

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

**Proposed Medicaid Payment Rates for 1st and 2nd
Quarter 2013 Healthcare Common Procedure Coding
System Updates**

Payment rate is proposed to be effective October 1, 2013.

SUMMARY OF PROPOSED MEDICAID PAYMENT RATE

Effective October 1, 2013

Included in this document is information relating to the proposed Medicaid payment rates for 1st and 2nd Quarter 2013 Healthcare Common Procedure Coding System Updates. The rates are proposed to be effective October 1, 2013.

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 August 20, 2013, 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 the 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:

Tim Villasana, Acute Care Rate Analysis
Texas Health and Human Services Commission
(512) 707-6092; FAX: (512) 730-7475
E-mail: tim.villasana@hhsc.state.tx.us

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 fees in this proposal include this rule 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; and

- §355.8085, which addresses the reimbursement methodology for physicians and other medical professionals, including medical services, surgery, assistant surgery, and physician administered drugs/biologicals; medical services, surgery, assistant surgery, radiology, laboratory, and radiation therapy.

Proposed Rates

The proposed rates for physician-administered drugs are 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 rates are listed in the attachments outlined below:

Attachment – 1st and 2nd Quarter 2013 HCPCS Updates

