

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

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

AUG 10 2010

RE: TN 10-41

Dear Mr. Millwee:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-41. This amendment implements a one percent payment reduction for Medicaid services provided by non-state freestanding psychiatric facilities.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. As part of the review process the State was asked to provide information regarding funding of the State share of expenditures under Attachment 4.19-A. Based upon your assurances we are pleased to inform you that Medicaid State plan amendment 10-41 is approved effective September 1, 2010. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,

A black rectangular redaction box covers the signature of Cindy Mann.

Cindy Mann
Director

Center for Medicaid, CHIP, and Survey & Certification

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 10-041	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, 2010	
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: Social Security Act § 1905(a)(16) and 1905(h); 42 C.F.R. §§ 440.160, 441.150 through 441.182.		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2010 \$ (48,711) b. FFY 2011 \$ (499,014) c. FFY 2012 \$ (490,870)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 AND 9		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 AND 9	
10. SUBJECT OF AMENDMENT: The amendment implements a one percent payment reduction for Medicaid services provided by non-state freestanding psychiatric facilities.			
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: Billy R. Millwee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711	
13. TYPED NAME: Billy R. Millwee			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: June 7, 2010			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: 8-10-10	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP - 1 2010		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: William Lasowski		22. TITLE: Deputy Director, CMCS	
23. REMARKS:			

Attachment to Blocks 8 and 9 to CMS Form 179

TX Transmittal No. 10-041, Amendment 934

**Number of the
Plan Section or Attachment**

Attachment 4.19-A
Page 10e
Page 10e.1

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

Attachment 4.19-A
Page 10e (TN 08-026)
New Page

(y) Reimbursement to freestanding psychiatric facilities.

- (1) Effective January 1, 2008, HHSC or its designee reimburses state-owned freestanding psychiatric facilities under the prospective payment system, a hospital-specific per diem rate. The per diem rate will be determined based upon the Medicare federal base per diem for inpatient psychiatric facilities with facility-based adjustments for wages, rural location, and length of stay as determined by Medicare. HHSC or its designee will not cost settle for services provided to recipients admitted as inpatients to freestanding psychiatric facilities reimbursed under the prospective payment system on or after January 1, 2008. The freestanding psychiatric inpatient per diem rates are for Medicaid clients under 21 years of age. Rates will be based on the 2007 federal base per diem.
- (2) Effective January 1, 2008, HHSC or its designee reimburses non-state-owned freestanding psychiatric facilities under the prospective payment system, a hospital-specific per diem rate. The per diem rate will be determined based upon the Medicare federal base per diem for inpatient psychiatric facilities with facility-based adjustments for wages, rural location, and length of stay as determined by Medicare. HHSC or its designee will not cost settle for services provided to recipients admitted as inpatients to freestanding psychiatric facilities reimbursed under the prospective payment system on or after January 1, 2008. The freestanding psychiatric inpatient per diem rates are for Medicaid clients under 21 years of age. Rates will be based on the 2007 federal base per diem. The reimbursement for services effective September 1, 2010, will be equal to the payment that would have been made August 31, 2010, less 1 percent.
- (3) Reimbursement to children's freestanding psychiatric facilities. On or after September 1, 2008, an in-state freestanding psychiatric facility that primarily serves individuals under the age of 21 will be exempted from the freestanding psychiatric facility prospective payment system methodology described in subsection (y)(1) or (y)(2) of this section and instead reimbursed as an in-state children's hospital as described in subsection (j) of this section if the facility meets the following requirements:

TN No. 10-41

Approval Date AUG 10 2010

Effective Date 09-01-10

Supersedes TN No. 08-26

Reimbursement Methodology for Inpatient Hospital Services

(y) Reimbursement to freestanding psychiatric facilities.

(3) Reimbursement to children's freestanding psychiatric facilities (continued).

- (A) After a Medicaid participating freestanding psychiatric hospital is recognized by Medicare as a freestanding psychiatric facility, it must request of HHSC or its designee that the facility be reimbursed as a children's hospital. The hospital must submit its request on or after September 1, 2008, in writing, to HHSC or its designee's provide enrollment contact and include documentation showing that during the previous two hospital fiscal years, at least 95 percent of the facility's total inpatient days were for services to individuals under the age of 21. HHSC will cost settle the annual cost report for the hospital fiscal year in which the request was submitted.
- (B) After a freestanding psychiatric hospital has been recognized by HHSC as a children's hospital, for continued recognition as a children's hospital, it must annually submit to HHSC's Medicaid Audit Division documentation with its annual cost report showing that at least 95 percent of its total inpatient days were for services to individuals under the age of 21. A hospital that does not meet this 95 percent threshold based on its annual cost report will be reimbursed based on the prospective hospital-specific per diem rate as described in subsection (y)(1) or (y)(2) of this section, effective the first day of the hospital fiscal year following the cost reporting period in which the hospital did not meet the 95 percent threshold.

TN No. 10-41

Approval Date AUG 10 2010

Effective Date 09-01-10

Supersedes TN No. New Page