

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

NOV - 5 2010

RE: TN 10-48

Dear Mr. Millwee:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-48. This amendment implements a one percent payment reduction for Medicaid services provided by inpatient hospital services reimbursed under the diagnosis related group (DRG) prospective payment system.

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 10-48 is approved effective September 1, 2010. We are enclosing the HCFA-179 and the amended plan page.



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

Sincerely,

A black rectangular redaction box covering the signature area of the letter.

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: 10-048 | 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 8 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §440.10 | | 7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2010 \$ (1,842,897) b. FFY 2011 \$ (19,887,871) c. FFY 2012 \$ (19,366,562) | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 & 9 | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 & 9 | |
| 10. SUBJECT OF AMENDMENT: The amendment updates and clarifies the reimbursement methodology for inpatient hospital services. Additionally, the amendment implements a one percent payment reduction for Medicaid services provided by inpatient hospital services reimbursed under the diagnosis related group (DRG) prospective payment system. | | | |
| 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 OFFICIAL:  | | 16. RETURN TO: Billy R. Millwee State Medicaid Director Post Office Box 13247 MC: H-100 Austin, Texas 78711-5200 | |
| 13. TYPED NAME: Billy R. Millwee | | | |
| 14. TITLE: State Medicaid Director | | | |
| 15. DATE SUBMITTED: August 10, 2010 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: 11 August, 2010 | | 18. DATE APPROVED: 11-5-10 | |
| 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

Transmittal No. TX 10-048, Amendment 941

**Number of the
Plan Section or Attachment**

Attachment 4.19-A
Page 3a

**Number of the Superseded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

Attachment 4.19-A
Page 3a (TN 09-026)

- (C) If a payment division has fewer than 20 total base year claims, HHSC considers that payment division to be invalid. Hospitals within that payment division are assigned a PDSDA equal to the mathematically closest valid PDSDA.
 - (D) Minimum PDSDA. The minimum PDSDA of \$1,600.00 is applied to any hospital with an HSDA equal to or less than \$1,600.00.
- (2) Payment Division Index (PDI).
- (A) After all hospitals have been assigned a payment division number, HHSC may adjust the standard dollar amount for that payment division. The resulting PDSDA is the reimbursement rate for all hospitals assigned that payment division number. The PDI is the list of all payment division numbers and the corresponding valid PDSDA.
 - (B) If the resulting PDSDA is less than \$1,600.00, the minimum PDSDA is applied.
 - (C) HHSC will assign a payment division designation to the universal mean (average base year cost per claim for all hospitals) plus the cost-of-living update used in the most recent rebasing calculation and will apply any adjustments under subparagraph (A) of this paragraph. The resulting amount is the PDSDA for the payment division assigned to hospitals listed in paragraph (3)(A) of this subsection.
 - (D) HHSC will assign a payment division designation to be used for a new hospital reimbursement rate. HHSC will calculate the rate as described in paragraph (3)(B) of this subsection and will apply any adjustments under subparagraph (A) of this paragraph, which will be the PDSDA for this designation.
 - (E) 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) PDSDA for specific types of hospitals:
- (A) The following types of hospitals are assigned the PDSDA described in (2)(C):
 - (i) military hospitals;
 - (ii) out-of-state hospitals; and
 - (iii) newly enrolled hospitals.

TN 10-48

Approval Date NOV - 5 2010

Effective Date 9-1-10

Supersedes TN 09-26

Marks, Marsha L. (CMS/SC)

From: Cooley, Mark S. (CMS/CMSO)
Sent: Tuesday, November 09, 2010 1:24 PM
To: Dasheiff, Sandra (CMS/CMCHO)
Cc: GOLDSTEIN, STUART S. (CMS/CMSO); Marks, Marsha L. (CMS/SC); Brooks, Bill D. (CMS/CMCHO)
Subject: Approval Package for TX 10-048
Attachments: TX 10-048.pdf

Approval package for Texas 10-048