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State/Territory Name:  Texas

State Plan Amendment  (SPA) #:  21-0016

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
May 19, 2021

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

RE:  Texas TN 21-0016

Dear Ms. Stephens:

We have reviewed the proposed Texas State Plan Amendment (SPA) to Attachment 4.19-B, TX#21-0016, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 31, 2021. This state plan amendment updates the durable medical equipment, prosthetics, orthotics, supplies (DMEPOS) fee schedule.

Based upon the information provided by the State, we have approved the amendment with an effective date of March 1, 2021. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Tamara Sampson at 214-767-6431 or Tamara.Sampson@cms.hhs.gov.

Sincerely,

Todd McMillion  
Director  
Division of Reimbursement Review

Enclosures
TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE:
March 1, 2021

5. TYPE OF PLAN MATERIAL (Circle One):

☐ NEW STATE PLAN  ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN  ☑ AMENDMENT

6. FEDERAL STATUTE/REGULATION CITATION:
Social Security Act §1902(a)(30); 42 CFR §447.201(b).

7. FEDERAL BUDGET IMPACT:
SEE ATTACHMENT

a. FFY 2021 ($0.30)
b. FFY 2022 ($0.45)
c. FFY 2023 ($0.43)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B
Page 3a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
Attachment 4.19-B
Page 3a (TN 20-0020)

10. SUBJECT OF AMENDMENT:
The proposed amendment updates the fee schedule for durable medical equipment, prosthetics, orthotics, and supplies.

11. GOVERNOR’S REVIEW (Check One):
☐ GOVERNOR’S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR’S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.

13. TYPED NAME:
Stephanie Stephens

14. TITLE:
State Medicaid Director

15. DATE SUBMITTED:
March 31, 2021

16. RETURN TO:
Stephanie Stephens
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711

17. DATE RECEIVED:
March 31, 2021

18. DATE APPROVED:
May 19, 2021

19. EFFECTIVE DATE OF APPROVED MATERIAL:
March 1, 2021

21. TYPED NAME:
Todd McMillion

22. TITLE:
Director, Division of Reimbursement Review

23. REMARKS:
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

(6) The agency’s fee schedule was revised with new fees for durable medical
equipment, prosthetics, orthotics, and supplies effective March 1, 2021 and
was posted on the agency’s website on March 19, 2021.