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: **10-021**

2. STATE: **TEXAS**

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: **April 1, 2010**

5. TYPE OF PLAN MATERIAL *(Circle One)*:

☐ ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR §440.30, Other laboratory and X-ray services; 42 CFR Part 493, Laboratory Requirements; Section 1903(i)(7) of the Social Security Act; and Social Security Act 1833 (h)(1)(A)

7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT
a. FFY **2010** **$ (1,860,191)**
b. FFY **2011** **$ (3,425,803)**
c. FFY **2012** **$ (3,369,864)**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
SEE ATTACHMENT TO BLOCKS 8 and 9

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
SEE ATTACHMENT TO BLOCKS 8 and 9

10. SUBJECT OF AMENDMENT:

The proposed amendment updates the reimbursement for clinical diagnostic laboratories (CDL) and updates the CDL fee schedule. The requested effective date for the proposed amendment is April 1, 2010.

11. 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.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Billy R. Millwee

14. TITLE:
State Medicaid Director

15. DATE SUBMITTED:
June 4, 2010

16. RETURN TO:
Billy R. Millwee
State Medicaid Director
Post Office Box 13247 MC: H-100
Austin, Texas 78711

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 4 June, 2010

18. DATE APPROVED: 26 August, 2010

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 April, 2010

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Bill Brooks

22. TITLE: Associate Regional Administrator Div of Medicaid & Children's Health

23. REMARKS:

FORM CMS – 179 (07-92)

STATE Texas
DATE REC'D. 6-4-10
DATE APPV'D 8-26-10
DATE EFF 4-1-10
HCFA 179 10-21
A

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, Diagnosis, 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.

(1) Effective November 1, 2008, the DSHS laboratory is reimbursed for all laboratory services provided at 100% of the Medicare fees in effect as of January 1, 2008. HHSC will update these fees effective each year on April 1, based on 100% of the Medicare fees in effect as of January 1 of that same year.

(2) The agency's fee schedule was revised with new fees for the EPSDT medical and newborn screenings provided by the DSHS laboratory effective April 1, 2010, and is effective for services provided on or after that date. The fee schedule was posted on the agency's website on April 9, 2010.

(b) Sole community hospitals are reimbursed the lesser of their billed charges or the fee determined by HHSC, which is 100% 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.

(1) Effective April 1, 2008, HHSC will update these fees effective each year on April 1, based on 99.2 % of the Medicare fees in effect as of January 1 of that same year. The Medicaid fee for any new procedure codes added during the year will be based on 99.2 % of the Medicare fees in effect as of January 1 of that same year.

(2) The agency's fee schedule was revised with new fees for sole community hospitals effective April 1, 2010, and is effective for services provided on or after that date. The fee schedule was posted on the agency's website on April 9, 2010.

(c) The remaining providers of these services are reimbursed the lesser of their billed charges or the fee determined by HHSC, which is 100% of the Medicare fee.

(1) Effective April 1, 2008, HHSC will update these fees effective each year on April 1, based on 96% of the Medicare fees in effect as of January 1 of that same year. The Medicaid fee for any new procedure codes added during the year will be based on 96% of the Medicare fees in effect as of January 1 of that same year.

(2) The agency's fee schedule was revised with new fees for these remaining providers of clinical laboratory services effective April 1, 2010, and is effective for services provided on or after that date. The fee schedule was posted on the agency's website on April 9, 2010.

(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, which requires that Medicaid payments for clinical laboratory services must not exceed the Medicare fee for the service.

(e) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.