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State/Territory Name: Texas

State Plan Amendment (SPA) #: 11-57

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Superseding Page Listing
- 4) Approved SPA Page

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

April 2, 2012

Our Reference: SPA TX 11-057

Mr. Billy Millwee
Deputy Executive Commissioner for Health Services
Health and Human Services Commission
Post Office Box 13247
Mail Code: H100
Austin, Texas 78711

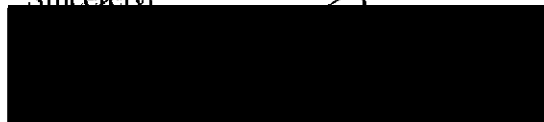
Dear Mr. Millwee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 11-057, dated November 14, 2011. This state plan amendment revises the reimbursement methodology for two procedure codes related to neurostimulator supplies and equipment.

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

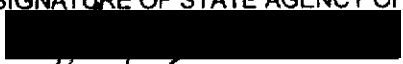

If you have any questions, please contact Cheryl Rupley at (214) 767-6278.

Sincerely,



Bill Brooks
Associate Regional Administrator

cc: Emily Zalkovsky, Policy Development Support

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 11-057	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: October 1, 2011	
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: §1905(a)(7) of the Social Security Act; 42 CFR §440.70(b)(3) §1905(a)(12) of the Social Security Act; 42 CFR §440.120		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2012 (\$1,810,411) b. FFY 2013 (\$2,009,071) c. FFY 2014 (\$2,072,876)	
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. The amendment also removes outdated language regarding past rate reductions.			
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 Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Billy R. Millwee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711	
13. TYPED NAME: Billy R. Millwee			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED November 14, 2011			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 15 November, 2011		18. DATE APPROVED: 2 April 2012	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 October, 2011		20. SIGNATURE: 	
21. TYPED NAME: BILL BROOKS		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health	
23. REMARKS:			

Attachment to Blocks 8 & 9 of CMS Form 179

Transmittal Number 11-057

**Number of the
Plan Section or Attachment**

Attachment 4.19-B
Page 3a

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

Attachment 4.19-B
Page 3a (TN 11-039)

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 October 1, 2011. The fee schedule was posted on the agency's website on October 7, 2011.

SUPERSEDES: TN: 11-39

STATE <u>Texas</u>	A
DATE REC'D <u>11-15-11</u>	
DATE APPV'D <u>4-2-12</u>	
DATE EFF <u>10-1-11</u>	
NOFA 179 <u>11-57</u>	

TN: 11-67

Approval Date: 4-2-12

Effective Date: 10-1-11

Supersedes TN: 11-39