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State/Territory Name: Montana

State Plan Amendment (SPA) #: MT-10-002

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1600 Broadway, Suite 700
Denver, CO 80202-4967



Region VIII

April 16, 2010

Mary Dalton, Medicaid & Health Services Manager
Montana Department of Health & Human Services
1400 Broadway
PO Box 202951
Helena, MT 59620

Re: SPA MT-10-002

Dear Ms Dalton:

We are pleased to inform you that CMS has approved Montana State Plan Amendment (SPA) 10-002, "Physician Services update" with an effective date of March 1, 2010.

We appreciate the cooperation extended by your staff in the review and approval of this state plan amendment.

If you have any questions regarding this SPA please contact Diana Maiden at 303-844-7114.

Sincerely,

/s/

Richard C. Allen
Associate Regional Administrator
Division for Medicaid and Children's Health Operations

Cc: Duane Preshinger
Jo Thompson

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 10-02 10-002 [REDACTED]	2. STATE Montana
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 March 1, 2010	
5. TYPE OF PLAN MATERIAL (Check One): <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 (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:		7. FEDERAL BUDGET IMPACT: a. FFY 2010 (\$5,870,86) b. FFY 2011 (\$7,827,81)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Service 5a Physicians' Services: Supplement to Attachment 3.1A Supplement to Attachment 3.1B Attachment 4.19B		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Service 5a Physicians' Services: Supplement to Attachment 3.1A Supplement to Attachment 3.1B Attachment 4.19B	
10. SUBJECT OF AMENDMENT: Update Service 5a Physicians' Services to provide more clarity and to remove redundant sections (Optometric and Laboratory services) that have their own state plans now.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" 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: [REDACTED]		16. RETURN TO: Montana Dept. of Public Health and Human Services Mary E. Dalton State Medicaid Director Attn: Jo Thompson PO Box 4210 Helena, MT 59604	
13. TYPED NAME: Mary E. Dalton			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: 3/2/10			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 3/8/10		18. DATE APPROVED: 4/16/10	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 3/1/10		20. [REDACTED] REGIONAL OFFICIAL:	
21. TYPED NAME: Richard O. Allen		22. TITLE: Associate Regional Administrator	
23. REMARKS:			

MONTANA

The following limitations apply to Physicians' Services:

1. Physicians' Services for conditions or ailments that are generally considered cosmetic in nature are not a benefit of the Medicaid Program except in such cases where it can be demonstrated that the physical well-being and psycho-social well-being of the recipient are severely affected in a detrimental manner. The determination of whether a service is cosmetic will be made by the Department or its designated review organization.
2. Services considered experimental are not a benefit of the Montana Medicaid Program. Experimental services include:
 - a. All procedures and items, including prescribed drugs, considered experimental by the U.S. Department of Health and Human Services or any other appropriate federal agency.
 - b. All procedures and items, including prescribed drugs, provided as part of a control study, approved by the Department of Health and Human Services, or any other appropriate federal agency to demonstrate whether the item, prescribed drug or procedure is safe and effective in curing/preventing, correcting or alleviating the effects of certain medical conditions.
 - c. All procedures and items, including prescribed drugs, which may be subject to question but are not covered in #1 and #2 above, will be evaluated by the Department's designated medical review organization.
3. The Department requires that National Drug Codes (NDC) must be submitted for all physician administered drugs. Montana Medicaid will cover only those physician administered drugs manufactured by companies that have a signed rebate agreement with CMS.

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I. Reimbursement for Physician Services shall be:

- A. The lower of:
1. The provider's usual and customary charge for the service;
or
 2. Reimbursement provided in accordance with the methodology described in Number II.

II. The Department's fee schedule for Physician Services is determined:

- A. In accordance with the Resource Based Relative Value Scale (RBRVS) methodology, by multiplying Medicare's Relative Value Units (RVU), which is numeric, by the Montana Medicaid specific conversion factor, which is a dollar amount, to equal a fee. Specific to Montana Medicaid, there is an ability to multiply the fee times a policy adjuster (either plus or minus) to affect the fee.
- B. "Resource based relative value scale (RBRVS)" means the version of the Medicare resource based relative value scale contained in the Medicare Physician Fee Schedule adopted by the Centers for Medicare and Medicaid Services (CMS) of the U.S. Department of Health and Human Services published November 19, 2008.
- C. "Relative value unit (RVU)" means a numerical value assigned in the resource based relative value scale to each procedure code used to bill for services provided by a health care provider. The relative value unit assigned to a particular code expresses the relative effort and expense expended by a provider in providing one service as compared with another service.
- D. If there is not a Medicare RVU, Montana Medicaid will utilize history data to convert to an RVU.
- E. For anesthesia services, by multiplying the sum of Medicare's anesthesia base units and applicable time

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units, which is numeric, by the Montana, Medicaid specific anesthesia conversion factor, which is a dollar amount, to equal a fee.

F. The RVUs are adopted from the RBRVS. For services for which the RBRVS does not specify RVUs, the Department sets those RVUs as follows:

1. The RVUs for a Medicaid covered service are calculated as follows:

- (i) if Medicare sets RVUs, the Medicare RVUs are applicable;
- (ii) if Medicare does not set RVUs but Medicaid sets RVUs, the Medicaid RVUs are set in the following manner:

- a) convert the existing dollar value of a fee to an RVU value;
- b) evaluate the RVU of similar services and assign an RVU value; or
- c) convert the average by report dollar value of a fee to an RVU value.

G. Anesthesia Base Unit reimbursement will be 'by report'. 'By report' means paying a percentage of billed charges. The percentage is derived by dividing the previous state fiscal year's total Medicaid reimbursement for services included in the RBRVS by the previous state fiscal year's total Medicaid billings.

H. Reimbursement for physician-administered drugs is made according to the department's fee schedule or the provider's usual and customary charge, whichever is lower. Effective March 1, 2010, the department's fee schedule will be based upon:

Service 5(a)
Physicians' Services

1. The Medicare Average Sales Price (ASP) methodology if there is an ASP fee;
 2. The RBRVS fee if there is an RBRVS fee;
 3. The estimated acquisition cost (EAC) as defined in the outpatient drug services state plan (service 12a); or
 4. The 'by report' amount.
- I. Consistent with the policies described in this section, the agency's fee schedule for SFY 2009 was updated July 1, 2009 and is effective for services provided on or after that date. All rates are published on the agency's website at <http://medicaidprovider.hhs.mt.gov/>.