TEXAS Health and Human Services

Texas Health and Human Services Commission

MEMORANDUM

Cecile Erwin Young
Executive Commissioner

TO: Managed Care Contracts and Oversight
Enrollment Resolution Services
Program Support Unit
Program Enrollment and Support
Utilization Review
Office of the Medical Director
Managed Care Organizations

FROM: Office of Policy
Medicaid and CHIP Services

SUBJECT: Rider 32 Implementation

ISSUANCE DATE: **08/29/2025** **HHSC: 25-08-001**

EFFECTIVE DATE: **09/01/2025**

This memorandum notifies STAR Kids managed care organizations (MCOs) of the Rider 32 Implementation effective September 1, 2025. The policy in this memorandum applies to all STAR Kids members as of September 1, 2025.

Background

As required by the 2024-2025 General Appropriations Act, House Bill 1, 88th Texas Legislature, Regular Session, 2023 (Art. II, HHSC, Rider 32), the Texas Health and Human Services Commission (HHSC) will transition Medicaid-only services for dually eligible people enrolled in Medicaid managed care from a fee-for-service (FFS) to a managed care service delivery system on September 1, 2025.

During the September 2024 contract amendment cycle, HHSC modified the STAR+PLUS, STAR Kids, and STAR Health contracts to state, "HHSC will provide advance written notice to the MCOs identifying other types of Medicaid Wrap-Around Services that will become Covered Services, and the effective date of coverage."

In August 2024, HHSC notified MCOs that they must cover, as Medicaid wrap-around services for their dually eligible members, Medicaid-only acute care services that 1) are not covered by Medicare; and 2) MCOs cover for members who do not have Medicare.

In December 2024, HHSC notified MCOs that the implementation date for covering these services is September 1, 2025.

Key Details

As part of the Rider 32 implementation, HHSC expects MCOs to align their procedure codes and Medicaid benefits with Healthcare Common Procedure Coding System (HCPCS) quarterly and annual updates as described in the MCO notice, *Rider 32 Implementation Procedure Code List UPDATE*, published on May 2, 2025. This includes any updates published before Sept. 1, 2025.

HHSC announces upcoming coding changes on the Texas Medicaid and Healthcare Partnership (TMHP) website through provider notifications and MCO Notices published on TexConnect. When policy changes affect HCPCS codes, HHSC:

- Updates the Medicaid benefit policies and publishes these changes in the Texas Medicaid Provider Procedures Manual (TMPPM);
- Sends provider and MCO notices informing providers and MCOs of the changes; and
- Uploads the HCPCS changes to MCOHub.

The Texas Medicaid Fee Schedule includes the full list of Medicaid-covered procedure codes. Per the Uniform Managed Care Manual Chapter 16.1.2.22 (Guidance on Amount, Duration, and Scope of Medicaid Benefits Delivered through Medicaid Managed Care), MCOs must cover the same services as fee for service (FFS) Medicaid with the same duration, amount, and scope. MCOs usually meet this requirement by using the same HCPCS codes as FFS Medicaid. However, MCOs may use different HCPCS codes if those codes reflect the same Medicaid covered benefits. HHSC finds this approach acceptable if MCOs provide the same services and benefits covered by Texas Medicaid.

Resources

- STAR Kids Handbook Policy Updates: https://www.hhs.texas.gov/handbooks/star-kids-handbook/skh-policy-updates
- Texas Medicaid Provider Procedures Manual
- Medicare Coverage Database
- Texas Medicaid Fee Schedule
- 2025 HCPCS Special Bulletin

Contact

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