

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

June 17, 2010

Our Reference: SPA TX 10-012

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 10-012, dated March 23, 2010. This amendment updates the physician services fee schedule by implementing the use of the current Medicare RVUs and by implementing the use of a \$30 dollar conversion factor for certain primary care services.

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 April 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,

Bill Brooks
Associate Regional Administrator

Enclosures

Cc: Emily Zalkovsky, Policy Development Support

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 10-012	2. STATE: TEXAS
		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: April 1, 2010	
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: 42 CFR §440.50(a); Section §1905(a)(5)(A) of Social Security Act, relating to Physician Services		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT	
		a. FFY 2010 \$(19,898,911) b. FFY 2011 \$(36,242,401) c. FFY 2012 \$(35,771,925)	
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 proposed amendment updates the physician's fee schedule. Additionally, the proposed amendment updates the Texas conversion factors used for calculating reimbursements to physicians and certain other practitioners.			
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: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.	
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: Billy R. Millwee		Billy R. Millwee State Medicaid Director Post Office Box 13247 MC: H-100 Austin, Texas 78711-5200	
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED March 23, 2010			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 3-23-2010		18. DATE APPROVED: 17 June 2010	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 4-1-2010		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Div of Medicaid & Children's Health	
23. REMARKS:			

- F. \$18.420 – Effective January 1, 2010, for nonobsterical anesthesia services to clients 21 years of age and older.
 - G. \$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).
 - H. \$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 April 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- 10-10

STATE <u>Texas</u>	A
DATE REC'D. <u>3-23-10</u>	
DATE APPV'D <u>6-17-10</u>	
DATE EFF <u>4-1-10</u>	
HOFA 179 <u>10-12</u>	

TN No. 10-12

Approval Date 6-17-10

Effective Date 4-1-10

Supersedes TN No. 10-10

- (1) A relative value unit (RVU) is the relative value assigned to each of the three individual components that comprise the cost of providing individual Medicaid services. The three cost components are intended to reflect the work, overhead and the professional liability expense required to provide each individual service. HHSC will review any changes to or revisions of the various Medicare RVUs and, if applicable, adopt the changes as part of the RBF fee schedule.
- (2) The conversion factor is the dollar amount by which the sum of the three cost component RVUs is multiplied in order to obtain an RBF for each individual service. HHSC may develop and apply multiple conversion factors for various classes of service, such as obstetrics, pediatrics, general surgeons, and/or primary care services. The following conversion factors are applied and are reflected on the fee schedule for services provided by physicians and certain other practitioners on the agency's website:
 - A. \$27.276 – Effective September 1, 1999, for RBFs for physicians and certain other practitioners.
 - B. \$28.640 – Effective September 1, 2007, for increases to certain RBFs for services provided by physicians and certain other practitioners. 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).
 - C. \$30.000 – Effective April 1, 2010, for increases to certain RBFs for services provided by physicians and certain other practitioners. Implemented with respect to maintaining access to care for Medicaid clients for certain necessary medical services.
 - D. Conversion factor equal to the current Medicare conversion factor – Effective April 1, 2010, for increases to certain RBFs for services provided by physicians and certain other practitioners. Implemented with respect to maintaining access to care for Medicaid clients for certain necessary medical services.
 - E. \$19.830 – Effective September 1, 2007, for nonobstetrical anesthesia services to clients under age 21. 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).

SUPERSEDES: TN- 08-34

STATE <u>Texas</u>	A
DATE REC'D. <u>3-23-10</u>	
DATE APP'VD <u>6-17-10</u>	
DATE EFF. <u>4-1-10</u>	
HCFR 179 <u>10-12</u>	

TN No. 10-12

Approval Date 6-17-10

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