

Table of Contents

State/Territory Name: Texas

State Plan Amendment (SPA) : 25-0014

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
230 South Dearborn
Chicago, Illinois 60604



Financial Management Group

April 24, 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 25-0014

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, 25-0014, which was submitted to CMS on March 27, 2025. This plan amendment updates the Clinical Diagnostic Laboratory Services fee schedules (CDL), and removes language related to COVID-19 lab rates that is no longer relevant.

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 March 1, 2025. 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 at 214-767-4456 or via email at Monica.Neiman@cms.hhs.gov.

Sincerely,

[Redacted Signature]

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 5 0 0 1 4
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2. STATE

TX

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, 2025

5. FEDERAL STATUTE/REGULATION CITATION

1905(a)(3) and 1903(i)(7)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a FFY 2025 \$ 30,870
b FFY 2026 \$ 53,389

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

**Attachment 4.19-B
4.19-B Page 1c**8. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If Applicable)**Attachment 4.19-B
4.19-B Page 1c (TN 24-0023)**

9. SUBJECT OF AMENDMENT

The proposed amendment updates the Clinical Diagnostic Laboratory Services 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

11. 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

Emily Zalkovsky

13. TITLE

State Medicaid Director

14. DATE SUBMITTED

March 27, 2025

15. RETURN TO

**Emily Zalkovsky
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711**

16. DATE RECEIVED

March 27, 2025

17. DATE APPROVED

April 24, 2025**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

March 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Todd McMillion

21. TITLE OF APPROVING OFFICIAL

Director, Division of Reimbursement Review

22. REMARKS

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. 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) The agency's fee schedule was revised with new fees for clinical diagnostic laboratory services effective March 1, 2025, and was posted on the agency's website on March 14, 2025.