

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1301 Young Street, Room 833  
Dallas, Texas 75202



**Division of Medicaid & Children's Health, Region VI**

November 2, 2011

Our Reference: SPA TX 11-039

Mr. Billy Millwee  
Associate Commissioner for Medicaid & CHIP  
Health and Human Services Commission  
Post Office Box 13247  
Mail Code: H100  
Austin, Texas 78711

Dear Mr. Millwee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 11-039, dated August 19, 2011. This state plan amendment updates the fee schedule for durable medical equipment, vision care, hearing, prosthetics, orthotics services and supplies and implements a 10.5 percent reimbursement reduction for providers of these services.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of September 1, 2011. A copy of the CMS-179 and the approved plan pages are enclosed with this letter.

If you have any questions, please contact Cheryl Rupley at (214) 767-6278.

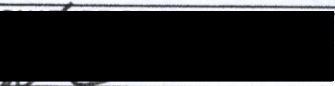
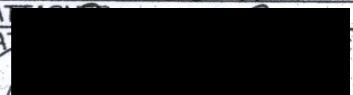
Sincerely,

Bill Brooks  
Associate Regional Administrator

Enclosures

cc: Emily Zalkovsky, Policy Development Support



<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER:  <b>11-039</b>	2. STATE:  <b>TEXAS</b>
		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:  <b>September 1, 2011</b>	
		5. TYPE OF PLAN MATERIAL (Circle One):  <input type="checkbox"/> COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT	
6. FEDERAL STATUTE/REGULATION CITATION: <b>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</b>		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT  a. FFY 2011      \$( 2,614,498) b. FFY 2012      \$(28,831,361) c. FFY 2013      \$(29,404,308)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>	
10. SUBJECT OF AMENDMENT:  <b>The proposed amendment updates the durable medical equipment, prosthetics, orthotics, and supplies fee schedules and implements a 10.5 percent average reduction to reimbursements paid to providers.</b>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <b>Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.</b> <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF OFFICIAL: 		16. RETURN TO:  <b>Billy R. Millwee PO Box 13247, MC: H-100 Austin, Texas 78711</b>	
13. TYPED NAME: <b>Billy R. Millwee</b>			
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED <b>August 19, 2011</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>19 August, 2011</b>		18. DATE APPROVED: <b>2 November 2011</b>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>1 September, 2011</b>		20. SIGNATURE: 	
21. TYPED NAME: <b>Bill Brooks</b>		22. TITLE: <b>Associate Regional Administrator Division of Medicaid &amp; Children's Health</b>	
23. REMARKS:			

**Attachment to Blocks 8 & 9 of CMS Form 179**

**Transmittal Number 11-039**

**Number of the  
Plan Section or Attachment**

Attachment 4.19-B

Page 3a

Page 3b

Page 3c

**Number of the Superseded  
Plan Section or Attachment**

Attachment 4.19-B

Page 3a (TN 11-016)

Page 3b (TN 11-024)

Page 3c (TN 10-081)



STATE	<u>Texas</u>
DATE REC'D	<u>8-19-11</u>
DATE APP'D	<u>11-2-11</u>
DATE EFF	<u>9-1-11</u>
HCFA 179	<u>11-39</u>

State of Texas  
Attachment 4.19-B  
Page 3a

## 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) The reimbursement for individual procedure codes effective September 1, 2011 will be equal to the reimbursement on August 31, 2010, less a percentage amount for each procedure code ranging between 0 and 29 percent, with the average amount reduced for all procedure codes averaging an estimated 10.5 percent.
- (6) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, page 1.
- (7) The agency's fee schedule was revised with new fees for durable medical equipment, prosthetics, orthotics, and supplies effective September 1, 2011 and will be posted on the agency's website on September 9, 2011.

SUPERSEDES: TN- 11-16

TN: 11-39

Approval Date: 11-2-11

Effective Date: 9-1-11

Supersedes TN: 11-16



## 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) The reimbursement for services effective September 1, 2011 will be equal to the reimbursement on August 31, 2010, less 8.00 percent.
- (d) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, page 1.
- (e) The agency's fee schedule was revised with new fees for hearing and audiometric evaluation services effective September 1, 2011 and this fee schedule will be posted on the agency's website on September 9, 2011.

~~SUPERSEDES: TN- 10-81~~

Superseded TN 11-24

STATE	<u>Texas</u>	A
DATE REC'D	<u>8-19-11</u>	
DATE APP'D	<u>11-2-11</u>	
DATE EFF	<u>9-1-11</u>	
HCFA 179	<u>11-39</u>	

TN: 11-39

Approval Date: 11-2-11

Effective Date: 9-1-11

~~Supersedes TN: 10-81~~

Suerseded TN 11-24



## 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 as a relevant cost or fee surveys.
- (c) The reimbursement for services effective September 1, 2011 will be equal to the reimbursement on August 31, 2010, less 8.00 percent
- (d) All fee schedules are available through the agency's website, as outlined on Attachment 4.19-B, page 1.
- (e) The agency's fee schedule was revised with new fees for vision care services effective September 1, 2011 and this fee schedule will be posted on the agency's website on September 9, 2011.

STATE	<u>Texas</u>	A
DATE REC'D	<u>8-19-11</u>	
DATE APPV'D	<u>11-2-11</u>	
DATE EFF	<u>9-1-11</u>	
HCFA 179	<u>11-39</u>	

SUPERSEDES: TN- 10-81

TN: 11-39

Approval Date: 11-2-11

Effective Date: 9-1-11

Supersedes TN: 10-81



## **Marks, Marsha L. (CMS/SC)**

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**From:** Marks, Marsha L. (CMS/SC)  
**Sent:** Monday, November 07, 2011 7:39 AM  
**To:** CMS SPA; CMS CMSO\_508\_SPA  
**Cc:** Rupley, Cheryl A. (CMS/SC); Spencer, Rene (CMS/CMCHO); Prisby, Karen L. (CMS/CMCHO); Castro, John B. (CMS/CMCHO); Richardson, Daryl C. (CMS/CMCHO); 'Fox,Ashley (HHSC)'; Cieslicki, Mary E. (CMS/CMCS)  
**Subject:** Final Approval Pkg for TX 11-39  
**Attachments:** TX1139APPROVAL.doc; Final Approval for TX 11-39.tif

See Attached. SPW has been updated

State: Texas.

Brief Description: The plan amendment implements a rate reduction of 10.5% for durable medical equipment, vision care, hearing, prosthetics, orthotics services, and supplies (DMEPOS). The changes do not have a direct impact on Indians, Indian Health Programs, or Urban Indian organizations.

Approval Date: 2 November, 2011

Effective Date: 1 September, 2011

**Marsha Marks** // Dept of Health & Human Services // Centers for Medicare & Medicaid Services // Dallas Regional Office // Division of Medicaid & Children's Health // Dallas Texas 75202 // 214-767-6280 // Fax 443-380-6499 // [marsha.marks@cms.hhs.gov](mailto:marsha.marks@cms.hhs.gov)

Are you uninsured? Do you have a pre-existing condition? If so, you may be eligible for the new Pre-Existing Condition Insurance Plan. Call toll free 1-866-717-5826 (TTY 1-866-561-1604) or visit [www.pcip.gov](http://www.pcip.gov) and click on "Find Your State" to learn more.