

## **Instructions for the State Fee Schedule Drop spreadsheet**

### **Background**

In order to implement section 1903(i)(27) of the Social Security Act (the Act), which prohibits federal Medicaid reimbursement to states for certain durable medical equipment (DME) expenditures that are, in the aggregate, in excess of what Medicare would have paid for such items, we formulated a State Medicaid Directors' Letter (SMDL) in order to assist states in complying with the statute. The revised SMDL #18-001 contains the policy guidance to states to comply with this statute and includes appendices. The statute is effective for DME items provided on or after January 1, 2018. The guidance document outlines options for states to demonstrate compliance with the statute.

In order for states to comply with the statute, CMS requests the states either establish Medicaid state plan payment rates for DME at or below the current Medicare rates for the relevant HCPCS codes to ensure that Medicaid expenditures do not exceed that which Medicare would have paid on a per item basis, or a state may demonstrate compliance by providing the state Medicaid DME fee schedule, or per-unit expenditure amounts, and total utilization data per HCPCS code onto the attached State Fee Schedule Drop (hereafter referred to as the "calculation tool") with the relevant information. All HCPCS codes in series A, K, & E, that are relevant to this information collection of durable medical equipment (DME) limit on FFP should be submitted (The specific HCPCS codes will be updated annually to comply with the statute by the Medicare program and posted on the Medicaid website with other policy guidance at the website listed below). The calculation tool information from the states that choose to show compliance with the statute through the demonstration should also include all relevant modifiers for the codes, descriptors for these codes, their Medicaid fee schedule rates for each HCPCS code, and the claims volume for each unique combination of the codes for each calendar year- all submitted annually. Data should be presented so that each state's total Medicaid expenditures for each HCPCS code accurately represent the total amount of expenditures by the state for that specific code.

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In column B row 4 please enter the name of the state who is reporting, or use the two letter postal abbreviation for the state.

In column A, starting with row 7, copy the relevant HCPCS codes (A, K, & E codes only) from your state Medicaid fee schedule for DME. If there are HCPCS descriptors (column B), any modifiers (columns C and D- e.g., New, Used, Rental, etc.), the Medicaid payment rate or per unit payment amount (column E), and the claim volume- the number of claims made for the relevant HCPCS code and modifier(s) during the relevant **calendar year** (column F) for the relevant codes, then please include these next to the HCPCS codes.

If available include the Medicare Area Code for each HCPCS code in order to more accurately reflect the FFP limit for DME in your state (see further explanation and lists below)

### **Tips:**

It is much less time consuming and efficient to copy and paste these columns all together with the relevant data at one time, if possible. If this is not possible be sure that the descriptors, modifiers, payment rates, and claims volume all align with the correct HCPCS codes when you copy and paste these into the appropriate columns.

For the modifiers, please indicate the modifier code (if any) for each HCPCS code- up to 2 are allowed. Below are some of the standard Medicare modifier codes for DME, with a link to the full list. If the state uses Medicare modifiers, simply enter them into the correct column(s) (either column C or D). If there are modifiers that the state uses that are not a part of the Medicare modifiers, or the state uses other abbreviations for these modifiers, we ask the state to please provide the abbreviation along with definitions of these modifiers and how they affect the pricing of the relevant DME item(s). This can be provided as an additional document or an added spreadsheet tab to the State Fee Schedule Drop spreadsheet. CMS does not anticipate that all states use or have need for all of the same modifiers as Medicare, but rather that states account for the modifiers that are used in their claiming systems account for them for purposes of this tool.

**Examples of Standard Medicare Modifiers**

For a complete list of Medicare DME modifiers, please refer to this website:

<https://med.noridianmedicare.com/web/jddme/topics/modifiers>

<b>Medicare Modifier</b>	<b>Medicare Modifier Definition</b>
BA	Item furnished in conjunction with parenteral enteral nutrition (PEN) services
NU	New durable medical equipment purchase
RR	Rental (Use this 'RR' modifier when DME is to be rented)
UE	Used durable medical equipment purchase
RB	Replacement of a Part of a DME, Orthotic or Prosthetic Item Furnished as Part of a Repair
RA	Replacement of a DME, Orthotic or Prosthetic Item
AU	Item furnished in conjunction with a urological, ostomy or tracheostomy supply
KC	Replacement of special power wheelchair interface
KU	DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 3

*Optional:* In column G, states have the option of including the name of the regional area of the state where the claims for DME occurred. This is intended to address the need for some states to accommodate Medicare’s competitive bidding areas (CBAs) of the state. For states that opt not to use this column, CMS will use the lowest available Medicare rate for the item of DME as a comparison to Medicaid. States should use the following values for their “Medicare Area Code”:

Non-Rural (NR), Rural (R), or one of the following CBAs:

Birmingham-Hoover, AL	Little Rock-North Little Rock-Conway, AR	Phoenix-Mesa-Scottsdale, AZ	Tucson, AZ
Bakersfield, CA	Fresno, CA	Los Angeles County, CA	Orange County, CA
Oxnard-Thousand Oaks-Ventura, CA	Riverside-San Bernardino-Ontario, CA	Sacramento--Roseville--Arden-Arcade, CA	San Diego-Carlsbad, CA
San Francisco-Oakland-Hayward, CA	San Jose-Sunnyvale-Santa Clara, CA	Stockton-Lodi, CA	Visalia-Porterville, CA
Colorado Springs, CO	Denver-Aurora-Lakewood, CO	Bridgeport-Stamford-Norwalk, CT	Hartford-West Hartford-East Hartford, CT
New Haven-Milford, CT	Washington, DC	Wilmington, DE	Cape Coral-Fort Myers, FL
Deltona-Daytona Beach-Ormond Beach, FL	Jacksonville, FL	Lakeland-Winter Haven, FL	Miami-Fort Lauderdale-West Palm Beach, FL
North Port-Sarasota-Bradenton, FL	Ocala, FL	Orlando-Kissimmee-Sanford, FL	Palm Bay-Melbourne-Titusville, FL
Tampa-St. Petersburg-Clearwater, FL	Atlanta-Sandy Springs-Roswell, GA	Augusta-Richmond County, GA	Catoosa, Dade & Walker Counties, GA
Honolulu, HI	Council Bluffs, IA	Boise City, ID	Aurora-Elgin-Joliet, IL
Chicago-Naperville-Arlington Heights, IL	East St. Louis, IL	Lake & McHenry Counties, IL	Dearborn, Franklin, Ohio & Union Counties, IN
Gary, IN	Indianapolis-Carmel-Anderson, IN	Jeffersonville-New Albany, IN	Kansas City-Overland Park-Ottawa, KS
Wichita, KS	Covington-Florence-Newport, KY	Louisville-Jefferson County, KY	Baton Rouge, LA
New Orleans-Metairie, LA	Boston-Cambridge-Quincy, MA	Bristol County, MA	Springfield, MA
Worcester, MA	Baltimore-Columbia-Towson, MD	Calvert, Charles & Prince George’s Counties, MD	Silver Spring-Rockville-Bethesda, MD
Detroit-Warren-Dearborn, MI	Flint, MI	Grand Rapids-Wyoming, MI	Minneapolis-St. Paul-Bloomington, MN
Kansas City, MO	St. Louis, MO	Jackson, MS	South Haven-Olive Branch, MS
Asheville, NC	Charlotte-Concord-Gastonia, NC	Greensboro-High Point, NC	Raleigh, NC
Omaha, NE	Rockingham & Strafford Counties, NH	Camden, NJ	Elizabeth-Lakewood-New Brunswick, NJ
Jersey City-Newark, NJ	Albuquerque, NM	Las Vegas-Henderson-Paradise, NV	Albany-Schenectady-Troy, NY
Bronx-Manhattan, NY	Buffalo-Cheektowaga-Niagara Falls, NY	Nassau, Kings, Queens & Richmond Counties, NY	Port Chester-White Plains-Yonkers, NY
Poughkeepsie-Newburgh-Middletown,	Rochester, NY	Suffolk County, NY	Syracuse, NY

NY			
Akron, OH	Cincinnati, OH	Cleveland-Elyria, OH	Columbus, OH
Dayton, OH	Toledo, OH	Youngstown-Warren-Boardman, OH	Oklahoma City, OK
Tulsa, OK	Portland-Hillsboro-Beaverton, OR	Allentown-Bethlehem-Easton, PA	Mercer County, PA
Philadelphia, PA	Pittsburgh, PA	Scranton--Wilkes-Barre--Hazleton, PA	Providence, RI
Aiken & Edgefield Counties, SC	Charleston-North Charleston, SC	Chester, Lancaster & York Counties, SC	Columbia, SC
Greenville-Anderson-Mauldin, SC	Chattanooga, TN	Knoxville, TN	Memphis, TN
Nashville-Davidson--Murfreesboro--Franklin, TN	Austin-Round Rock, TX	Beaumont-Port Arthur, TX	Dallas-Fort Worth-Arlington, TX
El Paso, TX	Houston-The Woodlands-Sugar Land, TX	McAllen-Edinburg-Mission, TX	San Antonio-New Braunfels, TX
Salt Lake City, UT	Arlington-Alexandria-Reston, VA	Richmond, VA	Virginia Beach-Norfolk-Newport News, VA
Seattle-Tacoma-Bellevue, WA	Vancouver, WA	Kenosha County, WI	Milwaukee-Waukesha-West Allis, WI
Pierce & St. Croix Counties, WI	Huntington, WV		