Table of Contents

State Plan Amendment (SPA) #: 17-0015

This file contains the following documents in order listed:

1. CMS Approval Letter
2. CMS Form 179
3. Superseding Page Listing (Attachment to Blocks 8 & 9 of CMS Form 179)
4. Approved SPA Page
September 15, 2017

Our Reference: SPA TX 17-0015

Ms. Jamie Snyder
State Medicaid/CHIP Director
Health and Human Services Commission
Post Office Box 13247
Mail Code H100
Austin, Texas 78711

Dear Ms. Snyder:

We have reviewed the State’s proposed amendment to the Texas State Plan submitted under Transmittal Number 17-0015, dated August 24, 2017. The state plan amendment updates the clinical laboratories (CDL) fee schedule.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date of July 1, 2017. A copy of the CMS-179 and approved plan pages are enclosed with this letter.

If you have any questions, please contact Ford Blunt of my staff. Mr. Blunt may be reached at (214) 767-6381 or by e-mail at Ford.Blunt@cms.hhs.gov.

Sincerely,

Bill Brooks
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy Development Support
**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

**FOR:** CENTERS FOR MEDICARE AND MEDICAID SERVICES

**TO:** REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

<table>
<thead>
<tr>
<th>1. TRANSMITTAL NUMBER:</th>
<th>17-0015</th>
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<tbody>
<tr>
<td>2. STATE:</td>
<td>TEXAS</td>
</tr>
<tr>
<td>3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</td>
<td></td>
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<tr>
<td>4. PROPOSED EFFECTIVE DATE:</td>
<td>July 1, 2017</td>
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<td>5. TYPE OF PLAN MATERIAL (Circle One):</td>
<td></td>
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<tr>
<td>☐ NEW STATE PLAN</td>
<td>☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN</td>
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COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Social Security Act §1902(a)(30); 42 CFR §447.201(b)

7. FEDERAL BUDGET IMPACT:
   a. FFY 2017
   b. FFY 2018
   c. FFY 2019
   SEE ATTACHMENT
   $(1,026,412)  
   $(4,201,737)  
   $(4,306,540)

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 proposed amendment updates the clinical diagnostic laboratories (CDL) fee schedule.

11. GOVERNOR’S REVIEW (Check One):
   ☑ OTHER, AS SPECIFIED: Sent to Governor’s Office this data. Comments, if any, will be forwarded upon receipt.

12. SIGNATURE OF STATE AGENCY OFFICIAL:
    Jami Snyder
    State Medicaid Director
    Post Office Box 13247, MC: H-100
    Austin, Texas 78711

13. TYPED NAME:
    Jami Snyder

14. TITLE:
    State Medicaid Director

15. DATE SUBMITTED:
    August 24, 2017

17. DATE RECEIVED:
    August 24, 2017

18. DATE APPROVED:
    September 15, 2017

19. EFFECTIVE DATE OF APPROVED MATERIAL:
    July 1, 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
    Bill Brooks

22. TITLE:
    Associate Regional Administrator
    Division of Medicaid and Children's Health

23. REMARKS:
<table>
<thead>
<tr>
<th>Number of the Plan Section or Attachment</th>
<th>Number of the Superseded Plan Section or Attachment</th>
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<tbody>
<tr>
<td>Attachment 4.19-B Page 1c</td>
<td>Attachment 4.19-B Page 1c (TN 17-0003)</td>
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State: Texas
Date Received: 8-24-17
Date Approved: 9-15-17
Date Effective: 7-01-17
Transmittal Number: 17-0015
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.

The DSHS laboratory is reimbursed for all laboratory services provided at 100 percent of the Medicare fees.

(b) Sole community hospitals are reimbursed the lesser of their billed charges or the fee determined by HHSC, which is 100 percent 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.

The Medicaid fee for any new procedure codes added during the year will be based on 86.8 percent of the Medicare fees in effect as of January 1 of that same year.

(c) The remaining providers of these services are reimbursed the lesser of their billed charges or the fee determined by HHSC, which is 100 percent of the Medicare fee.

The Medicaid fee for any new procedure codes added during the year will be based on 84 percent of the Medicare fees in effect as of January 1 of that same year.

(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 on a per test basis.

(e) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.

(f) The agency's fee schedule was revised with new fees for clinical diagnostic laboratory services effective July 1, 2017 and was posted on the agency’s website on July 14, 2017.