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### **State Plan Amendment (SPA) #: 17-0002 FQHC**

This file contains the following documents in order listed:

1. CMS Approval Letter
2. CMS Form 179
3. Attachment to Blocks 8 & 9 of CMS Form 179
4. Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Dallas Regional Office  
1301 Young Street, Suite 833  
Dallas, Texas 75202



**DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI**

October 3, 2017

**Our Reference: SPA TX 17-0002**

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

**RECEIVED**

OCT 04 2017

OFFICE OF THE STATE  
MEDICAID DIRECTOR

Dear Ms. Snyder:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number (TN) 17-0002, dated July 19, 2017. This plan amendment replaces the requirement that Medicaid managed care organizations (MCOs) reimburse Federally Qualified Health Centers (FQHCs) their full per-visit rate with a requirement that in the event that an MCO or dental maintenance organization pays less than the FQHC's full per-visit rate, the State will ensure the remainder is paid on at least a quarterly basis.

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


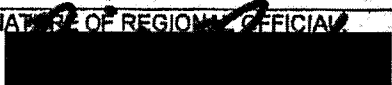
If you have any questions please contact Ford Blunt of my staff. Mr. Blunt may be reached at (214) 767-6381 or by E-mail at [Ford.Blunt@cms.hhs.gov](mailto:Ford.Blunt@cms.hhs.gov).

Sincerely,

A black rectangular redaction box covers the signature of Bill Brooks.

Bill Brooks  
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy Development Support

|   |  |   |                               |
|---|--|---|-------------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b><br><b>FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>  |  | 1. TRANSMITTAL NUMBER:<br><br><b>17-0002</b>  | 2. STATE:<br><br><b>TEXAS</b> |
|   |  | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)  |                               |
| TO: REGIONAL ADMINISTRATOR<br>CENTERS FOR MEDICARE AND MEDICAID SERVICES<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES   |  | 4. PROPOSED EFFECTIVE DATE:<br><br><b>September 1, 2017</b>   |                               |
| 5. TYPE OF PLAN MATERIAL (Circle One):<br><br><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:<br><br>Section 1902(bb)(5) of the Act   |  | 7. FEDERAL BUDGET IMPACT: <b>SEE ATTACHMENT</b><br>a. FFY 2017      \$0<br>b. FFY 2018      \$0<br>c. FFY 2019      \$0     |                               |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><br>SEE ATTACHMENT TO BLOCKS 8 & 9   |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):<br><br>SEE ATTACHMENT TO BLOCKS 8 & 9          |                               |
| 10. SUBJECT OF AMENDMENT:<br><br>The proposed amendment replaces the requirement that Medicaid managed care organizations (MCOs) reimburse Federally Qualified Health Centers (FQHCs) their full per-visit rate with a requirement that in the event that an MCO or dental maintenance organization pays less than the FQHC's full per-visit rate, the State will ensure the remainder is paid on at least a quarterly basis. |  |   |                               |
| 11. GOVERNOR'S REVIEW (Check One):<br><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.<br><input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED<br><input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL                             |  |   |                               |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:<br>  |  | 16. RETURN TO:<br><br>Jami Snyder<br>State Medicaid Director<br>Post Office Box 13247, MC: H-100<br>Austin, Texas 78711     |                               |
| 13. TYPED NAME:<br>Jami Snyder  |  |   |                               |
| 14. TITLE:<br>State Medicaid Director   |  |   |                               |
| 15. DATE SUBMITTED:<br>July 19, 2017  |  |   |                               |
| <b>FOR REGIONAL OFFICE USE ONLY</b>   |  |   |                               |
| 17. DATE RECEIVED: July 19, 2017  |  | 18. DATE APPROVED: October 3, 2017  |                               |
| PLAN APPROVED - ONE COPY ATTACHED   |  |   |                               |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL:<br>September 1, 2017   |  | 20. SIGNATURE OF REGIONAL OFFICIAL:<br> |                               |
| 21. TYPED NAME:<br>Bill Brooks  |  | 22. TITLE: Associate Regional Commissioner<br>Division of Medicaid and Children's Health                                    |                               |
| 23. REMARKS:  |  |   |                               |

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OCT 04 2017

**Attachment to Blocks 8 & 9 of CMS Form 179**

**Transmittal Number 17-0002**

**Number of the  
Plan Section or Attachment**

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

Attachment 4.19-B  
Page 24g

Attachment 4.19-B  
Page 24g (TN 16-0002)

Attachment 4.19-B  
Page 24g.1

Attachment 4.19-B  
New Page

State: Texas  
Date Received: July 19, 2017  
Date Approved: October 3, 2017  
Effective Date: September 1, 2017  
Transmittal Number: 17-0002

**(31) Federally Qualified Health Centers (FQHC) (continued)**

(b) Alternate Prospective Payment System (APPS) Methodology (continued)

- (iv) HHSC will not increase the effective rate for an FQHC based on the outcome of a state-initiated cost report audit. It is the responsibility of the FQHC to request HHSC to adjust the effective rate.
  - (v) For PPS, the state-initiated review is not applicable.
- (D) Final base rate notification letter. HHSC will provide to an FQHC written notification of any determined final base rate.
- (E) Request for review of final base rate. The FQHC may submit a written request for a review of the final base rate if:
- (i) The FQHC believes that HHSC made a mathematical error or data entry error in calculating the FQHC's reasonable cost. If HHSC determines the request for review merits a change in the final base rate, HHSC will adjust the final base rate to the effective date of the final base rate notification letter.
  - (ii) The FQHC believes that the FQHC made an error in reporting its cost or data in the final audited Medicare cost report or the Texas Medicaid Supplemental Worksheets that would result in a different calculation of the FQHC's reasonable cost. If HHSC determines the request for review merits a change in the final base rate, HHSC may adjust the final base rate to the effective date of the final base rate notification letter.
  - (iii) If the FQHC disagrees with the results of the review, the FQHC may request a formal appeal.
- (9) A managed care organization or dental maintenance organization will pay to an FQHC the full amount the FQHC should receive under PPS or APPS for covered services performed by the FQHC. The state will reimburse the managed care organization the difference between the amount the managed care organization paid the FQHC and the amount the managed care organization has contracted to pay the FQHC. The state's supplemental payment obligation to the managed care organization will be determined by subtracting the baseline payment under the contract for services being provided from the effective PPS or APPS rate without regard to the effects of financial incentives that are linked to utilization outcomes, reductions in patient costs, or bonuses. In the event that the contracted amount paid to an FQHC by a managed care organization or dental maintenance organization is less than the amount the FQHC would receive under PPS or APPS, whichever is applicable, the state will ensure the FQHC is reimbursed the difference on at least a quarterly basis.

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TN: 17-0002      Approval Date: 10-03-17  
Supersedes TN: 16-0002      Effective Date: 09-01-17

State: Texas  
Date Received: July 19, 2017  
Date Approved: October 3, 2017  
Effective Date: September 1, 2017  
Transmittal Number: 17-0002

**(31) Federally Qualified Health Centers (FQHC) (continued)**

(b) Alternate Prospective Payment System (APPS) Methodology (continued)

(A) For purposes of this section, the term “APPS” is an alternative payment methodology under 42 U.S.C. §1396a(bb)(6).

(B) As stated in (31)(a) of this attachment, an FQHC may choose between payment under the PPS or APPS methodology.

(C) As stated in (31)(b)(1) of this attachment, a payment made under the APPS methodology must be at least equal to the amount that would be paid under PPS

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TN: 17-0002 Approval Date: 10-03-17

Supersedes TN: None-New Page Effective Date: 09-01-17

State: Texas  
Date Received: July 19, 2017  
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