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State Plan Amendment (SPA) #: 16-0010

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5. Approved SPA Pages

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

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

RECEIVED

JUN 09 2016

OFFICE OF THE STATE
MEDICAID DIRECTOR

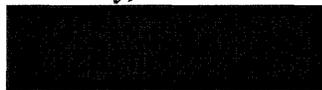
Dear Mr. Jessee:

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.

Sincerely,



Bill Brooks
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy Development Support

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 16-0010	2. STATE: TEXAS
	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: January 1, 2016	
5. TYPE OF PLAN MATERIAL (Circle 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: Social Security Act §1902(a)(30); 42 CFR 447.201(b).	7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2016 (\$552,128) b. FFY 2017 (\$755,804) c. FFY 2018 (\$790,000)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 & 9	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 & 9	
10. SUBJECT OF AMENDMENT: The proposed amendment updates the Medicaid fee schedules for home health services, durable medical equipment, prosthetics, orthotics, and supplies, hearing services and vision services.		
11. GOVERNOR'S REVIEW (Check One): <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: Gary Jessee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711	
13. TYPED NAME: Gary Jessee		
14. TITLE: State Medicaid Director		
15. DATE SUBMITTED: March 31, 2016		
FOR REGIONAL OFFICE USE ONLY		
17. DATE RECEIVED: March 31, 2016	18. DATE APPROVED: June 06, 2016	
PLAN APPROVED - ONE COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 01, 2016	20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Bill Brooks	22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health	
23. REMARKS: <div style="text-align: center;">RECEIVED</div> <div style="text-align: center;">JUN 09 2016</div>		

Attachment to Block 7 of CMS Form 179

Transmittal Number 16-0010

	Total Fiscal Impact	Federal	State
FFY 2016	(\$ 966,441)	(\$552,128)	(\$414,313)
FFY 2017	(\$1,345,326)	(\$755,804)	(\$589,522)
FFY 2018	(\$1,406,195)	(\$790,000)	(\$616,195)

The above fiscal impact for Home Health Services and Durable Medical Equipment, Prosthetics, Orthotics and Supplies is based on the difference between the current rate and the newly implemented rate for which a rate was changed, multiplied by the trended units of service as described below.

FFY 2016: Federal fiscal year (FFY) 2014 units were trended to FFY 2015 by 1.0807 and then to 2016 by 1.0175, then pro-rated for the portion of the FFY during which the new rates will be in effect.

FFY 2017: The FFY 2016 trended unit amount was then trended to FFY 2017 by 1.0445.

FFY 2018: The FFY 2017 trended unit amount was then trended to FFY 2018 by 1.0445.

The applied federal medical assistance percentages are 57.13 percent for FFY 2016, 56.18 percent for FFY 2017, and 56.18 percent for FFY 2018.

Explanation for Rate Change and Amendment Submission

This state plan amendment implements changes to combinations of procedure code, type of service, modifier, and age group, and was the result of multiple actions:

- 42 procedure codes for the biennial calendar fee review for Access to Care were updated based on the current Medicare fee, office of medical director (OMD), other states with available rates, and manual pricing. The reimbursement decreased for seven procedure codes, increased for two procedure codes, and remained the same for 33 procedure codes.
- 56 procedure codes for the biennial calendar fee review for Enteral Supplies were updated based on the current Medicare fee, other states with available rates, manufacturer's suggested retail price (MSRP), and manual pricing. The reimbursement decreased for eight procedure codes, increased for eight procedure codes, and remained the same for 40 procedure codes.
- 30 procedure codes for the biennial calendar fee review for "Q" codes were recommended to remain the same based on current Medicare reimbursement rates and manual pricing.
- Three procedure codes for the annual healthcare common procedure coding system (HCPCS) type of service (TOS) 9-J-L were updated based on 75 percent

of Medicare purchase fee and clinically comparable procedure code. The reimbursement for three procedure codes increased from zero because they are now benefits of Texas Medicaid.

- 6 procedure codes for the annual healthcare common procedure coding system (HCPCS) type of service (TOS) 9-J-L were updated based on clinically comparable procedure codes. The reimbursement for six procedure codes increased from zero because they are now benefits of Texas Medicaid.

Access to care will not be affected and communications with providers will be maintained to address any concerns, should they arise.

There were no across-the-board percentage decreases or increases.

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
Date Approved: 6-6-16
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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.

State: Texas
Date Received: 3-31-16
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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.

State: Texas
Date Received: 3-31-16
Date Approved: 6-6-16
Date Effective: 1-1-16
Transmittal Number: 16-0010

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.

State: Texas
Date Received: 3-31-16
Date Approved: 6-6-16
Date Effective: 1-1-16
Transmittal Number: 16-0010