

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

**Proposed Medicaid Payment Rates for
Healthcare Common Procedure Coding System
Updates**

Payment rates are proposed to be effective October 1, 2012.

SUMMARY OF PROPOSED MEDICAID PAYMENT RATES

Effective October 1, 2012

Included in this document is information about the Medicaid payment rates for Healthcare Common Procedure Coding System (HCPCS) 1st and 2nd Quarter 2012 Updates. The rates are proposed to be effective October 1, 2012.

Hearing

HHSC will conduct a public hearing to receive comments regarding the proposed Medicaid rates detailed in this document on August 15, 2012, at 1:30 p.m. in the Lone Star Conference Room in Building H of the Braker Center, at 11209 Metric Boulevard, Austin, TX 78758-4021, with entrance through Security at the front of the building facing Metric 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 1 TAC §355.105(g), 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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Background

The Health and Human Services Commission (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. 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 these rules in Title 1 of the Texas Administrative Code (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 medical professionals, including medical services, surgery, assistant surgery, and physician administered drugs/biologicals; medical services, surgery, assistant surgery, radiology, laboratory, and radiation therapy;

The reimbursement rates proposed reflect applicable reductions directed by the 2012-2013 General Appropriations Act, H.B. 1, 82nd Legislature, Regular Session. Detailed information related to specifics of the reductions can be found on the Medicaid fee schedules.

Proposed Rates

The proposed rates for physician-administered drugs are based on one of the following:

- 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.
- Fees for physician-administered drugs other than biologicals and infusion drugs furnished through an item of implanted DME are based on 106 percent of the average sales price (ASP).
- HHSC may use other data sources to determine Medicaid fees for drugs and biologicals when HHSC determines that AWP or ASP calculations are unreasonable or insufficient.

Attachment – HCPCS