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OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

**Notice of Changes in Methods and Standards for Medicaid Payments for Medical Supplies, Durable Medical Equipment (DME), and Hearing Aids**

In accordance with public notice requirements of 42 CFR 447.205 and Section 1902(a)(13)(A) of the Social Security Act, the Indiana Family and Social Services Administration (FSSA) Office of Medicaid Policy and Planning (OMPP) publishes this notice of proposed changes to the reimbursement methodology for Medicaid payments for medical supplies, durable medical equipment (DME), and hearing aids.

The FSSA OMPP proposes to modify the Medicaid rate setting methodology for medical supplies by establishing the Medicare fee schedule amounts as the basis for calculating medical supply rates before acquisition cost or the manufacturer's suggested retail price are utilized, to modify the Medicaid rate setting methodology for DME by establishing acquisition cost and the manufacturer's suggested retail price as the basis for calculating DME rates in addition to the Medicare fee schedule amounts, to modify the rate setting methodology for hearing aids by establishing acquisition cost and the manufacturer's suggested retail price as the basis for calculating hearing aid rates, and to establish a hearing aid dispensing fee.

The FSSA OMPP also proposes to modify reimbursement formulas by reducing the reimbursement currently paid for medical supplies, DME, which includes, but is not limited to, prosthetics, canes, walkers, crutches, wheelchairs, and oxygen, and hearing aids with maximum fee schedule rates in effect prior to July 1, 2011, under the Medicaid state plan and state regulations at [405 IAC 5-19](#), by five percent below what would have otherwise been in effect. This reduction shall be effective July 1, 2011.

The change in medical supplies, DME, and hearing aid methodologies is necessary in order to align the rate setting methodologies of these services and enable the OMPP to better manage costs. The establishment of a hearing aid dispensing fee is necessary in order to reimburse providers for dispensing hearing aids that have established fee schedule rates, which do not include payment for dispensing activities. The reduction in reimbursement is necessary in order to avoid a budgetary shortfall and to remain within the available Medicaid appropriation. It is estimated that the fiscal impact of these changes will be annual savings of state and federal expenditures of approximately \$10.2 million.

A copy of this notice is now on file at the Indiana Government Center South, 402 West Washington Street, Room W451, Indianapolis, Indiana and open for public inspection. Also, a copy of this notice is now available and may be inspected by contacting the local county Division of Family Resources office, except in Marion County, where public inspection may be made at 402 West Washington Street, Room W374, Indianapolis, Indiana.

The proposed rate changes are available on the Internet at:  
<http://in.mslc.com>

Interested parties without Internet access should contact Myers and Stauffer, LC at (800) 877-6927 to obtain copies of the proposed changes.

Anyone who wishes to comment on the proposed changes may submit written comments to: FSSA, Office of Medicaid Policy and Planning, Attention: David Garner, 402 West Washington Street, Room W374, MS-07, Indianapolis, IN 46204. Correspondence should be identified in the following manner: COMMENT RE: MEDICAL SUPPLIES, DME, AND HEARING AID REIMBURSEMENT CHANGES. Written comments received will be made available for public display at the address herein of the OMPP.

Michael A. Gargano  
Secretary  
Family and Social Services Administration

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