

**TEXAS HEALTH AND HUMAN SERVICES
COMMISSION
RATE ANALYSIS DEPARTMENT**

Proposed Medicaid Payments for the following:

**Non-State Clinical Laboratory Services
Freestanding Psychiatric Facilities
Renal Dialysis Facilities
Ambulatory Surgical Center/Hospital Based
Ambulatory Surgical Centers (ASC/HASC)
Hospital Outpatient Medicaid Services
Inpatient Hospital Services**

**Payment reimbursements are proposed to be effective
February 1, 2011.**

SUMMARY OF PROPOSED MEDICAID REIMBURSEMENTS

Effective February 1, 2011

Included in this document is information relating to the proposed Medicaid reimbursement reduction for the following: Clinical Laboratory Services (non-state entities), Freestanding Psychiatric Facilities (non-state entities), Renal Dialysis Facilities, Ambulatory Surgical Centers/Hospital Based Ambulatory Surgical Centers (ASC/HASC), Hospital Outpatient Medicaid Services and Inpatient Hospital Services. The Health and Human Services Commission (HHSC) is responsible for the reimbursement determination for the Texas Medicaid Program.

Hearing

HHSC will conduct a public hearing to receive comments regarding the proposed Medicaid payments on January 7, 2011, at 8:00 a.m. in the Public hearing Room of HHSC, Brown – Heatly Building, located at 4900 N. Lamar Boulevard, Austin, Texas. This public hearing is held in compliance with the provisions of Human Resources Code §32.0282 and 1 TAC §355.105(g), which require a public hearing on proposed payment rates.

Should you have any questions regarding the information in this document, please contact:

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Background

On December 6, 2010, the Governor, Lieutenant Governor, and House Speaker sent a letter to all State Agencies asking them to identify savings for 2.5 percent of their original general revenue and general-dedicated-appropriations for fiscal year 2011. In response to this letter and in accordance with Title 1 of the Texas Administrative Code 355.201(d), reimbursements are proposed to be reduced by one percent. In response to this direction, HHSC proposes to adjust payments for Clinical Laboratory Services (non-state entities), Freestanding Psychiatric Facilities (non-state entities), Renal Dialysis Facilities, ASC/HASC, Hospital Outpatient Medicaid Services and Inpatient Hospital Services. The payments for the Clinical Laboratory Services (non-state entities), Freestanding Psychiatric Facilities (non-state entities), Ambulatory Surgical Centers, Hospital Outpatient Medicaid Services, Renal Dialysis Facilities, and Inpatient Hospital Services will be reduced by an additional one percent effective February 1, 2011.

Methodology

The payment rates were calculated in accordance with 1 TAC §355.8610, which addresses the reimbursement methodology for Clinical Laboratory Services; 1 TAC §355.8063, which addresses the reimbursement methodology for Freestanding Psychiatric Facilities; 1 TAC §355.8121, which addresses the reimbursement methodology for ASC/HASC; 1 TAC §355.8061, which addresses the reimbursement methodology for Hospital Outpatient

Services; 1 TAC §355.8660, which addresses the reimbursement methodology for Renal Dialysis Facilities; and 1 TAC §355.8052, Texas Medicaid Reimbursement Methodology (TMRM) for Inpatient Hospital Services. The rates were subsequently adjusted in accordance with 1 TAC §355.101, Introduction; 1 TAC §355.109, Adjusting Reimbursement When New Legislation, Regulations or Economic Factors Affect Costs; and 1 TAC §355.201, Establishment and Adjustment of Reimbursement Rates by the Health and Human Services Commission. The payments are proposed to be reduced by an additional one percent below the rates that were in effect August 31, 2010, for Clinical Laboratory Services (non-state entities), Freestanding Psychiatric Facilities (non-state entities), Renal Dialysis Facilities, ASC/HASC, and Hospital Outpatient Medicaid Services. This proposed reduction is in addition to the one percent reduction to the August 31, 2010, rates that became effective September 1, 2010, for a combined impact that will be a two percent reduction effective February 1, 2011. For Hospital Inpatient Services, the payments are proposed to be reduced by an additional one percent below the rates that were in effect November 1, 2010, for a combined impact that will be a two percent reduction effective February 1, 2011. These changes are being made in response to a letter sent to all State Agencies by the Governor, Lieutenant Governor and House Speaker on December 6, 2010, asking them to identify savings of 2.5 percent of their original general revenue and general-revenue-dedicated appropriations for fiscal year 2011.