

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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September 13, 2009

Our Reference: SPA TX 09-011

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

Dear Mr. Traylor:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 09-011, dated June 15, 2009. The purpose of this plan is to update the reimbursement methodology for clinical laboratory services related to sole community hospitals and remaining providers. The amendment will allow the services related to sole community hospitals to be reimbursed at 99.2 percent of the Medicare fee associated with each procedure code and the services related to remaining providers to be reimbursed at 96 percent of the Medicare fee associated with each procedure code.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of April 1, 2009. A copy of the CMS-179 and 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: Tamela Griffin, Policy Development Support

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER:  <b>09-011</b>	2. STATE:  <b>TEXAS</b>
		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:  <b>April 1, 2009</b>	
5. TYPE OF PLAN MATERIAL (Circle One):  <input type="checkbox"/> COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
6. FEDERAL STATUTE/REGULATION CITATION: <b>42 CFR 440.30, Other laboratory and X-ray services; 42 CFR §493, Laboratory Requirements; Section 1903(i)(7), Social Security Act; and Social Security Act 1833 (h)(1)(A)</b>		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2009      \$ 305,291 b. FFY 2010      \$ 664,755 c. FFY 2011      \$ 630,049	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>SEE ATTACHMENT to BLOCKS 8 &amp; 9</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>SEE ATTACHMENT to BLOCKS 8 &amp; 9</b>	
10. SUBJECT OF AMENDMENT:  The proposed amendment updates the reimbursement methodology for clinical laboratory services related to sole community hospital and remaining providers (remaining providers are providers that are not sole community hospital or state laboratory providers). The amendment will allow the services related to sole community hospitals to be reimbursed at 99.2 percent of the Medicare fee associated with each procedure code and the services related to the remaining providers to be reimbursed at 96 percent of the Medicare fee associated with each procedure code. The fees will be updated annually. The effective date for the proposed amendment is April 1, 2009.			
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 <b>Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.</b> <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 State Medicaid Director Post Office Box 13247 Austin, Texas 78711</b>	
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED: <b>June 15, 2009</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>15 June, 2009</b>		18. DATE APPROVED: <b>13 September, 2009</b>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>1 April, 2009</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:			

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

**Transmittal No. TX 09-011, Amendment 857**

**Number of the  
Plan Section or Attachment**

Attachment 4.19-B  
Page 1c

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

Attachment 4.19-B  
Page 1c (TN 08-035)

STATE	Texas
DATE RECD	6-15-09
DATE APPLD	9-13-09
DATE EFF	4-1-09
HCTA 179	09-11

### 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 November 1, 2008, and is effective for services provided on or after that date. The fee schedule was posted on the agency's website on January 7, 2009.
- (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, 2009, and is effective for services provided on or after that date. The fee schedule was posted on the agency's website on July 3, 2009.
- (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, 2009, and is effective for services provided on or after that date. The fee schedule was posted on the agency's website on July 3, 2009.
- (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.

08-35

TN No. 09-11

Approval Date 9-13-09

Effective Date 4-1-09

Supersedes TN No. 08-35