

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1301 Young Street, Room 833
Dallas, Texas 75202



Division of Medicaid & Children's Health, Region VI

June 23, 2010

Our Reference: SPA TX 07-032

Mr. Billy Millwee
Associate Commissioner for Medicaid & CHIP
Health and Human Services Commission
Post Office Box 13247
Mail Code: H100
Austin, Texas 78711

Dear Mr. Millwee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 07-032, dated August 28, 2007. This amendment adds outpatient services into the supplemental payment calculation for non-state owned rural public hospitals.

Additionally, please note that when the State submits a State Plan Amendment (SPA) that may impact Indians or Indian health providers, CMS will look for evidence of the State's Tribal consultation process for that SPA. Pursuant to the new section 1902(a) (73) of the Act added by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, the State must submit evidence to CMS regarding the solicitation of advice prior to submission of the State Plan Amendment. Such consultation must include all federally-recognized tribes, Indian Health Service and Urban Indian Organizations within the State.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of September 1, 2007. A copy of the CMS-179 and the approved plan pages are enclosed with this letter.

If you have any questions, please contact Ford J. Blunt at (214) 767-6381.

Sincerely,

Bill Brooks
Associate Regional Administrator

Enclosures

Cc: Emily Zalkovsky, Policy Development Support

STATE	<u>Texas</u>
DATE REC'D.	<u>8-28-07</u>
DATE APP'VD	<u>6-23-10</u>
DATE EFF	<u>9-1-07</u>
HCFA 179	<u>07-32</u>

A

- (8) Notwithstanding other provisions of this attachment, supplemental payments will be made each state fiscal year in accordance with this subsection to eligible hospitals that serve a high volume of Medicaid and uninsured patients.
- (a) Supplemental payments are available under this subsection for outpatient services provided by a publicly-owned hospital or hospital affiliated with a hospital district in Bexar, Dallas, Ector, El Paso, Harris, Lubbock, Midland, Nueces, Potter, Randall, Tarrant, and Travis on or after July 6, 2001. Supplemental payments will be made for outpatient services on or after June 11, 2005 for Midland, Potter, and Randall Counties.
 - (b) The supplemental payments described in this subsection will be made in accordance with the applicable regulations regarding the Medicaid upper limit provisions codified at 42 C.F.R. §447.321.
 - (1) In each county listed in paragraph (8)(a) of this section, the hospital or hospital affiliated with the hospital district will be eligible to receive supplemental high volume outpatient payments.
 - (2) The supplemental payments authorized under this subsection are subject to the following limits:
 - (i) Except for hospitals eligible under (8)(c), in each state fiscal year the amount of any inpatient supplemental payments and outpatient supplement payments may not exceed the hospital's "hospital specific limit," as determined under Appendix I to Attachment 4.19-A (relating to Reimbursement to Disproportionate Share Hospitals [DSH]) for DSH hospitals; and
 - (ii) The amount of outpatient supplemental payments and fee-for-service Medicaid outpatient payments the hospital receives in a state fiscal year may not exceed Medicaid billed charges for outpatient services provided by the hospital to fee-for-service Medicaid recipients.
 - (c) Notwithstanding the provisions of subsections (8)(a) and (8)(b)(1) above, all hospitals that are eligible to receive funding under section (t)(4) of Attachment 4.19-A shall also be eligible to receive funding under section (8). Supplemental payments will be made for outpatient services on or after June 11, 2005 for eligible hospitals in Hidalgo, Maverick, Montgomery, Travis, Bexar, and Webb Counties. Supplemental payments will be made for outpatient services on or after November 12, 2005 for all other eligible hospitals under the terms of this subsection.
 - (d) Notwithstanding the provisions of subsections (8)(a) and (8)(b)(1) above, all hospitals that are eligible to receive funding under section (v) of Attachment 4.19-A shall also be eligible to receive funding under section (8). Supplemental payments will be made for outpatient services on or after September 1, 2007.
 - (e) An eligible hospital will receive quarterly supplemental payments. The quarterly payments will be one-fourth of:
 - (1) The difference between the hospital's Medicaid fee-for-service outpatient Medicaid payments received and 100% of Medicaid allowable outpatient hospital cost. Medicaid payments and cost will be based on a twelve consecutive-month period of fee-for-service claims data selected by HHSC.
 - (f) For purposes of calculating the "hospital specific limit" under this subsection, the "cost of services to uninsured patients" and "Medicaid shortfall," as defined by Appendix I to Attachment 4.19-A, the amount of Medicaid payments (including inpatient and outpatient supplemental payments) that exceed Medicaid cost will be subtracted from the "cost of services to uninsured patients" to ensure that during any state fiscal year, a hospital does not receive more in total Medicaid payments (inpatient and outpatient rate payments, graduate medical education payments, supplemental payments and disproportionate share hospital payments) than their cost of serving Medicaid patients and patients without health insurance.

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		1. TRANSMITTAL NUMBER: TX 07-032	2. STATE: TEXAS
		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: September 1, 2007	
5. TYPE OF PLAN MATERIAL (Circle One): <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 (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. §447.321		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2007 \$ 322,761 b. FFY 2008 \$3,859,107 c. FFY 2009 \$4,712,933	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT	
10. SUBJECT OF AMENDMENT: The purpose of this amendment is to include outpatient services in the supplemental payment calculation for non-state owned rural public hospitals. The amendment originally proposed to change the Medicaid charge deficit criteria from 1 percent to .5 percent for inpatient services provided at those hospitals. The State no longer intends to make this change.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: Billy Millwee		Billy Millwee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711-5200	
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: August 21, 2007			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 28 August, 2007		18. DATE APPROVED: 28 June, 2010	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 September, 2007		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Div of Medicaid & Children's Health	
23. REMARKS:			