



STATE OF OKLAHOMA
OKLAHOMA HEALTH CARE AUTHORITY

January SPARC Agenda
January 21, 2020
1:00 PM
OHCA Board Room

Rate issues to be addressed:

1. DMEPOS Rates
2. Newborn Screening

DURABLE MEDICAL EQUIPMENT, PROSTHETICS, ORTHOTICS, AND SUPPLIES (DMEPOS) RATES

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Method Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

Increase

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

Changes to Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) are needed to comply with the CMS Home Health final rule and the 21st Century CURES Act. Due to the Home Health final rule, Durable Medical Equipment (DME) and Supplies will change from an optional benefit to a mandatory benefit. Prosthetics and Orthotics will continue to be an optional benefit.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

The current methodology for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) is:

1. If the item of DMEPOS is covered by Medicare, the Medicaid fee will be equal to or a percentage of the Medicare fee schedule specific to Oklahoma that is available at the time of the fee review, unless there is documentation that the Medicare fee is insufficient for the items covered under the HCPCS code and the item is required by the Medicaid population.
2. For items of DMEPOS not paid at the Medicare fee or a percentage of the Medicare fee, the provider will be reimbursed either at a fee determined by the OHCA or through manual pricing. The fee established by OHCA will be determined from cost information for providers or manufacturers, surveys of Medicaid fees for other states, survey information from national fee analyzers, or other relevant fee-related information.
3. Manual pricing is reasonable when one HCPCS code covers a broad range of items with a broad range of costs, since a single fee may not be a reasonable fee for all items covered under the HCPCS code, resulting in access-to-care issues. Examples include: 1) HCPCS codes with a description of not otherwise covered, unclassified, or other miscellaneous items; and 2) HCPCS codes covering customized items. Effective October 1, 2014, if manual pricing is used, the provider is reimbursed the documented

Manufacturer's Suggested Retail Price (MSRP) less 30% or the provider's documented invoice cost plus 30%, whichever is less.

4. Payment for stationary oxygen systems (liquid oxygen systems, gaseous oxygen systems and oxygen concentrators) is based on a continuous rental, i.e., a continuous monthly payment is made as long as it is medically necessary. The rental payment includes all contents and supplies, e.g., regulators, tubing, masks, etc. Portable oxygen systems are considered continuous rental. Separate payment will not be made for maintenance, servicing, delivery, or for the supplier to pickup the equipment when it is no longer necessary. Payment for oxygen and oxygen equipment and supplies will not exceed the Medicare fee for the same HCPCS code. Stationary oxygen system and portable oxygen system rates are reduced by 15 percent for all members residing in nursing facilities (Place of Service 31, skilled nursing facility, & Place of Service 32, nursing facility). For members residing in nursing facilities, oxygen will continue to be reimbursed on a continuous rental basis.
5. The current Medicaid fee schedule is effective for services provided on or after 01/01/10. The fee schedule will be reviewed and changes posted to the Agency's website (www.okhca.org) in relation to the State Fiscal year beginning July 1, 2010, and updated annually.
6. Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.
7. Effective for services provided on or after 07-01-14, the rates in effect on 06-30-14 will be decreased by 7.75%.
8. Effective for services provided on or after 01-01-16, the rates in effect on 12-31-15 will be decreased by 3%.

5. NEW METHODOLOGY OR RATE STRUCTURE.

All services will now be tied to the Medicare fee schedule and will be updated annually. The Medicare fee schedule lists 4 rate types: non-rural, rural, a Tulsa competitive bid area, and an Oklahoma City competitive bid area. Durable Medical Equipment will be reimbursed at 100% of the lowest of the 4 Medicare fee schedule rates. Prosthetics, Orthotics, and parenteral food and supplies will be reimbursed at 70% of the lowest of the 4 Medicare fee schedule rates. Medical supplies will be reimbursed at 80% of the lowest of the 4 Medicare fee schedule rates. Enteral supplies will be reimbursed at 150% of the lowest of the 4 Medicare fee schedule rates. For products that do not have a rate published on the Medicare fee schedule, one of the following manual pricing methods will be used:

Manufacturer's suggested retail price (MSRP) less 30 percent or the provider's documented invoice cost plus 30 percent, whichever is lesser of the two; or a Fair Market Value fee will be established through claims review and analysis, from cost information from providers or manufacturers, surveys of rates from other Medicaid states, or other reliable pricing data. For durable medical equipment, supplies, and appliances purchased at the pharmacy point of sale, providers will be reimbursed the equivalent of Medicare Part B, ASP + 6%. When ASP is not available, an equivalent price is calculated using Wholesale Acquisition Cost (WAC). If no Medicare, ASP, or WAC pricing is available, then the price will be calculated based on invoice cost. Durable Medical Equipment and Supplies will no longer be reimbursed separately for residents in a nursing facility.

6. BUDGET ESTIMATE.

The estimated budget impact for SFY2021 and SFY2022 will be an increase in the total amount of \$2,615,007; with \$912,376 state share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma Health Care Authority does not anticipate any negative impact on access to care.

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the following for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies:

- Durable Medical Equipment will be reimbursed at 100% of the lowest of the 4 Medicare fee schedule rates.
- Prosthetics, Orthotics, and parenteral food and supplies will be reimbursed at 70% of the lowest of the 4 Medicare fee schedule rates.
- Medical supplies will be reimbursed at 80% of the lowest of the 4 Medicare fee schedule rates.
- Enteral supplies will be reimbursed at 150% of the lowest of the 4 Medicare fee schedule rates.
- For products that do not have a rate published on the Medicare fee schedule, a manual pricing method will be used.
- For items purchased at a pharmacy, pharmacy point-of-sale pricing may be used.

9. EFFECTIVE DATE OF CHANGE.

July 1, 2020, pending CMS approval.

ADD SMA TEST TO NEWBORN SCREENING PANEL

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

Increase

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma state department of health (OSDH) public health laboratory (PHL) and newborn screening follow-up program are proposing to expand the newborn screening panel to include spinal muscular atrophy (SMA).

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

Currently the newborn screening panel does not include the SMA test.

5. NEW METHODOLOGY OR RATE STRUCTURE.

This test will be added to the Severe Combined Immunodeficiency (SCID) testing at the rate of \$4.81 per specimen bringing total cost for SCID/SMA to \$10.81 per specimen.

6. BUDGET ESTIMATE.

The estimated budget impact for the remainder of SFY2020 will be an increase of \$31,025; with state share of \$10,542. The estimated budget impact for SFY 2021 will be an increase in the total amount of \$ 124,098; with \$40,332 in state share. The state share will be paid by the Oklahoma Department of Health.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Oklahoma State Department of Health does not anticipate any negative impact on access to care.

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Oklahoma State Department of Health requests the State Plan Amendment Rate Committee to approve the increase of \$4.81 to the Newborn Screening Panel for the addition of SMA testing.

9. EFFECTIVE DATE OF CHANGE.

May 1, 2020