



August 18, 2025

Mr. Todd McMillion
Associate Regional Administrator
Division of Medicaid and Children's Health
Centers for Medicare & Medicaid Services
Department of Health and Human Services
230 South Dearborn
Chicago, Illinois 60604

Re: Texas Title XIX State Plan Amendment Transmittal Number 25-0023

Dear Mr. McMillion:

The purpose of this letter is to secure the review and approval of an amendment, Transmittal Number (TN) 25-0023, to the Texas State Plan for Medical Assistance under Title XIX of the Social Security Act. The requested effective date for the proposed amendment is July 1, 2025.

The proposed amendment states that if a covered outpatient drug is in short supply, an alternative prescribed drug that does not meet the definition of a covered outpatient drug can replace the covered outpatient drug that is on the formulary and is eligible for Federal Financial Participation. The drug shortage must be identified by the Food and Drug Administration Drug Shortages database or the American Society of Health-System Pharmacists. This will allow Texas to mitigate the effects of drug shortages and ensure continued access to medication.

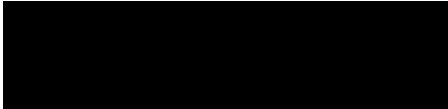
This proposed amendment will not have a direct impact to Indian health programs on client eligibility, acute care services, or acute care providers and does not propose a reduction of \$1 million or more (all funds) for a program or state plan rate category. The Texas Health and Human Services Commission did not solicit advice from federally recognized tribes or the urban Indian organization prior to

Mr. Todd McMillion
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submission, in accordance with the State's approved tribal consultation policy (Texas HHSC Basic State Plan pages 9c and 9d).

If you have any questions or need additional information regarding this submission, please contact Kathi Montalbano, Director of Federal Coordination, Rules and Committees, by telephone at (512) 438-4326 or email at Kathi.Montalbano@hhs.texas.gov.

Sincerely,



Emily Zalkovsky
State Medicaid Director

Attachments

cc: Ford Blunt, Texas and Wyoming 1115 Monitoring and State Lead
Centers for Medicare & Medicaid Services

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 5 0 0 2 3

2. STATE

T X

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACTTO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 U.S. Code § 1396r-8 (d)(4)(D)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 0

b. FFY 2026 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Appendix 1 to Attachment 3.1-A
Page 24Appendix 1 to Attachment 3.1-B
Page 248. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If Applicable)Appendix 1 to Attachment 3.1-A
Page 24 (TN 15-0022)Appendix 1 to Attachment 3.1-B
Page 24 (TN 15-0022)

9. SUBJECT OF AMENDMENT

The purpose of the amendment is to add coverage and reimbursement for an alternative prescribed drug that does not meet the definition of a covered outpatient drug when medically necessary during a nationwide drug shortage of the covered outpatient drug the alternative prescribed drug is replacing. The drug shortage must be identified by the Food and Drug Administration Drug Shortages database, or the American Society of Health-System Pharmacists. Reimbursement for drugs covered during a drug shortage will use the existing payment methodology for covered outpatient drugs and will be subject to the same requirements and limitations, such as prior authorization.

10. GOVERNOR'S REVIEW (Check One)

☐

GOVERNOR'S OFFICE REPORTED NO COMMENT

☐

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒OTHER, AS SPECIFIED: Sent to Governor's Office this
date. Comments, if any, will be forwarded upon receipt.

11. SIGNATURE OF STATE AGENCY OFFICIAL



12. TYPED NAME

Emily Zalkovsky

13. TITLE

State Medicaid Director

14. DATE SUBMITTED

August 18, 2025

15. RETURN TO

Emily Zalkovsky
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711**FOR CMS USE ONLY**

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

Attachment to Block 6 of CMS Form 179

Transmittal Number 25-0023

	Total Fiscal Impact	Federal	State
FFY 2025	\$0	\$0	\$0
FFY 2026	\$0	\$0	\$0
FFY 2027	\$0	\$0	\$0

The proposed amendment is estimated to have no fiscal impact, as it is not expected to have an effect on Medicaid utilization or cost.

Access to Care

Access to care will not be affected and communications with providers will be maintained to address any concerns, should they arise.

There were no across-the-board percentage decreases or increases.

1. How were providers, advocates and beneficiaries engaged in the discussion around rate modifications? What were their concerns and how did the State address those concerns? Was there any direct communication (bulletins, town hall meetings, etc.) between the State and providers regarding the modifications proposed via this amendment?

N/A

2. Did the State receive any feedback or complaints from the public regarding these rate modifications? If so, how were the complaints addressed and resolved?

N/A

12a. Prescribed Drugs

Prescribed drugs are limited as follows:

- (a) Number of Prescriptions: Each eligible recipient is entitled to a basic number of prescriptions each month.
- (b) Number of Refills: As many as 11 refills may be authorized by the prescriber, but the total number authorized must be dispensed within 12 months of the date of the original prescription subject to state and federal laws for controlled substance drugs.
- (c) Coverage of Drugs
 - (1) Texas Drug Code Index (TDCI): The state will reimburse only for the drugs of pharmaceutical manufacturers who have entered into and have in effect a rebate agreement in compliance with Section 1927 of the Social Security Act, unless the exceptions in Section 1902(a)(54), 1927(a)(3) or 1927(d) apply. The state permits coverage of participating manufacturers' drugs, even though it may be using other restrictions. The prior authorization program provides for a 24-hour turnaround from receipt of the request for prior authorization. The prior authorization program also provides for a 72-hour supply of drugs in emergency situations.
 - (2) Drug Shortages: If a covered outpatient drug is in short supply according to the Food and Drug Administration drug shortages database, or the American Society of Health-System Pharmacists (ASHP), an alternative prescribed drug that does not meet the definition of a covered outpatient drug can replace the covered outpatient drug that is on the formulary and is eligible for Federal Financial Participation (FFP).
- (d) Prior Authorization Procedures: A health care practitioner who prescribes a drug that is not included on the Preferred Drug List (PDL) for a Medicaid recipient must request prior authorization of the drug to the state agency or its designee. Specific procedures for the submission of requests for prior authorization will be available both on the Health and Human Services Commission's (HHSC) Internet website and in printed form. A health care practitioner may request a printed copy of the procedures and forms from HHSC. This prior authorization requirement does not apply to a newly enrolled Medicaid recipient until the 31st calendar day after the date of the determination of the recipient's Medicaid eligibility.
- (e) Preferred Drug List: The state agency will consider a drug listed on the TDCI for inclusion in the PDL based on the following factors:
 - (1) The recommendations of the DUR Board;
 - (2) The clinical efficacy of the drug consistent with the determination of the Food and Drug Administration and the recommendations of the DUR Board;
 - (3) Comparison of the price of the drug and the price of competing drugs to the Texas Medicaid outpatient drug program

TN: 25-0023 Approval Date: _____

Supersedes TN: 15-0022 Effective Date: July 1, 2025

12a. Prescribed Drugs

Prescribed drugs are limited as follows:

- (a) Number of Prescriptions: Each eligible recipient is entitled to a basic number of prescriptions each month.
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- (e) Preferred Drug List: The state agency will consider a drug listed on the TCDI for inclusion in the PDL based on the following factors:
 - (1) The recommendations of the DUR Board;
 - (2) The clinical efficacy of the drug consistent with the determination of the Food and Drug Administration and the recommendations of the DUR Board;
 - (3) Comparison of the price of the drug and the price of competing drugs to the Texas Medicaid outpatient drug program;

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- (1) in the Texas Drug Code Index (TDCI): The state will reimburse only for the drugs of pharmaceutical manufacturers who have entered into and have in effect a rebate agreement in compliance with Section 1927 of the Social Security Act, unless the exceptions in Section 1902(a)(54), 1927(a)(3) or 1927(d) apply. The state permits coverage of participating manufacturers' drugs, even though it may be using other restrictions. The prior authorization program provides for a 24-hour turnaround from receipt of the request for prior authorization. The prior authorization program also provides for a 72-hour supply of drugs in emergency situations.
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TN: 25-0023 Approval Date: _____

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- (3) Comparison of the price of the drug and the price of competing drugs to the Texas Medicaid outpatient drug program

TN: 25-0023 Approval Date: _____

Supersedes TN: 15-0022 Effective Date: July 1, 2025

12a. Prescribed Drugs

Prescribed drugs are limited as follows:

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- (1)(2) Drug Shortages: If a covered outpatient drug is in short supply according to the Food and Drug Administration drug shortages database, or the American Society of Health-System Pharmacists (ASHP), an alternative prescribed drug that does not meet the definition of a covered outpatient drug can replace the covered outpatient drug that is on the formulary and is eligible for Federal Financial Participation (FFP). prescribed drug that not covered outpatient drugs eligible for Federal Financial Participation (FFP) when medically necessary dsor the American Society of Health System Pharmacists (ASHP).
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Supersedes TN: 15-0022 Effective Date: July 1, 2025

proposed updates to Medical Policy Review for Physician Administered Drugs.

This hearing will be conducted both in person and online. Register for the hearing in advance using the following link to join the hearing from your computer, tablet, or smartphone:

Registration URL:

<https://attendee.gotowebinar.com/register/7219564220659496278>

After registering, you will receive a confirmation email containing information about joining the webinar. Instructions for dialing in by phone will be provided after you register.

If you are new to GoToWebinar, please download the GoToMeeting app at <https://global.gotomeeting.com/install/626873213> before the hearing starts.

Members of the public may attend the rate hearing in person, which will be held in the Public Hearing Rooms 125C, 125E, 125W in the John H. Winters Building located at 701 W 51st St., Austin, Texas. HHSC will also broadcast the public hearing. The live stream of the meeting can be accessed at <https://hhs.texas.gov/about-hhs/communications-events/live-archived-meetings>. For the live stream, select the "Winters Live" tab. A recording of the hearing will be archived and accessible on demand at the same website under the "Archived" tab. The hearing will be held in compliance with Texas Human Resources Code section 32.0282, which requires public notice of and hearings on proposed Medicaid reimbursements.

Any updates to the hearing details will be posted on the HHSC website at <https://www.hhs.texas.gov/about/meetings-events>.

Proposal. The rate actions for the following services are proposed to be effective September 1, 2025:

Non-Medicaid Review

A(1) Kidney Health Care Program - Non-Hospital Rates

A(2) Kidney Health Care Program - Hospital Rates

Medical Policy Review

B(1) Medical Policy Review- Physician Administered Drugs

SHARS Rate Methodology

Update procedure codes for auditory rehabilitation associated with prelingual and postlingual hearing loss

Expand SHARS coverage to include pure tone audiometry, speech audiometry, tympanometry, acoustic reflect testing, and conditioning play audiometry, all existing Texas Medicaid benefits

Methodology and Justification. The proposed payment rates were calculated in accordance with Title 1 of the Texas Administrative Code:

Section 355.8052 - Inpatient Hospital Reimbursement;

Section 355.8061 - Outpatient Hospital Reimbursement;

Section 355.8085 - Reimbursement Methodology for Physicians and Other Practitioners;

Section 355.8660 - Renal Dialysis Reimbursement; and

Section 355.8443 - Reimbursement Methodology for School Health and Related Services (SHARS).

Rate Hearing Packet. A briefing packet describing the proposed updates will be made available at <https://pfd.hhs.texas.gov/rate-packets> on July 24, 2025. Interested parties may obtain a copy of the briefing packet on or after that date by contacting the Provider Finance Department by telephone at (512) 730-7401, fax at (512) 730-7475, or email

at PFD_Hospitals@hhsc.state.tx.us, PFDacuteCare@hhs.texas.gov, ProviderFinanceSHARS@hhs.texas.gov.

Written Comments. Written comments regarding the proposed payment rates may be submitted in lieu of, or in addition to, oral testimony until 5:00 p.m. the day of the hearing. Written comments may be sent by U.S. mail, overnight mail, special delivery mail, fax, or email:

U.S. Mail

Texas Health and Human Services Commission

Attention: Provider Finance, Mail Code H-400

P.O. Box 149030

Austin, Texas 78714-9030

Overnight mail or special delivery mail

Texas Health and Human Services Commission

Attention: Provider Finance, Mail Code H-400

North Austin Complex

4601 W Guadalupe St.

Austin, Texas 78751

Telephone

(737) 867-7817

Fax

Attention: Provider Finance at (512) 730-7475

Email

PFD_Hospitals@hhsc.state.tx.us, PFDacuteCare@hhs.texas.gov, or ProviderFinanceSHARS@hhs.texas.gov

Preferred Communication. If possible, please use email or phone to communicate with HHSC regarding this rate hearing for the quickest response.

Persons with disabilities who wish to participate in the hearing and require auxiliary aids or services should contact Provider Finance at (512) 730-7401 at least 72 hours before the hearing so appropriate arrangements can be made.

TRD-202502519

Karen Ray

Chief Counsel

Texas Health and Human Services Commission

Filed: July 15, 2025



Public Notice: Drug Shortages

The Texas Health and Human Services Commission (HHSC) announces its intent to submit transmittal number 25-0023 to the Texas State Plan for Medical Assistance, under Title XIX of the Social Security Act.

The proposed amendment allows HHSC to cover and reimburse for a prescribed drug that is not a covered outpatient drug (i.e. a drug that does not have a federal rebate) when medically necessary during a nationwide drug shortage of that prescribed drug. The drug shortage must be identified by the Food and Drug Administration (FDA) or the American Society of Health-System Pharmacists (ASHP). This will allow Texas to mitigate the effects of drug shortages and ensure continued access to medication. The proposed amendment is effective July 1, 2025.

The proposed amendment is estimated to have no fiscal impact. The amendment allows prescribed drugs to be eligible for federal financial participation when medically necessary during drug shortages identified by the FDA or ASHP.

To obtain copies of the proposed amendment, interested parties may contact Jayasree Sankaran, State Plan Coordinator, by mail at the Health and Human Services Commission, P.O. Box 13247, Mail Code H-310, Austin, Texas 78711; by telephone at (512) 438-4331; or by email at Medicaid_Chip_SPA_Inquiries@hhsc.state.tx.us.

Once submitted to the Centers for Medicare and Medicaid Services for approval, copies of the proposed amendment will be available for review at the HHSC Access and Eligibility Services for local benefit offices.

TRD-202502536

Karen Ray

Chief Counsel

Texas Health and Human Services Commission

Filed: July 16, 2025

◆ ◆ ◆
Texas Lottery Commission

Scratch Ticket Game Number 2664 "HOUSTON TEXANS"

1.0 Name and Style of Scratch Ticket Game.

A. The name of Scratch Ticket Game No. 2664 is "HOUSTON TEXANS". The play style is "key number match".

1.1 Price of Scratch Ticket Game.

A. Tickets for Scratch Ticket Game No. 2664 shall be \$5.00 per Scratch Ticket.

1.2 Definitions in Scratch Ticket Game No. 2664.

A. Display Printing - That area of the Scratch Ticket outside of the area where the overprint and Play Symbols appear.

B. Latex Overprint - The removable scratch-off covering over the Play Symbols on the front of the Scratch Ticket.

C. Play Symbol - The printed data under the latex on the front of the Scratch Ticket that is used to determine eligibility for a prize. Each Play Symbol is printed in Symbol font in black ink in positive except for dual-image games. The possible black Play Symbols are: 01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, FOOTBALL SYMBOL, GOALPOST SYMBOL, \$5.00, \$10.00, \$20.00, \$50.00, \$100, \$500, \$5,000 and \$100,000.

D. Play Symbol Caption - The printed material appearing below each Play Symbol which explains the Play Symbol. One caption appears under each Play Symbol and is printed in caption font in black ink in positive. The Play Symbol Caption which corresponds with and verifies each Play Symbol is as follows: