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State Name: Virginia

State Plan Amendment (SPA) #: 12-01

This file contains the following documents in the order listed:

- 1) Approval Letters
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT# 012320124037

APR 02 2012

Cynthia B. Jones, Director
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

Dear Ms. Jones:

We have reviewed State Plan Amendment (SPA) 12-01, in which you propose to include competitive bidding in the reimbursement method for incontinence supplies covered under the durable medical equipment (DME) benefit.

This SPA is acceptable. Therefore, we are approving SPA 12-01 with an effective date of January 1, 2012. Enclosed are the approved SPA pages and signed CMS-179 form.

If you have further questions about this SPA, please contact Melanie Benning at (215) 861-4267.

Sincerely,

/S/


Francis McCullough
Associate Regional Administrator

Enclosures

Do you know someone who has been denied medical insurance because of a pre-existing condition? If so, they may be eligible for the new Pre-Existing Condition Insurance Plan. Call toll free 1-866-717-5826 (TTY 1-866-561-1604) or visit www.pcip.gov and click on "Find Your State" to learn more.

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

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER
1 2 - 0 1

2. STATE
Virginia

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
January 1, 2012

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 Part 447

7. FEDERAL BUDGET IMPACT

a. FFY 2012 \$ 850,000
b. FFY 2013 \$ 850,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B, Pages 6.1 and 6.1.1 of 15

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Replacing Page 6.1 and Adding Page 6.1.1

10. SUBJECT OF AMENDMENT

Incontinence Supplies By Contract

11. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT²⁰¹²
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED

Secretary of Health and Human Resources

12. SIGNATURE OF STATE AGENCY OFFICIAL

/S/

13. TYPED NAME

Cynthia B. Jones

14. TITLE

Director

15. DATE SUBMITTED

1/18/12

16. RETURN TO

Dept. of Medical Assistance Services
600 East Broad Street, #1300
Richmond VA 23219

Attn: Regulatory Coordinator

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

1/23/2012

18. DATE APPROVED

APR 02 2012

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

1/1/2012

20. SIGNATURE OF REGIONAL OFFICIAL

/S/

21. TYPED NAME

Francis McCullough

22. TITLE Associate Regional Administrator
Division of Medicaid and Children's Health Operations

23. REMARKS



STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATE-
OTHER TYPES OF CARE

§6 A Fee for service providers.

4. Podiatry
5. Nurse-midwife services
6. Durable medical equipment (DME).

Definitions. The following words and terms, when used in this part, shall have the following meanings unless the context clearly indicates otherwise:

"DMERC" means the Durable Medical Equipment Regional Carrier rate as published by Medicare at www.cms.gov/DMEPOSFeeSched/LSMEDPOSFEE/list.asp.

"HCPCS" means the Healthcare Common Procedure Coding System as published by Ingenix (copyright 2006), as may be periodically updated.

a. Reimbursement method.

- (1) Except as otherwise noted in the Plan, state-developed fee schedule rates are the same for both governmental and private providers of durable medical equipment. The agency's fee schedule rate was set as of July 1, 2010, and is effective for services provided on or after that date.
- (2) If the DME item has a DMERC rate, the reimbursement rate shall be the DMERC rate minus 10%.
- (3) For DME items with no DMERC rate, the agency shall use the fee schedule amount. The reimbursement rates for durable medical equipment and supplies shall be listed in the appropriate agency guidance document. The fee schedule is available on the agency website at www.dmas.virginia.gov.
- (4) If a DME item has no DMERC rate or agency fee schedule rate, the reimbursement rate shall be the net manufacturer's charge to the provider, less shipping and handling, plus 30%.

b. Subject to CMS' approval, DMAS shall have the authority to amend the DME fee schedule as it deems appropriate and with notice to providers. DMAS shall determine alternate pricing, based on agency research, for any code which does not have a DMERC rate.

c. The reimbursement for incontinence supplies shall be by selective contract. Pursuant to §1915(a)(1)(B) of the Social Security Act and 42 CFR §431.54(d), the Commonwealth assures that adequate services/devices shall be available under such arrangements.

d. Certain durable medical equipment used for intravenous therapy and oxygen therapy shall be under specified procedure codes and reimbursed as determined by the agency. Certain services/durable medical equipment such as service maintenance agreements shall be under specified procedure codes and reimbursed as determined by the agency.

TN No. 12-01
Supersedes
TN No. 10-12

Approval Date

APR 02 2012Effective Date 01-01-12

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATE-
OTHER TYPES OF CARE

-
- (1) Intravenous therapies. The DME for a single therapy, administered in one day, shall be reimbursed at the established service day rate for the bundled durable medical equipment and the standard pharmacy payment, consistent with the ingredient cost as described in 12 VAC 30-80-40, plus the pharmacy service day and dispensing fee. Multiple applications of the same therapy shall be included in one service day rate of reimbursement. Multiple applications of different therapies administered in one day shall be reimbursed for the bundled durable medical equipment service day rate as follows: the most expensive therapy shall be reimbursed at 100% of cost; the second and all subsequent most expensive therapies shall be reimbursed at 50% of cost. Multiple therapies administered in one day shall be reimbursed at the pharmacy service day rate plus 100% of every active therapeutic ingredient in the compound (at the lowest ingredient cost methodology) plus the appropriate pharmacy dispensing fee.

TN No. 12-01
Supersedes
TN No. NEW PAGE

Approval Date APR 02 2012 Effective Date 01-01-12