

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1301 Young Street, Room 833
Dallas, Texas 75202



Division of Medicaid & Children's Health, Region VI

September 3, 2010

Our Reference: SPA TX 10-036

Mr. Billy Millwee
Associate Commissioner for Medicaid & CHIP
Health and Human Services Commission
Post Office Box 13247
Mail Code: H100
Austin, Texas 78711

Dear Mr. Millwee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 10-036, dated June 14, 2010. This amendment reduces the reimbursement rates paid for Medicaid home health services providers by one percent (1%).

Additionally, please note that when the State submits a State Plan Amendment (SPA) that may impact Indians or Indian health providers, CMS will look for evidence of the State's Tribal consultation process for that SPA. Pursuant to the new section 1902(a) (73) of the Act added by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, the State must submit evidence to CMS regarding the solicitation of advice prior to submission of the State Plan Amendment. Such consultation must include all federally-recognized tribes, Indian Health Service and Urban Indian Organizations within the State.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date change of September 1, 2010. A copy of the CMS-179 and the approved plan pages are enclosed with this letter.

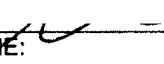

If you have any questions, please contact Ford J. Blunt at (214) 767-6381.

Sincerely,

Bill Brooks
Associate Regional Administrator

Enclosures

cc: Emily Zalkovsky, Policy Development Support

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 10-036	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: September 1, 2010	
5. TYPE OF PLAN MATERIAL (<i>Circle One</i>): <input type="checkbox"/> COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>) <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
6. FEDERAL STATUTE/REGULATION CITATION: Home Health Professional Services: 1905(a)(7) of the Social Security Act; 42 CFR §440.70; Home Health Durable Medical Equipment (DME) and Supplies: §1905(a)(7) of the Social Security Act; 42 CFR §440.70(b)(3); Prosthetic Devices: §1905(a)(12) of the Social Security Act; 42 CFR § 440.120		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2010 \$(311,105) b. FFY 2011 \$(3,323,565) c. FFY 2012 \$(3,269,324)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 AND 9		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): SEE ATTACHMENT TO BLOCKS 8 AND 9	
10. SUBJECT OF AMENDMENT: The proposed amendment is an update to the home health professional services and durable medical equipment, prosthetics, orthotics, and supplies fee schedules and implements the one percent payment reduction for reimbursements paid to Medicaid home health providers.			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <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 Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  Billy R. Millwee		16. RETURN TO: Billy R. Millwee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711	
13. TYPED NAME: Billy R. Millwee		14. TITLE: State Medicaid Director	
15. DATE SUBMITTED June 8, 2010			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 14 June, 2010		18. DATE APPROVED: 3 September, 2010	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 September, 2010		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: BILL BROOKS		22. TITLE: Associate Regional Administrator Div of Medicaid & Children's Health	
3. REMARKS:			

8. Home Health Services

(a) Professional Services

- (1) Home health agencies are reimbursed for authorized professional home health services, including skilled nursing visits and therapy visits, delivered to eligible Medicaid recipients, the lesser of the provider's billed charges or the fee schedule established by HHSC.
- (2) The fee schedule established by HHSC is based upon: (1) Medicare fees; (2) review of Medicaid fees paid by other states; (3) survey of home health agencies costs to provide the services; (4) Medicaid fees for similar services; and/or (5) some combination or percentage thereof.
- (3) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, Page 1.
- (4) The agency's fee schedule was revised with new fees for home health professional services effective September 1, 2010, and this fee schedule was posted on the agency's website on September 3, 2010.
- (5) The reimbursement for services effective September 1, 2010, will be equal to the reimbursement on August 31, 2010, less one percent.

STATE	<u>Texas</u>	A
DATE REC'D	<u>6-14-10</u>	
DATE APPV'D	<u>9-3-10</u>	
DATE EFF	<u>9-1-10</u>	
HCFA 179	<u>10-36</u>	

SUPERSEDES: TN- 07-39

State of Texas

TN No. 10-36

Approval Date 9-3-10

Effective Date 9-1-10

Supersedes TN No. 07-39

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 September 1, 2010, and this fee schedule was posted on the agency's website on September 3, 2010.
- (7) The reimbursement for services effective September 1, 2010, will be equal to the reimbursement on August 31, 2010, less one percent.

SUPERSEDES: TN- 10-20

STATE	<u>TEXAS</u>	A
DATE REC'D	<u>6-14-10</u>	
DATE APP'D	<u>9-3-10</u>	
DATE EFF	<u>9-1-10</u>	
HOFA 179	<u>10-36</u>	

TN No. 10-36Approval Date 9-3-10Effective Date 9-1-10Supersedes TN No. 10-20

9. Hearing Aids and Audiometric Evaluations

- (a) Providers of professional hearing and audiometric evaluation services are reimbursed based on the lesser of the provider's billed charges or fees determined by HHSC in accordance with Item 1 of this attachment, relating to the reimbursement methodology for physicians and certain other practitioners.
- (b) Providers of hearing aids are reimbursed the lesser of the provider's billed charges or fees determined by HHSC, which are based on a review of data available to HHSC, such as cost information from providers or manufacturers, surveys of the Medicaid fees for other states, survey information from national fee analyzers, or other relevant fee-related information.
- (c) All fee schedules are available through the agency's website as outlined on Attachment 4.19-B, page 1.
- (d) The agency's fee schedule was revised with new fees for hearing and audiometric evaluation services effective September 1, 2010, and this fee schedule was posted on the agency's website on September 3, 2010.
- (e) The reimbursement for services effective September 1, 2010, will be equal to the reimbursement on August 31, 2010, less one percent.

SUPERSEDES: TN- 10-27

STATE	<u>Texas</u>	A
DATE REC'D	<u>10-14-10</u>	
DATE APP'D	<u>9-3-10</u>	
DATE EFF	<u>9-1-10</u>	
HCFA 179	<u>10-36</u>	

TN No. 10-36 Approval Date 9-3-10 Effective Date 9-1-10
Supersedes TN No. 10-27

10. Vision Care Services

- (a) Providers of professional vision services are reimbursed based on the lesser of the provider's billed charges or fees determined by HHSC in accordance with Item 1 of this attachment, relating to the reimbursement methodology for physicians and certain other practitioners.
- (b) Providers of eyeglasses and contact lenses are reimbursed the lesser of the provider's billed charges or fees determined by HHSC, which are based on a review of Medicare fees and/or other data available to HHSC, such a relevant cost or fee surveys.
- (c) All fee schedules are available through the agency's website, as outlined on Attachment 4.19-B, page 1.
- (d) The agency's fee schedule was revised with new fees for vision care services effective September 1, 2010, and this fee schedule was posted on the agency's website on September 3, 2010.
- (e) The reimbursement for services effective September 1, 2010, will be equal to the reimbursement on August 31, 2010, less one percent.

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DATE REC'D	<u>6-14-10</u>	
DATE APPV'D	<u>9-3-10</u>	
DATE EFF	<u>9-1-10</u>	
HOFA 179	<u>10-36</u>	

SUPERSEDES: TN- 10-28

TN No. 10-36

Approval Date 9-3-10

Effective Date 9-1-10

Supersedes TN No. 10-28