



Memorandum

To: El Paso First Provider Network

From: El Paso First Health Plans, Inc. (El Paso First)

Date: January 10, 2011

Re: Star (Medicaid), CHIP, and CHIP Perinate Texas Medicaid Fee Schedule Update

El Paso First Health Plans would like to notify you of the information posted on December 31, 2010, to the TMHP website (www.TMHP.com) regarding the February 2011 Provider Reimbursement Reduction. A copy is attached for your convenience.

For Dates of Service on or after February 1, 2011, and in accordance with HHSC expectations that all health plans pass the reduction to providers, El Paso First will update its fee schedules to reflect the 2% reduction as described in the enclosed TMHP Memo. As a result, Capitation Premiums paid by HHSC to El Paso First and to other CHIP/STAR health plans across the state are also being reduced because of this change.

These cuts are HHSC's response to the request from the Governor, President of the Senate and Speaker of the House to State Agencies to cut their Fiscal Year 2011 budgets by an additional 2.5%. The additional cuts to the current state budget will put the Governor and Legislature in a better position to prepare for the budget reductions necessary to balance the budget for the 2012 – 2013 biennium.

This memorandum constitutes our notification to you of the modification to the El Paso First fee schedules to reflect the 2% reduction. Any applicable provider reimbursement rate exhibits which may be incorporated as a part of your participation agreement with El Paso First will also be modified.

Thank you for your participation with El Paso First Health Plans and the CHIP and/or STAR programs. We look forward to our continued partnership to serve the Medicaid and CHIP members in El Paso County. If you have any questions regarding this information, please contact the Provider Relations Department at 915-532-3778.

Sincerely,

El Paso First Health Plans, Inc.