

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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April 16, 2010

Our Reference: SPA TX 10-007

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 10-007, dated March 23, 2010. This amendment updates the fee schedule for Physician Services in the state plan.

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 February 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 FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER: <b>10-007</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>February 1, 2010</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 §440.50(a); Section 1905(a)(5)(A) of Social Security Act, relating to Physician Services</b>	7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT	
	a. FFY 2010 <b>\$108,136</b> b. FFY 2011 <b>\$146,546</b> c. FFY 2012 <b>\$149,390</b>	
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 (If Applicable):  <b>SEE ATTACHMENT TO BLOCKS 8 AND 9</b>	
10. SUBJECT OF AMENDMENT:  <b>The proposed amendment updates the Physician Services fee schedule.</b>		
11. GOVERNOR'S REVIEW (Check One):		
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		
<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <b>Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.</b>		
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>March 23, 2010</b>		
<b>FOR REGIONAL OFFICE USE ONLY</b>		
17. DATE RECEIVED: <b>3-23-10</b>	18. DATE APPROVED: <b>4-16-10</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>		
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>2-1-10</b>	20. SIGN _____ 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 of CMS Form 179**

**TX Transmittal No. 10-007, Amendment 900**

**Number of the  
Plan Section or Attachment**

Attachment 4.19-B  
Page 1a.2

**Number of the Superseded  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

Attachment 4.19-B  
Page 1a.2 (TN 10-006)

- (E) \$23.220 - Effective September 1, 2007 for obstetrical anesthesia services to clients under 21 years of age. Implemented with respect to recipients under age 21 pursuant to the order of the court in *Frew v. Hawkins*, Civil Action #3:93/CV65 (Eastern District – Paris Division) on April 27, 2007 (Corrective Action Order: Adequate Supply of Healthcare Providers).
- (F) \$19.580 - Effective September 1, 2007 for obstetrical anesthesia services to clients 21 years of age and older.
- (d) Access-based fees (ABFs) are developed to account for deficiencies in RBFs relating to adequacy of access to health care services for Medicaid clients and are based upon: (1) historical charges; (2) current total Medicare fee (i.e., RVU times Conversion Factor) for the individual service; (3) review of Medicaid fees paid by other states; (4) survey of providers' costs to provide the individual service; (5) Medicaid fees for similar services; and/or (6) some combination or percentage thereof.
- (e) General guidelines used when updating Medicaid fees for services provided by physicians and certain other practitioners, include, but not limited to the following: updating the Medicaid relative value units (RVUs) to those currently in effect for Medicare and multiplying the updated RVUs by the current Medicaid conversion factor to result in an updated resource-based fee (RBF); increasing the Medicaid conversion factor to increase RBFs for which no RVU update is required in order to increase access to services; changing an existing RBF to an access-based fee (ABF) when the RBF methodology does not provide sufficient access to care; and changing an existing ABF to a RBF as appropriate.
- (f) When a procedure code is nationally discontinued, a replacement procedure code is nationally assigned for the discontinued procedure code, and Medicaid implements the replacement procedure code, a state plan amendment will not be submitted since the fee for the service has not changed.
- (g) All fee schedules are available through the agency's website, as outlined on Attachment 4.19-B, page 1.
- (h) The agency's fee schedule was revised with new fees for physicians effective February 1, 2010, and is effective for services provided on or after that date. This fee schedule was posted on the agency's website on April 9, 2010.

SUPERSEDES: TN- 10-06

STATE <u>Texas</u>	A
DATE REC'D <u>3-23-10</u>	
DATE APP'VD <u>4-16-10</u>	
DATE EFF <u>2-1-10</u>	
HCFA 179 <u>10-07</u>	

TN No. 10-07

Approval Date 4-16-10

Effective Date 2-1-10

Supersedes TN No. 10-06

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

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**From:** Marks, Marsha L. (CMS/SC)  
**Sent:** Thursday, April 22, 2010 2:03 PM  
**To:** CMS CMSO\_508\_SPA  
**Cc:** Blunt, Ford J. (CMS/SC); Prisby, Karen L. (CMS/CMCHO)  
**Subject:** Approval Pkg for TX 10-07  
**Attachments:** Final Approval Package TX 10-07.pdf; TX1007APPROVAL.doc

See attached.

State: Texas

**Brief Description:** Amendment updates the fee schedules for physician services in the state plan. State indicated that non-federal share of payment will be funded through Medicaid Agency & the State. The reduction does not have a direct impact on Indians, Indian health programs or Urban Indian Organizations.

**Effective Date:** 2/1/2010

**Approval Date:** 4/16/2010

**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)