

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER:  <b>10-045</b>	2. STATE:  <b>TEXAS</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE:  <b>September 1, 2010</b>	
5. TYPE OF PLAN MATERIAL ( <i>Circle One</i> ):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION:  <b>42 CFR §440.30; Social Security Act Section 1903(i)(7); and Social Security Act 1833 (h)(1)(A)</b>		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2010      \$ ( 279,132) b. FFY 2011      \$ (2,981,994) c. FFY 2012      \$ (2,933,327)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>SEE ATTACHMENT TO BLOCKS 8 AND 9</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  <b>SEE ATTACHMENT TO BLOCKS 8 AND 9</b>	
10. SUBJECT OF AMENDMENT:  <b>The amendment implements a one percent payment reduction for Medicaid clinical laboratory services, excluding services provided by the Texas Department of State Health Services.</b>			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ):  <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: <b>Billy R. Millwee</b>		<b>Billy R. Millwee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711</b>	
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED: <b>June 7, 2010</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>7 June, 2010</b>		18. DATE APPROVED: <b>30 August, 2010</b>	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>1 September, 2010</b>		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: <b>BILL Brooks</b>		22. TITLE: <b>Associate Regional Administrator Div of Medicaid &amp; Children's Health</b>	
23. REMARKS:			

STATE	Texas
DATE REC'D.	4-7-10
DATE APP'VD	8-30-10
DATE EFF.	9-1-10
CFR 179	10-45

### 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 percent 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 percent 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 percent 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 percent 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 percent 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.
  - (3) The reimbursement for services effective September 1, 2010, will be equal to the payment that would have been made on August 31, 2010, less one percent.
- (c) The remaining providers of these services are reimbursed the lesser of their billed charges or the fee determined by HHSC, which is 100 percent of the Medicare fee.
  - (1) Effective April 1, 2008, HHSC will update these fees effective each year on April 1, based on 96 percent 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 percent 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.
  - (3) The reimbursement for services effective September 1, 2010, will be equal to the payment that would have been made on August 31, 2010, less one percent.
- (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 in Attachment 4.19-B, Page 1.

SUPERSEDES: TN- 10-21

TN No. 10-45

Approval Date 8-30-10

Effective Date 9-1-10

Supersedes TN No. 10-21