

**TEXAS HEALTH AND HUMAN SERVICES
COMMISSION
RATE ANALYSIS DEPARTMENT**

**Proposed Medicaid Payment Rate for 3rd Quarter 2013
Healthcare Common Procedure Coding System
(HCPCS) Updates**

**Payment rate is proposed to be effective
April 1, 2014.**

SUMMARY OF PROPOSED MEDICAID PAYMENT RATE

Effective April 1, 2014

Included in this document is information relating to the proposed Medicaid payment rate for 3rd Quarter 2013 Healthcare Common Procedure Coding System (HCPCS) Updates. The rate is proposed to be effective April 1, 2014.

Hearing

The Health and Human Services Commission (HHSC) will conduct a public hearing to receive comments regarding the proposed Medicaid rate detailed in this document on February 19, 2014, 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 concerns expressed at the hearing prior to final rate approval. This public hearing is held in compliance with the provisions of Human Resources Code §32.0282 and the Texas Administrative Code, Title 1 (1 TAC), §355.201, which require a public hearing on proposed payment rates. Should you have any questions regarding the information in this document, please contact:

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HHSC also will broadcast the public hearing; the broadcast can be accessed at <http://www.hhsc.state.tx.us/news/meetings.asp>. 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 and clinical laboratory services are reviewed annually. These biennial reviews result in rates that are increased, decreased, or remain the same. The reviews are unrelated to any rate reduction imposed by the Legislature but rather conducted to ensure that rates continue to be based on established rate methodologies.

Methodology

The specific administrative rules that govern the establishment of the fee in this

proposal include these rules in 1 TAC:

- §355.8081, which addresses payments for laboratory and x-ray services, radiation therapy, physical therapists' services, physician services, podiatry services, chiropractic services, optometric services, ambulance services, dentists' services, psychologists' services, licensed psychological associates' services, maternity clinic services, and tuberculosis clinic services;
- §355.8085, which addresses the reimbursement methodology for physicians and other practitioners.

Proposed Rates

The proposed rate for physician-administered drugs is based on one of the following:

- Manual pricing is used for any procedure code when a wide range of products or services are covered by a procedure code with a wide range of costs. Manual pricing is always used for miscellaneous procedure codes, which are established to allow payment for necessary services or products that are not adequately described by any other procedure code; or
- 89.5 percent of average wholesale price (AWP) if the drug and biological is considered a new drug and biological (that is, approved for marketing by the Food and Drug Administration within 12 months of implementation as a benefit of Texas Medicaid); or
- 85 percent of AWP if the drug and biological does not meet the definition of a new drug.(ii) Fees for biologicals and infusion drugs furnished through an item of implanted durable medical equipment (DME) are based on 89.5 percent of AWP; or
- The current Medicaid fee for a similar service (comparable code).

Proposed payment rate is listed in the attachment outlined below:

Attachment – 3rd Quarter 2013 HCPCS Updates