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State/Territory Name: Texas

State Plan Amendment (SPA) #: 16-0025

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved Page

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



DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI

March 6, 2017

Our Reference: SPA TX 16-0025

Ms. Jamie Snyder
State Medicaid/CHIP Director
Health and Human Services Commission
Post Office Box 13247
Mail Code H100
Austin, Texas 78711

Dear Ms. Snyder:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 16-0025, dated December 7, 2016. This state plan amendment updates the durable medical equipment, prosthetics, orthotics, and supplies fee schedule.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date of October 1, 2016. A copy of the CMS-179 and the approved plan pages are enclosed with this letter.

If you have any questions please contact Ford Blunt of my staff. Mr. Blunt may be reached at (214) 767-6381 or by Email at Ford.Blunt@cms.hhs.gov.

Sincerely,

A black rectangular box redacting the signature of Bill Brooks.

Bill Brooks
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy Development Support

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		1. TRANSMITTAL NUMBER: <div style="text-align: center;">16-0025</div>	2. STATE: <div style="text-align: center;">TEXAS</div>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: <div style="text-align: center;">October 1, 2016</div>	
5. TYPE OF PLAN MATERIAL <i>(Circle 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>			
6. FEDERAL STATUTE/REGULATION CITATION: Social Security Act §1902(a)(30); 42 CFR 447.201(b).		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2017 \$ (12,516) b. FFY 2018 \$ (12,765) c. FFY 2019 \$ (13,161)	
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 <i>(If Applicable)</i> : SEE ATTACHMENT TO BLOCKS 8 & 9	
10. SUBJECT OF AMENDMENT: The proposed amendment updates the durable medical equipment, prosthetics, orthotics, and supplies fee schedule.			
11. GOVERNOR'S REVIEW <i>(Check One)</i> : <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIG E AGENCY OFFICIAL: <div style="background-color: black; width: 150px; height: 20px; margin-top: 5px;"></div>		16. RETURN TO: Jami Snyder State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711	
13. TYPED NAME: Jami Snyder			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: December 7, 2016			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: December 7, 2016		18. DATE APPROVED: March 6, 2017	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <div style="text-align: center;">October 1, 2016</div>		20. SIGNATURE OF REGIONAL OFFICIAL: <div style="background-color: black; width: 150px; height: 20px; margin-top: 5px;"></div>	
21. TYPED NAME: <div style="text-align: center;">Bill Brooks</div>		22. TITLE: <div style="text-align: center;">Associate Regional Administrator Division of Medicaid and Children's Health</div>	
23. REMARKS:			

Attachment to Blocks 8 & 9 of CMS Form 179

Transmittal Number 16-0025

**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 16-0010)

State: Texas
Date Received: 12-07-2016
Date Approved: 03-06-2017
Date Effective 10-01-2016
Transmittal Number: TX 16-0025

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, 2016, and was posted on the agency's website on October 14, 2016.

TN:	<u>16-0025</u>	Approval Date:	<u>03-06-17</u>
Supersedes TN:	<u>16-0010</u>	Effective Date:	<u>10-01-16</u>

State: Texas
Date Received: 12-07-2016
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