical doctors (MDs); doctors of osteopathy (DOs)]
vi. Physician's Assistant
vii. Licensed Audiologist
viii. Licensed Assistant in Audiology
ix. Licensed Occupational Therapist (OT)
x. Occupational Therapy Assistant (OTA)
xi. Licensed Physical Therapist (PT)
xii. Licensed Physical Therapy Assistant (LPTA)
xiii. Licensed Psychologist
xiv. Licensed Specialist in School Psychology (LSSP)
xv. Licensed Psychiatrist
xvi. Licensed Speech Language Pathologist (SLP)
xvii. Licensed Assistant in SLP
xviii. Licensed SLP Intern
xix. Licensed Professional Counselor (LPC)
xx. Licensed Marriage and Family Therapist (LMFT)
xxi. Licensed Clinical Social Worker (LCSW)
xxii. Personal Care Service Provider (e.g., special education teacher and special education teacher aide)

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis, and Treatment- Comprehensive Care Program (EPSDT-CCP) Services – continued

F. The Cost Reconciliation Process

The total Medicaid-allowable scope of costs based on the cost allocation methodology procedures are compared to the provider's Medicaid interim payments for SHARS delivered during the reporting period as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation.

For the purposes of cost reconciliation, the state may not modify the scope of costs, the cost allocation methodology procedures, or its time study for cost reporting purposes.

G. The Cost Settlement Process

If a provider's interim payments exceed the actual, certified costs of the provider for SHARS to Medicaid clients, HHSC will recoup the federal share of the overpayment using one of these two methods:

1) Offset all future claims payments from the provider until the amount of the federal share of the overpayment is recovered; or

2) The provider will return an amount equal to the overpayment.

If the actual, certified costs of a provider for SHARS exceed the interim Medicaid payments, HHSC will pay the federal share of the difference to the provider in accordance with the final actual certification agreement and submit claims to the CMS for reimbursement of that payment in the federal fiscal quarter following payment to the provider.

HHSC shall review all cost reports submitted annually and make the necessary adjustments prior to the issuance of settlements.

HHSC shall issue a notice of settlement that denotes the amount due to or from the provider.

33. Federal Audit and Documentation Regulations: The Texas State Medicaid agency and any contractors used to help administer any part of the SHARS program are aware of federal regulations listed below for audits and documentation:

42 CFR § 431.107 Required provider agreement
42 CFR § 447.202 Audits
45 CFR § 75.302 Financial management and standards for financial management systems