

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 11-010	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: January 1, 2011	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> 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 \$339,746 b. FFY 2012 \$503,577 c. FFY 2013 \$657,355	
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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 & 9	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 is an update to the durable medical equipment, prosthetics, orthotics, and supplies fee schedule.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: Billy R. Millwee		Billy R. Millwee State Medicaid Director Post Office Box 13247 MC:H-100 Austin, Texas 78711-5200	
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED February 16, 2011			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 17 February, 2011		18. DATE APPROVED: 21 March, 2011	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 Januray, 2011		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health	
3. REMARKS:			

STATE	<u>Texas</u>	A
DATE REC'D	<u>2-17-11</u>	
DATE APP'D	<u>3-21-11</u>	
DATE EFF	<u>1-1-11</u>	
HCEA 179	<u>11-10</u>	

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 DMEPOS effective January 1, 2011, and this fee schedule was posted on the agency's website on April 8, 2011.
- (7) The reimbursement for services effective on or after September 1, 2010 will be reduced by one percent.

TN 11-10

Approval Date 3-21-11

Effective Date 1/1/11

Supersedes TN 10-66

SUPERSEDES: TN- 10-66