Table of Contents

State/Territory Name: Texas

State Plan Amendment (SPA) #: 20-0007

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
Financial Management Group

June 26, 2020

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 20-0007

Dear Ms. Stephens:

We have reviewed the proposed Texas State Plan Amendment (SPA) to Attachment 4.19-B, TX#20-0007, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 31, 2020. This state plan amendment updates the durable medical equipment, prosthetics, orthotics, and supplies fee schedules.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2020. 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

**1. TRANSMITTAL NUMBER:** 20-0007

<table>
<thead>
<tr>
<th>2. STATE:</th>
<th>TEXAS</th>
</tr>
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| 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) |

| 4. PROPOSED EFFECTIVE DATE: | January 1, 2020 |

<table>
<thead>
<tr>
<th>5. TYPE OF PLAN MATERIAL (Circle One):</th>
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<tbody>
<tr>
<td>☑ NEW STATE PLAN</td>
</tr>
<tr>
<td>☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN</td>
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<tr>
<td>☑ AMENDMENT</td>
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**COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT** *(Separate Transmittal for each amendment)*

**6. FEDERAL STATUTE/REGULATION CITATION:**

Social Security Act §1902(a)(30); 42 CFR §447.201(b)

**7. FEDERAL BUDGET IMPACT:**

- a. FFY 2020 $697,776
- b. FFY 2021 $95,490
- c. FFY 2022 $96,551

**SEE ATTACHMENT**

**8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:**

**SEE ATTACHMENT TO BLOCKS 8 & 9**

<table>
<thead>
<tr>
<th>9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):</th>
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<tbody>
<tr>
<td><strong>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</strong></td>
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</table>

**10. SUBJECT OF AMENDMENT:**

The proposed amendment updates the durable medical equipment, prosthetics, orthotics, and supplies fee schedules.

**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

**12. SIGNATURE OF STATE AGENCY OFFICIAL:**

[Redacted]

**13. TYPED NAME:**

Stephanie Muth

**14. TITLE:**

State Medicaid Director

**15. DATE SUBMITTED:**

March 31, 2020

**16. RETURN TO:**

Stephanie Muth
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711

**FOR REGIONAL OFFICE USE ONLY**

<table>
<thead>
<tr>
<th>17. DATE RECEIVED:</th>
<th>18. DATE APPROVED:</th>
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<tbody>
<tr>
<td>6/26/2020</td>
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**19. EFFECTIVE DATE OF APPROVED MATERIAL:**

1/1/2020

**20. SIGNATURE OF REGIONAL OFFICIAL:**

[Redacted]

**21. TYPED NAME:**

Todd McMillion

**22. TITLE:**

Director, Division of Reimbursement Review

**23. REMARKS:**

FORM CMS – 179 (07-92)
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 January 1, 2020, and was posted on the agency’s website on March 15, 2020.