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State/Territory Name: Texas

State Plan Amendment (SPA) #: 16-0010

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Superseding Page Listing
- 4) Approved Page(s)

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



**DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI**

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June 6, 2016

Our Reference: SPA TX 16-0010

Mr. Gary Jessee  
State Medicaid/CHIP Director  
Health and Human Services Commission  
Post Office Box 13247  
Mail Code H100  
Austin, Texas 78711

Dear Mr. Jessee:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 16-0010, dated March 31, 2016. This state plan amendment updates the Medicaid fee schedules for home health services, durable medical equipment, prosthetics, orthotics and supplies, hearing services and vision services.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date of January 1, 2016. A copy of the CMS-179 and approved plan page are enclosed with this letter.

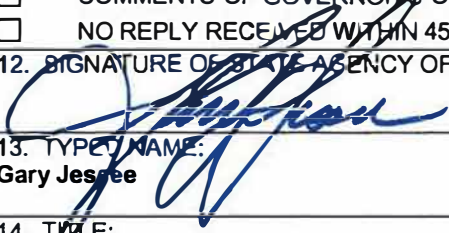

If you have any questions please contact Suzette Seng of my staff. Ms. Seng may be reached at (214) 767-6478 or by Email at [Suzette.Seng@cms.hhs.gov](mailto:Suzette.Seng@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink that reads "Bill Brooks". The signature is written in a cursive, slightly slanted style.

Bill Brooks  
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy Development Support

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER:  <b>16-0010</b>	2. STATE:  <b>TEXAS</b>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE:  <b>January 1, 2016</b>	
5. TYPE OF PLAN MATERIAL ( <i>Circle 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:  <b>Social Security Act §1902(a)(30); 42 CFR 447.201(b).</b>	7. FEDERAL BUDGET IMPACT: <b>SEE ATTACHMENT</b> a. FFY 2016 <b>(\$552,128)</b> b. FFY 2017 <b>(\$755,804)</b> c. FFY 2018 <b>(\$790,000)</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>	
10. SUBJECT OF AMENDMENT:  <b>The proposed amendment updates the Medicaid fee schedules for home health services, durable medical equipment, prosthetics, orthotics, and supplies, hearing services and vision services.</b>		
11. GOVERNOR'S REVIEW ( <i>Check One</i> ):  <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <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:  <b>Gary Jessee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711</b>	
13. TYPED NAME: <b>Gary Jessee</b>		
14. TITLE: <b>State Medicaid Director</b>		
15. DATE SUBMITTED: <b>March 31, 2016</b>		
<b>FOR REGIONAL OFFICE USE ONLY</b>		
17. DATE RECEIVED: <b>March 31, 2016</b>	18. DATE APPROVED: <b>June 06, 2016</b>	
PLAN APPROVED – ONE COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>January 01, 2016</b>	20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Bill Brooks</b>	22. TITLE: <b>Associate Regional Administrator Division of Medicaid and Children's Health</b>	
23. REMARKS:		

**Attachment to Blocks 8 & 9 of CMS Form 179**

**Transmittal Number 16-0010**

**Number of the  
Plan Section or Attachment**

**Number of the Superseded  
Plan Section or Attachment**

Attachment 4.19-B

Page 3

Page 3a

Page 3b

Page 3c

Attachment 4.19-B

Page 3 (TN 15-036)

Page 3a (TN 15-013)

Page 3b (TN 13-052)

Page 3c (TN 14-023)

State: Texas

Date Received: 3-31-16

Date Approved: 6-6-16

Date Effective: 1-1-16

Transmittal Number: 16-0010

## 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 and durable medical equipment prosthetics, orthotics, and supplies effective January 1, 2016, and this fee schedule will be posted on the agency's website on January 15, 2016.

State: Texas  
Date Received: 3-31-16  
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## 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, 2016, and was posted on the agency’s website on January 15, 2016.

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## 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 aids and audiometric evaluation services effective January 1, 2016, and this fee schedule was posted on the agency's website on January 15, 2016.

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## 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 January 1, 2016, and this fee schedule was posted on the agency's website on January 15, 2016.

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