DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: **10-081**

2. STATE: **TEXAS**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: **February 1, 2011**

5. TYPE OF PLAN MATERIAL *(Circle One)*:

☐ ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
Home Health Professional Services: 1905(a)(7) of the Social Security Act; 42 CFR §440.70; Home Health Durable Medical Equipment (DME) and Supplies: §1905(a)(7) of the Social Security Act; 42 CFR §440.70(b)(3); Prosthetic Devices: §1905(a)(12) of the Social Security Act; 42 CFR § 440.120

7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT

a. FFY 2011	**$(4,344,280)**
b. FFY 2012	**$(6,043,575)**
c. FFY 2013	**$(6,246,638)**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
SEE ATTACHMENT TO BLOCKS 8 & 9

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
SEE ATTACHMENT TO BLOCKS 8 & 9

10. SUBJECT OF AMENDMENT:

The proposed amendment updates the home health professional services and durable medical equipment, prosthetics, orthotics, and supplies fee schedule and implements a one percent payment reduction for reimbursements paid to Medicaid home health providers.

11. 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.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Billy R. Millwee

14. TITLE:
State Medicaid Director

15. DATE SUBMITTED
December 29, 2010

16. RETURN TO:
Billy R. Millwee
State Medicaid Director
Post Office Box 85200
Austin, Texas 78708

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 29 December, 2010

18. DATE APPROVED: 29 March, 2011

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 February, 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Bill Brooks

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children's Health

3. REMARKS:

FORM CMS - 179 (07-92)

8. Home Health Services

(a) Professional Services

(1) Home health agencies are reimbursed for authorized professional home health services, including skilled nursing visits and therapy visits, delivered to eligible Medicaid recipients, the lesser of the provider's billed charges or the fee schedule established by HHSC.

(2) The fee schedule established by HHSC is based upon: (1) Medicare fees; (2) review of Medicaid fees paid by other states; (3) survey of home health agencies costs to provide the services; (4) Medicaid fees for similar services; and/or (5) some combination or percentage thereof.

(3) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.

(4) The agency's fee schedule was revised with new fees for home health professional services effective February 1, 2011, and this fee schedule was posted on the agency's website on April 8, 2011.

(5) The reimbursement for services effective September 1, 2010 through January 31, 2011 will be equal to the reimbursement on August 31, 2010, less one percent. For new reimbursement rates or reimbursement rates that were revised after August 31, 2010, for services effective September 1, 2010 through January 31, 2011, the reimbursement will be reduced by one percent.

(6) The reimbursement for services effective February 1, 2011 will be equal to the reimbursement on August 31, 2010, less two percent. For new reimbursement rates or reimbursement rates revised after August 31, 2010, for services effective February 1, 2011, the reimbursement will be reduced by two percent.

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8. Home Health Services (continued)

(b) Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

(1) If the item of DMEPOS is covered by Medicare, the Medicaid fee will be equal to or a percentage of the Medicare fee schedule specific to Texas that is available at the time of the fee review, unless there is documentation that the Medicare fee is insufficient for the items covered under the procedure code and required by the Medicaid population.

(2) For items of DMEPOS not paid at the Medicare fee, the provider will either be reimbursed a fee determined by HHSC or through manual pricing. The fee determined by HHSC will be determined from cost information from providers, manufacturers, surveys of the Medicaid fees for other states, survey information from national fee analyzers, or other relevant fee-related information.

(3) Manual pricing is reasonable when one procedure code covers a broad range of items with a broad range of costs, since a single fee may not be a reasonable fee for all items covered under the procedure code, resulting in access-to-care issues. Examples include 1) procedure codes with a description of "not otherwise covered," "unclassified," or "other miscellaneous;" and 2) procedure codes covering customized items. If manual pricing is used, the provider is reimbursed either the documented manufacturer's suggested retail price (MSRP) less 18 percent, or the documented average wholesale price (AWP) less 10.5 percent, whichever one is applicable. If one of these is not available, the provider's documented invoice cost is used as the basis for manual pricing. AWP pricing is used primarily for nutritional products and DMEPOS items sold in pharmacies.

(4) The Medicaid fees for oxygen equipment, oxygen, and oxygen-related supplies will not exceed the Medicare fee for the same procedure code.

(5) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, page 1.

(6) The agency's fee schedule was revised with new fees for durable medical equipment, prosthetics, orthotics, and supplies effective February 1, 2011, and this fee schedule was posted on the agency's website on April 8, 2011.

(7) The reimbursement for services effective September 1, 2010 through January 31, 2011 will be equal to the reimbursement on August 31, 2010, less one percent. For new reimbursement rates or reimbursement rates that were revised after August 31, 2010, for services effective September 1, 2010 through January 31, 2011, the reimbursement will be reduced by one percent.

(8) The reimbursement for services effective February 1, 2011 will be equal to the reimbursement on August 31, 2010, less two percent. For new reimbursement rates or reimbursement rates revised after August 31, 2010, for services effective February 1, 2011, the reimbursement will be reduced by two percent.

9. Hearing Aids and Audiometric Evaluations

(a) Providers of professional hearing and audiometric evaluation services are reimbursed based on the lesser of the provider's billed charges or fees determined by HHSC in accordance with Item 1 of this attachment, relating to the reimbursement methodology for physicians and certain other practitioners.

(b) Providers of hearing aids are reimbursed the lesser of the provider's billed charges or fees determined by HHSC, which are based on a review of data available to HHSC, such as cost information from providers or manufacturers, surveys of the Medicaid fees for other states, survey information from national fee analyzers, or other relevant fee-related information.

(c) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, page 1.

(d) The agency's fee schedule was revised with new fees for hearing and audiometric evaluation services effective February 1, 2011, and this fee schedule was posted on the agency's website on April 8, 2011.

(e) The reimbursement for services effective September 1, 2010 through January 31, 2011 will be equal to the reimbursement on August 31, 2010, less one percent. For new reimbursement rates or reimbursement rates that were revised after August 31, 2010, for services effective September 1, 2010 through January 31, 2011, the reimbursement will be reduced by one percent.

(f) The reimbursement for services effective February 1, 2011 will be equal to the reimbursement on August 31, 2010, less two percent. For new reimbursement rates or reimbursement rates revised after August 31, 2010, for services effective February 1, 2011, the reimbursement will be reduced by two percent.

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10. Vision Care Services

(a) Providers of professional vision services are reimbursed based on the lesser of the provider's billed charges or fees determined by HHSC in accordance with Item 1 of this attachment, relating to the reimbursement methodology for physicians and certain other practitioners.

(b) Providers of eyeglasses and contact lenses are reimbursed the lesser of the provider's billed charges or fees determined by HHSC, which are based on a review of Medicare fees and/or other data available to HHSC, such a relevant cost or fee surveys.

(c) All fee schedules are available through the agency's website, as outlined on Attachment 4.19-B, page 1.

(d) The agency's fee schedule was revised with new fees for vision care services effective February 1, 2011, and this fee schedule was posted on the agency's website on April 8, 2011.

(e) The reimbursement for services effective September 1, 2010 through January 31, 2011 will be equal to the reimbursement on August 31, 2010, less one percent. For new reimbursement rates or reimbursement rates that were revised after August 31, 2010, for services effective September 1, 2010 through January 31, 2011, the reimbursement will be reduced by one percent.

(f) The reimbursement for services effective February 1, 2011 will be equal to the reimbursement on August 31, 2010, less two percent. For new reimbursement rates or reimbursement rates revised after August 31, 2010, for services effective February 1, 2011, the reimbursement will be reduced by two percent.

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SUPERSEDES: TN- 10-36