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State/Territory Name: Alabama

State Plan Amendment (SPA) #: 14-009

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

December 16, 2014

Ms. Stephanie Azar, Acting Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

Re: Title XIX State Plan Amendment, AL #14-009

Dear Ms. Azar:

We have reviewed the proposed amendment to the Alabama Medicaid State Plan #14-009 that was received in the Regional Office on October 3, 2014. This state plan amendment allows the Alabama Medicaid Agency to increase Durable Medical Equipment (DME) provider reimbursement to 80 percent of Medicare's allowed amount.

Based on the information provided, we are now ready to approve the Medicaid State Plan Amendment AL -14-009. This SPA was approved on December 16, 2014. The effective date of this amendment is October 1, 2014. We are enclosing the approved form HCFA-179 and plan pages.

If you have any questions, please contact Joseph Raymundo at 404-562-7406.

Sincerely,

//s//

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
AL-14-009

2. STATE
Alabama

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 01, 2014

5. TYPE OF PLAN MATERIAL (*Check One*):

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 431.11

7. FEDERAL BUDGET IMPACT:
a. FFY 2015 \$1,357,307
b. FFY 2016 \$1,368,915

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachments 4.19-B, Pages 4 and 7

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Attachments 4.19-B, Pages 4 and 7

10. SUBJECT OF AMENDMENT:

The primary purpose for this amendment is to allow the Alabama Medicaid Agency to increase Durable Medical Equipment (DME) provider reimbursement to 80% of the 2005 Medicare allowed amount effective October 1, 2014.

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:
Governor's designee on file
via letter with CMS

12. SIGNATURE OF STATE AGENCY OFFICIAL:
//s//

16. RETURN TO:
Stephanie McGee Azar
Acting Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

13. TYPED NAME:
Stephanie McGee Azar

14. TITLE: Acting Commissioner

15. DATE SUBMITTED: 10/03/14

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 10/03/14

18. DATE APPROVED: 12/16/14

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
10/01/14

20. SIGNATURE OF REGIONAL OFFICIAL:
//s//

21. TYPED NAME:
Jackie Glaze

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children Health Opns

23. REMARKS:

- e. The upper limits detailed in 42 CFR §447.512 which govern Medicaid State Agency reimbursement to providers of prescribed drugs shall also apply in cases where prescribed drugs are furnished as part of SNF or ICF services or under prepaid capitation arrangements. Contracts between the State Agency and the underwriter, carrier, foundation, health maintenance organization, or other insurers containing the terms of such prepaid capitation arrangements shall include a provision imposing the same upper limits for reimbursement of prescribed drugs.
- f. The Medicaid recipient shall pay the maximum allowable copayment under Federal law or administrative regulations for each prescribed drug received under the Medicaid program, except for designated exemptions. The allowable copayment amount shall be collected by the dispensing pharmacy and credited against the Medicaid payment to the pharmacy for drugs per copay table in Attachment 4.18-A. Designated exemptions include prescriptions for pregnant women, Family Planning drugs, those used for Medicaid recipients under 21 years of age, and drugs for Medicaid recipients institutionalized in long term facilities.

5. Prosthetic Devices

Reasonable, customary charges submitted by the vendor, not to exceed the amount payable under Title XVIII, Part B or the amount paid by the general public.

Effective Date: 10/1/14

The pricing methodology is 80% of the 2005 Medicare allowable amount as listed on the Alabama Supplies, Appliances, and DME Fee Schedule. The agency's fee schedule rate is in effect for services provided on or after October 1, 2014. All rates are published on the Medicaid Agency's website (www.medicaid.alabama.gov). Except as otherwise noted in the plan, the Medicaid developed fee schedule rates are the same for both governmental and private providers.

6. Eyeglasses

- a. Eyeglasses are procured from a central source selected through the State competitive bid system. Payment is based on reasonable charges, obtained through the bidding procedures, which are included in a contract between Medicaid and the central source contractor. The contracted charges will not exceed the amount paid by the general public or other third party organizations.
- b. The contract between Medicaid and the central source contractor will be on file and available for review in the office of the Single State Agency.
- c. Eyeglasses may, at the option of the provider, be procured from the central source contractor or from any other source, but at a price not to exceed the contract price charged by the central source. However, the quality of the eyeglasses must be equal to or better than that provided by the central source contractor.

Effective Date: 10/1/14

The pricing methodology is 80% of the 2005 Medicare allowable amount as listed on the Alabama Supplies, Appliances, and DME Fee Schedule. The agency's fee schedule rate is in effect for services provided on or after October 1, 2014. All rates are published on the Medicaid Agency's website (www.medicaid.alabama.gov). Except as otherwise noted in the plan, the Medicaid developed fee schedule rates are the same for both governmental and private providers.

Effective Date: 06/01/93

If no Medicare price is available, Medicaid will establish a price for supplies, appliances, and durable medical equipment using the manufacturer's generated invoice to determine provider's actual cost after all discounts are applied. Medicaid will reimburse provider at their actual cost after all discounts are applied, plus 20% markup. If documented invoices cannot be obtained, reimbursement will be based on the Manufacturer Suggested Retail Price (MSRP) minus 40%. Freight and delivery, evaluation and fitting charges are included in the markup percentage for specially constructed wheelchairs.

Effective Date: 08/12/94

If no Medicare price is available, reimbursement rates established by Medicaid for EPSDT-referred wheelchair systems will be based on a Discount from Manufacturer Suggested Retail Price (MSRP). Providers are required to submit available MSRPs from three manufacturers for equipment appropriate for the individual's medical needs. Provider must document nonavailability of required MSRPs to justify not sending in three prices. The established rate will be based on the MSRP minus the following discounts:

1. Manual Wheelchair Systems - 20% discount from MSRP.
2. Power Wheelchair Systems - 15% discount from MSRP.
3. Ancillary (add-on) products - 20% discount from MSRP.