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State/Territory Name: MN

State Plan Amendment (SPA) #: 14-003

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

June 24, 2014

James Golden, State Medicaid Director
Minnesota Department of Human Services
P.O. Box 64983
St. Paul, MN 55164-0983

Dear Mr. Golden:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #14-003 - Payment Rates for Diabetic Supplies
 --Effective Date: January 1, 2014

If you have any additional questions, please have a member of your staff contact Courtenay Savage at (312) 353-3721 or via e-mail at Courtenay.Savage@cms.hhs.gov.


Sincerely,

/s/

Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

cc: Ann Berg, MDHS
Sean Barrett, MDHS

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTER FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 14-03	2. STATE Minnesota
TO: REGIONAL ADMINISTRATOR CENTER FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): <input type="checkbox"/> NEW STATE PLAN <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 (<i>Separate Transmittal for each amendment</i>)		4. PROPOSED EFFECTIVE DATE January 1, 2014	
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §§ 440.70(b)(3), 440.120(a)	7. FEDERAL BUDGET IMPACT: a. FFY '14 \$(99,000) b. FFY '15 \$(99,000)		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 3.1-A, page 36 Attachment 3.1-B, page 35 Attachment 4.19-B, page 27 <i>Attachment 4.19-B, page 27a</i>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Same		
10. SUBJECT OF AMENDMENT: Payment Rates for Diabetic Supplies			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Sean Barrett Minnesota Department of Human Services Federal Relations Unit PO Box 64983 St. Paul, MN 55164-0983		
13. TYPED NAME: Ann Berg			
14. TITLE: Deputy Medicaid Director			
15. DATE SUBMITTED: March 28, 2014			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: March 28, 2014	18. DATE APPROVED: 6/24/14		
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1/1/14	20. SIGNATURE OF REGIONAL OFFICIAL: /s/		
21. TYPED NAME: Verlon Johnson	22. TITLE: Associate Regional Administrator		
23. REMARKS:			

STATE: MINNESOTA
Effective: January 1, 2014
TN: 14-03
Approved: 6/24/14
Supersedes: 00-28, 00-11

ATTACHMENT 3.1-A
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7.c. Medical supplies, equipment and appliances suitable for use in the home.

- Covered medical supplies, equipment and appliances suitable for use in the home are those that are: (a) medically necessary; (b) ~~offered~~ ordered by a physician; (c) documented in a plan of care that is reviewed and revised as medically necessary by the physician at least once a year; and (d) provided to the recipient at the recipient's own place of residence that is a place other than a hospital, nursing facility, or intermediate care facility for the mentally retarded (ICF/MR).
- Medical supplies and equipment ordered in writing by a physician are paid with the following limitations:
 - 1) A purchase of nondurable medical supplies not requiring prior authorization must not exceed an amount necessary to provide a one-month supply.
 - 2) Maintenance or service made at routine intervals based on hours of use or calendar days to ensure that equipment in proper working order is payable.
 - 3) The cost of a repair to durable medical equipment that is rented or purchased by the Medical Assistance program under a warranty is not eligible for medical assistance payment if the repair is covered by the warranty.
 - 4) In the case of rental equipment, the sum of rental payments during the projected period of the recipient's use must not exceed the purchase price allowed by medical assistance unless the sum of the projected rental payments in excess of the purchase price receives prior authorization. All rental payments must apply to purchase of the equipment.
 - 5) For individuals not receiving Medicare, the following diabetic testing supplies may only be dispensed by a pharmacy: blood glucose meters, testing strips, lancets, lancing devices, and control solutions.
- **Augmentative and alternative communication devices** are defined as devices dedicated to transmitting or producing messages or symbols in a manner that compensates for the impairment and disability of a recipient with severe expressive communication disorders. Examples include: communication picture books, communication charts and boards, and mechanical or electronic dedicated devices.

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ATTACHMENT 3.1-B
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7.c. Medical supplies, equipment and appliances suitable for use in the home.

- Covered medical supplies, equipment and appliances suitable for use in the home are those that are: (a) medically necessary; (b) ~~offered~~ ordered by a physician; (c) documented in a plan of care that is reviewed and revised as medically necessary by the physician at least once a year; and (d) provided to the recipient at the recipient's own place of residence that is a place other than a hospital, nursing facility, or intermediate care facility for the mentally retarded (ICF/MR).
- Medical supplies and equipment ordered in writing by a physician are paid with the following limitations:
 - 1) A purchase of nondurable medical supplies not requiring prior authorization must not exceed an amount necessary to provide a one-month supply.
 - 2) Maintenance or service made at routine intervals based on hours of use or calendar days to ensure that equipment in proper working order is payable.
 - 3) The cost of a repair to durable medical equipment that is rented or purchased by the Medical Assistance program under a warranty is not eligible for medical assistance payment if the repair is covered by the warranty.
 - 4) In the case of rental equipment, the sum of rental payments during the projected period of the recipient's use must not exceed the purchase price allowed by medical assistance unless the sum of the projected rental payments in excess of the purchase price receives prior authorization. All rental payments must apply to purchase of the equipment.
 - 5) For individuals not receiving Medicare, the following diabetic testing supplies may only be dispensed by a pharmacy: blood glucose meters, testing strips, lancets, lancing devices, and control solutions.
- **Augmentative and alternative communication devices** are defined as devices dedicated to transmitting or producing messages or symbols in a manner that compensates for the impairment and disability of a recipient with severe expressive communication disorders. Examples include: communication picture books, communication charts and boards, and mechanical or electronic dedicated devices.

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ATTACHMENT 4.19-B

Effective: January 1, 2014

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TN: 14-03

Approved: 6/24/14

Supersedes: 11-19 (11-02, 10-21, 10-02, 09-25, 04-05, 02-02)

7.c. Medical supplies, equipment, and appliances suitable for use in the home.

Hearing aids, eyeglasses and oxygen are purchased on a volume basis through competitive bidding in accordance with section 1915(a)(1)(B) of the Act and regulations at 42 C.F.R. § 431.54(d).

Medical supplies and equipment that are not purchased on a volume basis are paid the lower of:

- (1) submitted charge;
- (2) Medicare fee schedule amount for medical supplies and equipment; or
- (3) if Medicare has not established a payment amount for the medical supply or equipment, an amount determined using one of the following methodologies:
 - (a) 50th percentile of the usual and customary charges submitted for the previous two calendar years minus 20 percent, plus current calendar year Medicare inflation factors for the medical supply or equipment;
 - (b) if no information about usual and customary charges exists, payment is based upon the manufacturer's suggested retail price minus 20 percent; or
 - (c) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.

Effective for services provided on or after July 1, 2010, medical supplies and equipment manufactured for pediatric patients, medical supplies and equipment manufactured for bariatric patients, and HCPCS codes A7520, A7521, B4088, and E0202, are paid the lower of:

- (1) submitted charge; or
- (2) a payment amount determined by using one of the following methodologies:
 - (a) 50th percentile of the usual and customary charges submitted for the previous two calendar years minus 20 percent, plus current calendar year Medicare inflation factors for the medical supply or equipment;
 - (b) if no information about usual and customary charges exists, payment is based upon the manufacturer's suggested retail price minus 20 percent; or
 - (c) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.

Effective for service on or after January 1, 2014, blood glucose meters and diabetic testing strips are paid at the lower of

1. submitted charge, and
2. wholesale acquisition cost + 2%

In addition, the state agency will receive a rebate for preferred blood glucose meters and test strips in accordance with the manufacturer's contract with the state.

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TN: 14-03

Approved: 6/24/14

Supersedes: 11-19 (11-02, 10-29, 10-21, 10-02, 09-25, 04-05, 02-02)

7.c. Medical supplies, equipment, and appliances suitable for use in the home. (continued)

Effective September 1, 2011, augmentative and alternative communication device manufacturers and vendors must be paid the lower of the:

- (1) submitted charge; or
- (2) (a) manufacturer's suggested retail price minus 20 percent for providers that are manufacturers of augmentative and alternative communication systems; or
(b) manufacturer's invoice charge plus 20 percent for providers that are not manufacturers of augmentative and alternative communication systems.

Enteral products are paid the lower of:

- (1) submitted charge; or
- (2) Medicare fee schedule amount for enteral products.
 - Pediatric enteral products may be paid at the average wholesale price.

Parental products are paid using the methodology in items 12.a., Prescribed drugs, for drugs dispensed by a pharmacy.

Effective for services provided on or after October 1, 2011, home infusion therapy services provided by home infusion pharmacies are paid the lower of:

- (1) the submitted charge; or
- (2) a per diem amount for home infusion therapy services as defined in home infusion HCPCS codes. The per diem rate is equal to the combined payment rates for the component services which include, but are not limited to, medical supplies and equipment, professional pharmacy services, care coordination, delivery and shipping and products used in a standard total parental nutrition formula.

No dispensing fee is paid for home infusion therapies when dispensed by home infusion pharmacies.

The base rates as described in this item are adjusted by the following clauses of Supplement 2 of this Attachment:

U. Facility services rate decrease 2009.

aa. Hearing aid rates not subject to a volume purchase contract and medical supplies and durable medical equipment are adjusted by the miscellaneous services and material rate decrease 2011.