

## **Table of Contents**

**State/Territory Name: Minnesota**

**State Plan Amendment (SPA) #: 21-0024**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS Form 179
- 3) Approved SPA Pages

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
233 North Michigan Ave., Suite 600  
Chicago, Illinois 60601



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**Financial Management Group**

February 2, 2022

Cynthia McDonald  
Assistant Commissioner and Medicaid Director  
Health Care Administration  
State of Minnesota, Department of Human Services  
540 Cedar Street PO Box 64983  
ST. Paul, MN 55167-0983

RE: TN 21-0024

Dear Ms. McDonald:

We have reviewed the proposed State Name State Plan Amendment (SPA) to Attachment 4.19-B, MN 21-0024, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on November 30, 2021. This plan amendment makes changes to payments methods for Durable Medical Equipment (DME) to align with requirements under state law.

Based upon the information provided by the State, we have approved the amendment with an effective date of October 15, 2021. We are enclosing the approved CMS-179 and a copy of the new state plan pages.


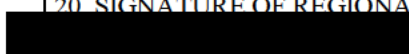
If you have any additional questions or need further assistance, please contact DRR analyst name at 1-312-886-0360 or [Deborah.Benson@cms.hhs.gov](mailto:Deborah.Benson@cms.hhs.gov).

Sincerely,



Todd McMillion  
Director  
Division of Reimbursement Review

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 21-0024	2. STATE Minnesota
<b>FOR: CENTER FOR MEDICARE &amp; MEDICAID SERVICES</b>		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTER FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 15, 2021	
5. TYPE OF PLAN MATERIAL ( <i>Check 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:  42 CFR § 440.70		7. FEDERAL BUDGET IMPACT: a. FFY 2022    \$0 b. FFY 2023    \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B, page 27, 27a, 27b		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Same	
10. SUBJECT OF AMENDMENT: Durable Medical Equipment (DME) Rates			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ):			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Alley Zoellner Minnesota Department of Human Services Federal Relations Unit 540 Cedar Street, PO Box 64983 St. Paul, MN 55164-0983	
13. TYPED NAME: Patrick Hultman Deputy Medicaid Director			
15. DATE SUBMITTED: November 30, 2021			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>November 30, 2021</b>		18. DATE APPROVED: February 2, 2022	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>October 15, 2021</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Todd McMillion</b>		22. TITLE: <b>Director, Division of Reimbursement Review</b>	
23. REMARKS:			

Approved: February 2, 2022

Supersedes: 19-12 (17-19, 14-03, (11-19, 11-02, 10-21, 10-02, 09-25, 04-05, 02-02)

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7.c. Medical supplies, equipment, and appliances suitable for use in any setting in which normal life activities take place.

Notwithstanding the other payment methodologies outlined in this section 7.c., effective for services provided on or after July 1, 2019, medical supplies and equipment, and orthotics that are subject to the upper payment limit in accordance with section 1903 (i) (27) of the Social Security Act, are paid the lower of:

1. The submitted charge; or
2. The Medicare fee schedule amount without regard to any other allowable increases, including the MinnesotaCare tax.

Augmentative and alternative communication devices and pressure support ventilators are excluded from the above provision.

Hearing aids, eyeglasses and oxygen are purchased on a volume basis through competitive bidding in accordance with section 1915(a) (1) (B) of the Act and regulations at 42 C.F.R. § 431.54(d).

Medical supplies and equipment that are not purchased on a volume basis are paid the lower of:

1. submitted charge;
2. Medicare fee schedule amount for medical supplies and equipment; or
3. if Medicare has not established a payment amount for the medical supply or equipment, an amount determined using one of the following methodologies:
  - (a) 50th percentile of the usual and customary charges submitted for the previous ~~two~~ calendar year—minus 20 percent, plus current calendar year Medicare inflation factors for the medical supply or equipment;
  - (b) if no information about usual and customary charges exists, payment is based upon the manufacturer's suggested retail price minus 20 percent; or
  - (c) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.

~~Effective for services provided on or after July 1, 2010, medical supplies and equipment manufactured for pediatric patients, medical supplies and equipment manufactured for bariatric patients, and HCPCS codes A7520, A7521, B4088, and E0202, are paid the lower of:~~

- ~~1. submitted charge; or~~
- ~~2. a payment amount determined by using one of the following methodologies:
  - ~~(a) 50th percentile of the usual and customary charges submitted for the previous two calendar years minus 20 percent, plus current calendar year Medicare inflation factors for the medical supply or equipment;~~
  - ~~(b) if no information about usual and customary charges exists, payment is based upon the manufacturer's suggested retail price minus 20 percent; or~~
  - ~~(c) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.~~~~

Approved: February 2, 2022

Supersedes: 19-12 (17-19, 14-03, (11-19, 11-02, 10-21, 10-02, 09-25, 04-05, 02-02)

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7.c. Medical supplies, equipment, and appliances suitable for use in any setting in which normal life activities take place(continued).

Effective for services provided on or after October 1, 2021, enteral nutrition and supplies, customized and other specialized tracheostomy tubes and supplies, and durable medical equipment repair and service are paid the lower of:

1. The submitted charge, or
2. manufacturer's suggested retail price minus 20 percent; or
3. if manufacturer's suggested retail price is not available; manufacturer's invoice charge plus 20 percent

Effective for services provided on or after July 1, 2017, pressure support ventilators are paid at the lower of:

1. The submitted charge, or
2. The Medicare fee schedule rate plus 47 percent.

Effective for service on or after January 1, 2014, blood glucose meters and diabetic testing strips are paid at the lower of

1. submitted charge, and
2. the methodology described in Item 12.a.

In addition, the state agency will receive a rebate for preferred blood glucose meters and test strips in accordance with the manufacturer's contract with the state.

Effective September 1, 2011, augmentative and alternative communication device manufacturers and vendors must be paid the lower of the:

- (1) submitted charge; or
- (2) manufacturer's suggested retail price minus 20 percent for providers that are manufacturers of augmentative and alternative communication systems; or
- (3) manufacturer's invoice charge plus 20 percent for providers that are not manufacturers of augmentative and alternative communication systems.

~~Enteral products are paid the lower of:~~

- ~~(1) submitted charge; or~~
- ~~(2) the 50th percentile of the usual and customary charges submitted for the previous two calendar years minus 20 percent, plus current calendar year Medicare inflation factors; or~~
- ~~(3) the manufacturer's suggested retail price minus 20 percent; or~~
- ~~(4) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.~~

~~Pediatric enteral products may be paid at the average wholesale price.~~

~~Parenteral products are paid using the methodology in items 12.a., Prescribed drugs, for drugs dispensed by a pharmacy.~~

Approved: February 2, 2022

Supersedes: 19-12 (17-19, 14-03, (11-19, 11-02, 10-21, 10-02, 09-25, 04-05, 02-02)

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7.c. Medical supplies, equipment, and appliances suitable for use in any setting in which normal life activities take place (continued).

Effective for services provided on or after October 1, 2011, home infusion therapy services provided by home infusion pharmacies are paid the lower of:

- (1) the submitted charge; or
- (2) a per diem amount for home infusion therapy services as defined in home infusion HCPCS codes. The per diem rate is equal to the combined payment rates for the component services which include, but are not limited to, medical supplies and equipment, professional pharmacy services, care coordination, delivery and shipping and products used in a standard total parental nutrition formula.

No dispensing fee is paid for home infusion therapies when dispensed by home infusion pharmacies.

The base rates as described above in this item, are adjusted by the following clauses of Supplement 2 of this Attachment:

- U. Facility services rate decrease 2009.
- aa. Miscellaneous services and materials rate decrease 2011.
- ee. Rate decrease effective July 1, 2014.
- gg. Miscellaneous services and materials rate increase effective September 1, 2014.
- hh. Rate increase effective July 1, 2015.
- jj. Rate increase for miscellaneous services, effective July 1, 2015.