



Approved: 5/12/17

Supersedes: 14-11 (14-03, 11-19, 11-02, 10-29, 10-21, 10-02, 09-25, 04-05, 02-02)

7.c. Medical supplies, equipment, and appliances suitable for use in the home. (continued)

Effective September 1, 2011, augmentative and alternative communication device manufacturers and vendors must be paid the lower of the:

- (1) submitted charge; or
- (2) (a) manufacturer's suggested retail price minus 20 percent for providers that are manufacturers of augmentative and alternative communication systems; or  
(b) manufacturer's invoice charge plus 20 percent for providers that are not manufacturers of augmentative and alternative communication systems.

Enteral products are paid the lower of:

- (1) submitted charge; or
  - (2) Medicare fee schedule amount for enteral products. the 50th percentile of the usual and customary charges submitted for the previous two calendar years minus 20 percent, plus current calendar year Medicare inflation factors; or
  - (3) if a payment rate cannot be calculated using submitted charges, an amount determined using one of the following methodologies:
    - a) the manufacturer's suggested retail price minus 20 percent; or
    - b) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.
- Pediatric enteral products may be paid at the average wholesale price.

Parental products are paid using the methodology in items 12.a., Prescribed drugs, for drugs dispensed by a pharmacy.

Effective for services provided on or after October 1, 2011, home infusion therapy services provided by home infusion pharmacies are paid the lower of:

- (1) the submitted charge; or
- (2) a per diem amount for home infusion therapy services as defined in home infusion HCPCS codes. The per diem rate is equal to the combined payment rates for the component services which include, but are not limited to, medical supplies and equipment, professional pharmacy services, care coordination, delivery and shipping and products used in a standard total parental nutrition formula.

No dispensing fee is paid for home infusion therapies when dispensed by home infusion pharmacies.

The base rates as described in this item, are adjusted by the following clauses of Supplement 2 of this Attachment:

- U. Facility services rate decrease 2009.
- aa. ~~Hearing aid rates not subject to a volume purchase contract and medical supplies and durable medical equipment are adjusted by the m~~ Miscellaneous services and materials rate decrease 2011.
- ee. Rate decrease effective July 1, 2014.
- gg. Miscellaneous services and materials rate increase effective September 1, 2014.
- hh. Rate increase effective July 1, 2015.

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12.c. Prosthetic devices.

Payment is the lower of:

- (1) submitted charge;
- (2) Medicare fee schedule amount; or
- (3) if Medicare has not established a payment amount for the prosthetic or orthotic device, an amount determined using one of the following methodologies:
  - (a) 50th percentile of the usual and customary charges submitted for the prosthetic or orthotic device for the previous calendar year minus 20 percent;
  - (b) if no information about usual and customary charges exists for the previous calendar year, payment is based upon the manufacturer's suggested retail price minus 20 percent; or
  - (c) if no information exists about the manufacturer's suggested retail price, payment is based upon the wholesale cost plus 20 percent.

The base rates as described in this item, except for those that apply to state operated dental clinics, are adjusted by the following clauses of Supplement 2 of this Attachment:

- U. Facility services rate decrease 2009.
- aa. Miscellaneous services and materials rate decrease 2011.
- ee. Rate decrease effective July 1, 2014.
- hh. Rate increase effective July 1, 2015.

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**gg. Miscellaneous services and materials rate increase effective September 1, 2014**

Effective for services provided on or after September 1, 2014, the following service payment rates are increased by 3 percent:

- Ambulatory surgery center facility fees (Item 9)
- Hospice services (Item 18)
- Renal dialysis services (Item 2.a)
- Outpatient hospital facility fees (2.a)
- Laboratory services (Item 3)
- Public health nursing services (Item 6.d.B)
- Eyeglasses not subject to a volume purchase contract (Item 12.d)
- Hearing aids not subject to a volume purchase contract (Item 7.c)

**gg.1 Noted exceptions to clause gg:**

1. For hospice services, exclude revenue code 0658.  
For outpatient hospital exclude [mental health] procedure codes 90800-90899, 96101-96103, 96118-96120, 97535 HE.

**hh. Rate increase effective July 1, 2015**

Effective for services provided on or after July 1, 2015, the following sequence of payment rate changes apply:

1. Payment is increased by 9.5 percent for medical supplies, durable medical equipment, prosthetics, and orthotics that were subject to Medicare's competitive bid process on January 1, 2009.
2. Payment is increased by 2.94 percent for medical supplies, durable medical equipment, prosthetics, and orthotics paid under the Medical Assistance fee schedule. This increase does not apply to durable medical equipment and supplies subject to a volume-purchase contract, certain diabetic testing supplies, items paid by report, and items provided to dually eligible individuals where Medicare is the primary payer.
3. Payment is increased by 3 percent for medical supplies and durable medical equipment, prosthetics, and orthotics. This increase does not apply to durable medical equipment and supplies subject to a volume-purchase contract, certain diabetic testing supplies, and items provided to dually eligible individuals where Medicare is the primary payer.