TEXAS HEALTH AND HUMAN SERVICES COMMISSION
RATE ANALYSIS DEPARTMENT

Notice of Proposed Adjustments to Fees, Rates or Charges for Medicaid Biennial Calendar Fee Review of the following:

(1) Durable Medical Equipment ('E Codes')
(2) TOS 1, 2, I, T Combinations
(3) Magnetoencephalography Hospital Diagnostic Radiology
(4) Magnetoencephalography Rural Hospital Diagnostic Radiology
(5) Nonclinical Laboratory
(6) TOS 1, 2, 8 ('S codes' – Texas Health Steps Medical)
(7) TOS 9, E, J ('S Codes' – Other Medical Items or Services, Eyeglasses and Durable Medical Equipment Purchases – New)
(8) Physician Administered Toxoids
(9) Physician Administered Vaccines
(10) Physician Administered Drugs - Oncology
(11) Medical and Surgical Supplies
(12) Physician Administered Drugs NDCX List

Adjustments are proposed to be effective April 1, 2019

SUMMARY OF PROPOSED ADJUSTMENTS

To Be Effective April 1, 2019

Included in this document is information relating to the proposed adjustments to Medicaid payment rates for the Medicaid Biennial Calendar Fee Review of: (1) Durable Medical Equipment ('E Codes'); (2) TOS 1, 2, I, T Combinations; (3) Magnetoencephalography Hospital Diagnostic Radiology; (4) Magnetoencephalography Rural Hospital Diagnostic Radiology; (5) TOS 5, I, T Nonclinical Laboratory; (6) TOS 1, 2, 8 ('S codes' – Texas Health Steps Medical); (7) TOS 9, E, J ('S Codes' – Other Medical Items or Services, Eyeglasses and Durable Medical Equipment Purchases – New); (8) Physician Administered Toxoids; (9) Physician Administered Vaccines; (10) Physician Administered Drugs – Oncology; (11) Medical and Surgical Supplies; and (12) Physician Administered Drugs NDCX List. The Texas Health and Human Services Commission (HHSC) intends to submit an amendment to the Texas State Plan for Medical Assistance under Title XIX of the Social Security Act to update the fee schedules to reflect these proposed adjustments. The rates are proposed to be effective April 1, 2019.

Hearing

The Health and Human Services Commission (HHSC) will conduct a public hearing to receive comments regarding the proposed adjustments to Medicaid rates detailed in this document on February 11, 2019, at 1:30 p.m. in the Public Hearing Room in the Brown-Heatly Building at 4900 North Lamar Boulevard, Austin, Texas 78751, with entrance through Security at the front of the building facing Lamar Boulevard. HHSC will consider all concerns expressed at the hearing prior to final rate approval. This public hearing will be held in compliance with the provisions of Human Resources Code §32.0282 which requires a public hearing on proposed payment rate adjustments. Should you have any questions regarding the information in this document, please contact:

Rate Analysis for Acute Care Services
Texas Health and Human Services Commission
E-mail: RADAcuteCare@hhsc.state.tx.us

HHSC will broadcast the public hearing; the broadcast can be accessed at https://hhs.texas.gov/about-hhs/communications-events/live-archived-meetings. The broadcast will be archived and can be accessed on demand at the same website.

Background

HHSC is responsible for the reimbursement determination functions for the Texas Medicaid Program. Proposed rates are calculated utilizing established methodologies that conform to the Social Security Act and related federal regulations, the federally approved Texas Medicaid State Plan, all applicable state statutes and rules, and other requirements. HHSC reviews the Medicaid reimbursement rates for all acute care services every two years. These biennial reviews result in rates that are increased, decreased, or remain the same. The reviews are conducted to ensure that rates continue to be based on established rate methodologies.

Methodology

The specific administrative rules that govern the establishment of the fees in this proposal include these rules in the TAC:

- §355.8021, which addresses the reimbursement methodology for home health services;
- §355.8023, which addresses the reimbursement methodology for durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS);
- §355.8061, which addresses outpatient hospital reimbursement;
- §355.8085, which addresses the reimbursement methodology for physicians and other practitioners; and
- §355.8441, which addresses the reimbursement methodologies for Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Services (known in Texas as Texas Health Steps).

Proposed Rate Adjustments

A summary of the methodologies used to determine the proposed fee-for-service Medicaid rates is listed below:

- Procedure codes and descriptions used in the Texas Medicaid Program are national standard code sets as required by federal laws; Healthcare

Common Procedural Coding System (HCPCS) and Current Procedural Terminology (CPT).

- Resource-based fee (RBF) methodology uses relative value units (RVUs) established by Medicare times a conversion factor. Current conversion factors include $28.0672 for most services provided to children 20 years of age and younger and $26.7305 for services provided to adults 21 years of age and older. Fees for services provided to children and identified as having access-to-care issues may be assigned a higher conversion factor, currently $30.00.
- Access-based fees (ABFs) allow the state to reimburse for procedure codes not covered by Medicare or for which the Medicare fee is inadequate, or account for particularly difficult procedures, or encourage provider participation to ensure access to care.
- ABFs may also be established based on the Medicare fee for a service that is not priced using RVUs. Physician-administered drug pricing methodologies are outlined in §355.8085.
- For services and items that are not covered by Medicare or for which the Medicare rate is insufficient, different approaches are used to develop fees based on available information. These alternate methods include, as applicable:
  - The median or mean of the Medicaid fees from 14 states (the 10 most populous and the 4 bordering Texas) or the median or mean of the states that cover the service
  - Regional Medicare pricing from Novitas or a percentage of the Medicare fee
  - The current Medicaid fee for a similar service (comparable code)
  - 82 percent of the manufacturer suggested retail price (MSRP) supplied by provider associations or manufacturers
  - 89.5 percent of the average wholesale price for enteral and parenteral products
  - Cost shown on a manufacturer's invoice submitted by the provider to HHSC
- Rate determination methodologies related to outpatient hospital services are addressed in §355.8061.

Specific proposed payment rate adjustments are listed in the attachments outlined below:

Att 1 – Durable Medical Equipment ('E Codes')
Att 2 – TOS 1, 2, I, T Combinations
Att 3 - Magnetoencephalography Hospital Diagnostic Radiology
Att 4 - Magnetoencephalography Rural Hospital Diagnostic Radiology

Att 5 – TOS 5, I, T Nonclinical Laboratory
Att 6 – TOS 1, 2, 8 ('S codes' – Texas Health Steps Medical)
Att 7 – TOS 9, E, J ('S Codes' – Other Medical Items or Services, Eyeglasses and Durable Medical Equipment Purchases – New)
Att 8 – Physician Administered Toxoids
Att 9 – Physician Administered Vaccines
Att 10 – Physician Administered Drugs - Oncology
Att 11 – Medical and Surgical Supplies
Att 12 – Physician Administered Drugs NDCX List

Written Comments

Written comments regarding the proposed payment rate adjustments will be accepted in lieu of, or in addition to, oral testimony until 5 p.m. the day of the hearing. Written comments may be sent by U.S. mail to the Texas Health and Human Services Commission, Attention: Rate Analysis, Mail Code H-400, P.O. Box 149030, Austin, Texas 78714-9030; by fax to Rate Analysis at (512) 730-7475; or by e-mail to RADAcuteCare@hhsc.state.tx.us. In addition, written comments will be accepted by overnight mail or hand delivery to Texas Health and Human Services Commission, Attention: Rate Analysis, Mail Code H-400, Brown-Heatly Building, 4900 North Lamar, Austin, Texas 78751

Persons with disabilities who wish to attend the hearing and required auxiliary aids or services were advised to contact Rate Analysis at (512) 730-7401 at least 72 hours in advance, so appropriate arrangements could be made.

This public rate hearing briefing packet presents proposed payment rates and is distributed at HHSC public rate hearings and posted by the proposed effective date on the HHSC website at http://rad.hhs.texas.gov/rate-packets. Proposed rates may or may not be adopted, depending on HHSC management decisions after review of public comments and additional information. Provider and public notification about adoption decisions are published on the Texas Medicaid and Healthcare Partnership (TMHP) website at http://www.tmhp.com in banner messages, bulletins, notices, and updates to the Texas Medicaid fee schedules. The fee schedules are available in static files or online lookup at http://public.tmhp.com/FeeSchedules.