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State/Territory Name: Texas

State Plan Amendment (SPA) : 23-0006

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

April 13, 2023

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

RE: Texas TN 23-0006

Dear Director: Stephanie Stephens,

We have reviewed the proposed Texas State Plan Amendment (SPA) to Attachment 4.19-B, TX#23-0006, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 30, 2023. The proposed amendment updates the Clinical Diagnostic Labs fee schedules.

Based upon the information provided by the State, we have approved the amendment with an effective date of March 1, 2023. We are enclosing the approved CMS-179 and a copy of the new state plan page.

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

Sincerely,

A solid black rectangular box used to redact the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 3 0 0 0 6

2. STATE

T X

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACTTO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE
March 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION

**Social Security Act §1902(a)(30); 42 CFR §447.201(b).
1905 (a)(9) and 1905(a)(3).**

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2023 \$ \$251
b. FFY 2024 \$ \$358

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

**Attachment 4.19-B
4.19-B Pages 1c**8. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If Applicable)**Attachment 4.19-B
4.19-B Pages 1c (TN 21-0042)**

9. SUBJECT OF AMENDMENT


The proposed amendment updates the Clinical Diagnostic Labs fee schedules.

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



12. TYPED NAME

Stephanie Stephens

13. TITLE

State Medicaid Director

14. DATE SUBMITTED

March 30, 2023

15. RETURN TO

**Stephanie Stephens
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711****FOR CMS USE ONLY**16. DATE RECEIVED
March 30, 202317. DATE APPROVED
April 13, 2023**PLAN APPROVED - ONE COPY ATTACHED**18. EFFECTIVE DATE OF APPROVED MATERIAL
March 01, 2023

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS

**Pen and Ink approved by the state and processed by CMS to add the following CFR Federal references to 179 Form Box 5:
1905 (a)(9) and 1905(a)(3).**

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, Diagnostic 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 a percentage of the Medicare fees.
- (b) Sole community hospitals are reimbursed the lesser of their billed charges or the fee determined by HHSC, which is a percentage 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 a percentage 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 a percentage of the Medicare fee. The Medicaid fee for any new procedure codes added during the year will be based on a percentage 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 by requiring that Medicaid payments for clinical laboratory services must not exceed the Medicare fee for the service on a per test basis. This provision does not apply to the DSHS laboratory reimbursement, Rural Hospitals, or Sole Community Hospitals, which will be established at a percentage of the Medicare fee.
- (e) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.
- (f) For services related to testing of Covid-19 (coronavirus), CDL services provided outside of the DSHS Laboratory are reimbursed at 100% of the Medicare rate.
- (g) The agency's fee schedule was revised with new fees for clinical diagnostic laboratory services effective March 1, 2023, and was posted on the agency's website on or prior to March 15, 2023.

TN: 23-0006 Approval Date: April 13, 2023

Supersedes TN: 21-0042 Effective Date: 03-01-2023