

**TEXAS HEALTH AND HUMAN SERVICES  
COMMISSION  
PROVIDER FINANCE DEPARTMENT**

**Notice of Proposed Alternative Payment  
Methodology for Certain Services Related to  
Medicaid Renal Dialysis.**

**Adjustments are proposed to be effective  
July 1, 2023.**

## **SUMMARY OF PROPOSED ADJUSTMENTS**

### **To Be Effective July 1, 2023**

Included in this document is information relating to the proposed alternative payment methodology for Medicaid Renal Dialysis Services. 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 clarify coverage under an alternative payment methodology for certain services, such as durable medical equipment and drugs for renal dialysis as payable outside of the current composite rate due to new and/or expensive technology and high-cost drugs. The proposed changes are to be effective July 1, 2023.

### **Hearing**

HHSC will conduct a hearing to receive public comment on proposed Medicaid payment rates detailed in this document on August 16, 2023, at 11:00 a.m. The hearing will be held in compliance with Texas Human Resources Code §32.0282, which requires public notice of and hearings on proposed Medicaid reimbursements. 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. This hearing will be conducted online only. There is no physical location for this hearing.

Please register for the August 16, 2023, hearing at:  
<https://attendee.gotowebinar.com/register/8251548226706102111>.

After registering, you will receive a confirmation email containing information about joining the webinar. You may also dial in using your phone by calling +1 (415) 655-0060.

If you are new to GoToWebinar, please download the GoToMeeting app at <https://global.gotomeeting.com/install/626873213> before the hearing starts.

HHSC will consider all concerns expressed at the hearing prior to final 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:

Provider Finance Hospital Services  
Texas Health and Human Services Commission

Email: [PFD\\_hospitals@hhsc.state.tx.us](mailto:PFD_hospitals@hhsc.state.tx.us)

## **Background**

HHSC is responsible for the reimbursement determination functions for the Texas Medicaid Program. Proposed rates are calculated using 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 were calculated in accordance with Title 1 of the Texas Administrative Code (TAC):

- §355.8085, Reimbursement Methodology for Physicians and Other Practitioners;
- §355.8023, Reimbursement Methodology for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS); and
- §355.8660, Renal Dialysis Reimbursement.

The alternative payment methodology for services payable outside of the current composite rate for renal dialysis is described below.

## **Proposed Adjustments to Renal Dialysis Reimbursement Methodology**

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 those identified as having access-to-care issues may be assigned a higher conversion factor, currently \$30.00.

- For items or services covered under a Medicare fee schedule, a percentage of the Medicare fee is used following applicable sections of the TAC and Texas State Plan.
- Access-based fees (ABFs) allow the state to reimburse for procedure codes not covered by Medicare or for which the Medicare fee is inadequate, 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 1 TAC §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's suggested retail price (MSRP) supplied by provider associations or manufacturers;
  - 89.5 percent of the average wholesale price for enteral and parenteral products; and
  - The cost shown on a manufacturer's invoice submitted by the provider to HHSC.
- Payment for in-facility renal dialysis treatment services and home renal dialysis treatment services is based upon the composite rate.

The proposed methodology change is to better align with Medicaid medical policy. There will be no impact on current rates.

### **Written Comments**

Written comments regarding the proposed payment rate adjustments will be accepted in lieu of, or in addition to, oral testimony until 5:00 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: Provider Finance Department, Mail Code H-400, P.O. Box 149030, Austin, Texas 78714-9030; by fax to Provider Finance Department at (512) 730-7475; or by email to [PFD\\_hospitals@hhsc.state.tx.us](mailto:PFD_hospitals@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: Provider Finance Department, Mail Code H-400, North Austin Complex, 4601 W. Guadalupe St., Austin, Texas 78751.

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 <https://pfd.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>.

**Preferred Communication.** For the quickest response, please use email or phone, if possible, for communication with HHSC related to this rate hearing.

Persons with disabilities who wish to participate in the hearing and require auxiliary aids or services should contact Provider Finance at (512) 730-7401 at least 72 hours before the hearing so appropriate arrangements can be made.

**Attachment 1: Renal Dialysis Reimbursement Rate Review**

TOS*	Procedure Code	Long Description	Age Range	Non-Facility (N)/ Facility (F)	Current		Proposed to be effective 7/1/2023		Percent Change from Current Medicaid Fee
					Current Medicaid Fee	Current Adjusted Medicaid Fee	Proposed Medicaid Fee	Proposed Adjusted Medicaid Fee	
L	E1629	Durable medical equipment for dialysis services (tablo hemodialysis)	0-999	N/F	\$23.68	\$23.68	\$23.68	\$23.68	0.00%
1	J0882	Darbepoeti N	0-999	N/F	\$3.32	\$3.32	\$3.32	\$3.32	0.00%
1	J0887	Inj.Epoetin Beta (for ESRD on Dialysis), 1MCG	0-999	N/F	\$1.62	\$1.62	\$1.62	\$1.62	0.00%
1	J1439	Inj Ferric Carboxy MA LTOS E, 1MG	0-999	N/F	\$1.11	\$1.11	\$1.11	\$1.11	0.00%
1	J1750	Iron Dextra N	0-999	N/F	\$16.37	\$16.37	\$16.37	\$16.37	0.00%
1	J2916	NA Ferric Glucona TE Complex	0-999	N/F	\$1.86	\$1.86	\$1.86	\$1.86	0.00%
1	J3420	Vitamin B12 Injection	0-999	N/F	\$1.57	\$1.57	\$1.57	\$1.57	0.00%
1	J1610	Inj. Glucaagon Hydrochloride 1mq	0-999	N/F	\$171.60	\$171.60	\$171.60	\$171.60	0.00%
1	J1642	Inj. Heparin sodium	0-999	N/F	\$0.02	\$0.02	\$0.02	\$0.02	0.00%
1	Q4081	EPO	0-999	N/F	\$0.82	\$0.82	\$0.82	\$0.82	0.00%
1	Q5105	Injection, Epoetin Alfa, Biosimilar	0-999	N/F	\$0.84	\$0.84	\$0.84	\$0.84	0.00%

*Type of Service (TOS)	
1	Medical Services
L	Rental

\*\* Required Notice: The five-character code included in this notice is obtained from the Current Procedural Terminology (CPT®), copyright 2023 by the American Medical Association (AMA). CPT is developed by the AMA as a listing of descriptive terms and five character identifying codes and modifiers for reporting medical services and procedures performed by physicians. The responsibility for the content of this notice is with HHSC and no endorsement by the AMA is intended or should be implied. The AMA disclaims responsibility for any consequences or liability attributable or related to any use, nonuse or interpretation of information contained in this notice. Fee schedules, relative value units, conversion factors and/or related components are not assigned by the AMA, are not part of CPT, and the AMA is not recommending their use. The AMA does not directly or indirectly practice medicine or dispense medical services. The AMA assumes no liability for data contained or not contained.