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State/Territory Name: TX

State Plan Amendment (SPA): TX-26-0011

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

November 19, 2026

Stephanie Stephens
State Medicaid Director
Texas Health and Human Services Commission
P.O. Box 13247
Austin, Texas 78751

RE: TN 26-0011

Dear Director Stephens,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Texas state plan amendment (SPA) to Attachment 4.19-B TX-26-0011 which was submitted to CMS on September 2, 2026. This plan amendment is being submitted to revise the fee schedule payment rates for Prescribed Pediatric Extended Care Center (PPECC) services.

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 September 1, 2026. 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 LaJoshica Smith at 214-767-6453 or via email at lajoshica.smith@cms.hhs.gov.

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

DEPARTMENT OF HEALTH ANDHUMAN 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: 26 0011

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
September 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR § 440.167
Section 1905(a)(24) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 0
b. FFY 2027 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B
Page 25n

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*

Attachment 4.19-B
Page 25n (TN 23-0017)

9. SUBJECT OF AMENDMENT

The purpose of the amendment is to update the payment rates for Prescribed Pediatric Extended Care Centers (PPECC).

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
Stephanie Stephens

13. TITLE
State Medicaid Director

14. DATE SUBMITTED
September 2, 2026

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
September 2, 2026

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
September 1, 2026

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

FORM CMS-179 (09/24)

32. Reimbursement Methodologies for Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Services - continued

(19) Prescribed Pediatric Extended Care Center (PPECC) Services

(a) Payment rates are developed based on payment rates determined for other programs that provide similar services. If there are no similar services or no prior provider experience in the state that can inform the development of payment rates, payment rates are determined using a pro forma analysis.

(b) A pro forma analysis is defined as an item-by-item, or classes-of-items, calculation of the reasonable and necessary expenses for a provider to operate a PPECC while meeting all regulatory requirements. This analysis may involve assumptions about the salary of an administrator or program director, staff salaries, employee benefits and payroll taxes, building depreciation, mortgage interest, contracted client care expenses, and other building or administration expenses using inflated historical costs of delivering similar services, where appropriate data are available, and estimating the basic types and costs of products and services necessary to deliver services meeting federal and state requirements.

(c) To determine the cost per unit of service, all the pro forma expenses are totaled, and the total is divided by the estimated units of service.

(d) Providers of a bundled service payment will maintain data to include information showing the provision, by the practitioner, of the individual covered Medicaid service in the bundled payment, the extent of services the provider furnishes to beneficiaries, and the cost, by practitioner and type of service, of services delivered under the bundled rate.

(e) PPECCs are limited to 12 hours a day and are further restricted by state licensure requirements to daytime hours; therefore, the rates will not include room and board.

(f) The per diem PPECC transportation rate is a once per day round trip encounter rate. The rate is payable only on days the client utilizes PPECC transportation.

(g) HHSC reviews and, if necessary, updates all rates on a biennial basis.

(h) All fee schedules are available through the agency's website as outlined in Attachment 4.19-B, page 1.

(i) Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of case management for persons with chronic mental illness. The agency’s fee schedule rate was set as of September 1, 2026 and is effective for services provided on or after that date. All rates are published on the agency’s website https://pfd.hhs.texas.gov/.