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State/Territory Name: Texas

State Plan Amendment (SPA) #: TX 25-0016

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

June 3, 2025

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

RE: TN 25-0016

Dear Director Zalkovsky:

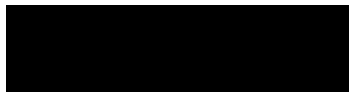
The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Texas state plan amendment (SPA) to Attachment 4.19-A TX 25-0016, which was submitted to CMS on March 12, 2025. This plan amendment updates High-Cost Clinician Administered Drugs and Biologics (HCCADs), Human Breast Milk Processing Storage and Distribution, and Long-Acting Reversible Contraceptive devices to pay outside the all patient refined diagnosis-related group inpatient reimbursement.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 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 June 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 Tom Caughey at 517 487 8598 or via email at tom.caughey@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 1 6

2. STATE

T X3. 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
June 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

**42 C.F.R. §§ 440.20 and 440.10; §1905(r) of Social Security Act,
relating to Inpatient Hospital Services and Outpatient Hospital
Services.**

6. FEDERAL BUDGE IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 8,228,107
b. FFY 2026 \$ 8,141,711

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

**Attachment 4.19-A
Page 10e.2
Appendix 6 to Attachment 4.19-A (New page)**8. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If Applicable)**Attachment 4.19-A
Page 10e.2 (TN 21-0032)
Appendix 6 to Attachment 4.19-A (New page)**

9. SUBJECT OF AMENDMENT

The proposed amendment updates High-Cost Clinician Administered Drugs and Biologics (HCCADs), Human Breast Milk Processing Storage and Distribution, and Long-Acting Reversible Contraceptive devices to pay outside the all patient refined diagnosis-related group inpatient reimbursement and filed on a separate outpatient claim. The HCCAD Non-Risk payment will be up to the fee-for-service reimbursement amount, and the fee schedule will act as the upper-payment limit.

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

Emily Zalkovsky

13. TITLE

State Medicaid Director

14. DATE SUBMITTED

March 12, 2025

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

March 12, 2025

17. DATE APPROVED

June 3, 2025

**PLAN APPROVED - ONE COPY
ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

June 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL



20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, FMG

22. REMARKS

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT

HOSPITAL SERVICES (continued)

- (4) When Medicare requires a merged hospital to maintain two Medicare numbers because they are in different CBSAs, HHSC assigns one base TPI with a separate suffix for each facility. Both suffixes receive the SDA of the primary hospital ID which remains active.

(i) Reimbursements.

- (1) Calculating the payment amount. HHSC reimburses a hospital a prospective payment for covered inpatient hospital services by multiplying the hospital's final SDA by the relative weight for the DRG assigned to the adjudicated claim. The resulting amount is the payment amount to the hospital.

(2) The following services are exceptions to the diagnosis related group (DRG) reimbursement methodology and filed on a separate outpatient claim with Type of Bill (TOB) 131. Any associated inpatient services received on the same date of service will be filed on a separate claim with

- (A) Long-Acting Reversible Contraceptive devices.
- (B) Human Breast Milk Processing, Storage, and Distribution.
- (C) High-Cost Clinician Administered Drugs and Biologics.

TN: 25-0016 Approval Date: June 3, 2025

Supersedes TN: 21-0032 Effective Date: June 1, 2025

Other inpatient hospital reimbursement methodologies:

- (1) Certain high-cost items are excluded from inpatient reimbursement methodologies as outlined in Attachment 4.19-A Page 10e.2. The following inpatient services will be reimbursed on a separate outpatient claim. Reference section 4.19-B, page 1a.3 Physicians and Practitioners for fee schedule updates for the methodology used to reimburse the following.
 - (a) High-Cost Clinician Administered Drugs and Biologics (HCCADs)
 - (b) Human Breast Milk Processing, Storage, and Distribution
 - (c) Long-Acting Reversible Contraceptive devices
- (2) HCCADs refer to high-cost specialty drugs and biologics whose manufacturers have signed up to participate in the Medicaid Drug Rebate Program (MDRP) and whose National Drug Code (NDC) shows as rebate-eligible on the MDRP file provided by CMS. HCCADs can be administered or dispensed to a patient by a licensed provider in an inpatient or outpatient setting.
 - (a) HCCADs are excluded from the APR-DRG and are billed on a separate outpatient claim. The associated inpatient or outpatient charges with the same date of service are billed separately.
 - (b) Details regarding HCCADs are included on the inpatient high-cost drug list and can be found on the state's website.
 - (c) Drugs and Biologics on the HCCAD list are reimbursed to hospitals pursuant to Attachment 4.19-B, page 1.
- (3) Human Breast Milk Processing, Storage, and Distribution--breast milk donated by healthy breastfeeding postpartum women used to provide health benefits to newborn infants, especially high-risk infants.
- (4) Long-Acting Reversible Contraceptive (LARC) devices--Methods of birth control that provide effective contraception for an extended period without requiring user action.