

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**

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March 22, 2010

Our Reference: SPA TX 09-043

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 09-043, dated December 22, 2009. The amendment continues the \$25 monthly capitated payment to Medicare Advantage (MA) Plans and Special Needs Plans (SNP's) who have entered into a Medicare Risk Product Agreement with the Centers for Medicare and Medicaid Services (CMS). The capitated payments are made to provide the Cost Sharing Obligations to health care service providers on behalf of Dual Eligible Members enrolled in the health plan's Medicare Risk Product Agreement.

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 January 1, 2010. 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,

A black rectangular redaction box covering the signature of Bill Brooks.

Bill Brooks  
Associate Regional Administrator

Enclosures

cc: Emily Zalkovsky, Policy Development Support

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER:  <b>09-043</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>January 1, 2010</b>	
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:  <b>Medicare Catastrophic Coverage Act of 1988, Pub L. 100-360, Title III, § 301(a)(1), 102 Stat. 683, 748, codified at 42 U.S.C §1396a(a)(10)(E)(i). 42 U.S.C. §1396a(n)(2), inserted by Pub. L. 105-33, §4714, 111 Stat. 509-510.(18) 42 U.S.C. §§1396a(a)(10)(E)(i) and 1396 d(p)(3)(B)-(D)</b>		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2010      \$00 b. FFY 2011      \$00 c. FFY 2012      \$00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>SEE ATTACHMENT</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>SEE ATTACHMENT</b>	
10. SUBJECT OF AMENDMENT:  <b>The purpose of the proposed amendment is to continue the \$25 monthly capitated payment to Medicare Advantage (MA) Plans and Special Needs Plans (SNP's) who have entered into a Medicare Risk Product Agreement with the Centers of Medicare and Medicaid Services (CMS). The capitated payments are made to provide the Cost Sharing Obligations to health care service providers on behalf of Dual Eligible Members enrolled in the health plan's Medicare Risk Product Agreement.</b>			
11. GOVERNOR'S REVIEW (Check One):  <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>Chris Traylor</b>		<b>Chris Traylor</b> <b>State Medicaid Director</b> <b>Post Office Box 85200</b> <b>Austin, Texas 78711-5200</b>	
14. TITLE:  <b>State Medicaid Director</b>			
15. DATE SUBMITTED:  <b>December 22, 2009</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>22 December, 2009</b>		18. DATE APPROVED: <b>22 March, 2010</b>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  <b>1 January 2010</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME:  <b>Bill Brooks</b>		22. TITLE: <b>Associate Regional Administrator</b> <b>Div of Medicaid &amp; Children's Health</b>	
23. REMARKS:			

**Attachment to Blocks 8 and 9 to CMS Form 179**

**TX Transmittal No. 09-043, Amendment No. 889**

**Number of the  
Plan Section or Attachment**

Supplement 2 to Attachment 4.19-B  
Page 3

**Number of the Superseded  
Plan Section or Attachment**

Supplement 2 to Attachment 4.19-B  
Page 3 (TN 08-001)

**III. Methodology**

The state has set the capitation for Participating Plans at \$25 per member per month. This capitation is intended to provide for Cost Sharing Obligations for Dual Eligible Members in Texas. The capitation rate was established based on an analysis of the following: (a) the actual managed care experience for a large sample of Dual Eligible Members, (b) information regarding current market cost-sharing arrangements for comparable MA Health Plans, (c) information from other states regarding how they reimburse MA Health Plans for member cost sharing, and (d) input from MA Health Plans that currently participate in Texas.

The managed care experience used in our analysis included calendar year 2006 claims data for around 6,000 Dual Eligible Members. The analysis included actual claims experience for all Cost Sharing Obligations, including Part A and Part B deductibles, and physician and outpatient facility coinsurance and co-payments.

SUPERSEDES: TN- 08-01

STATE <u>Texas</u>	A
DATE REC'D <u>12-22-09</u>	
DATE APPV'D <u>3-22-10</u>	
DATE EFF <u>1-1-10</u>	
HCFA 179 <u>09-43</u>	

TN No. 09-43

Approval Date 3-22-10

Effective Date 1-1-10

Supersedes TN No. 08-01

**Marks, Marsha L. (CMS/SC)**

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**From:** Marks, Marsha L. (CMS/SC)  
**Sent:** Tuesday, March 23, 2010 12:18 PM  
**To:** CMS CMSO\_508\_SPA; Potter, Cynthia J. (CMS/CMSO)  
**Cc:** Blunt, Ford J. (CMS/SC); Prisby, Karen L. (CMS/CMCHO)  
**Subject:** Approval Pkg for TX 09-43  
**Attachments:** TX0943APPROVAL.doc; Final Approval Pkg for 09-43.pdf

See Attached. Hard copies are being sent by regular mail.

State: Texas

**Brief Description:** This amendment continues the process by which the State pays its monthly capitated payment to HMOs who have entered into a Medicare Risk Product Agreement with the Centers for Medicare and Medicaid (CMS) in exchange for the HMO's payment of the Cost Sharing Obligations to health care service providers attributable to Dual Eligible members enrolled in the HMOs Medicare Risk Product.

**Approval Date:** 22 March, 2010

**Effective Date:** 1 January, 2010

**Marsha Marks** // Dept of Health & Human Services // Centers for Medicare & Medicaid Services // Dallas Regional Office // Division of Medicaid & Children's Health // Dallas Texas 75202 // 214-767-6280 // Fax 214-767-0322 // [marsha.marks@cms.hhs.gov](mailto:marsha.marks@cms.hhs.gov)