

Emergency Rule
LSA Document #11-383(E)

DIGEST

Temporarily amends [405 IAC 5-19-1](#), [405 IAC 5-19-3](#), and [405 IAC 5-19-13](#) to modify the Medicaid rate setting methodology for medical supplies, durable medical equipment (DME), and hearing aids. Temporarily amends Medicaid reimbursement formulas by reducing rates 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, by five percent. Authority: [IC 4-22-2-37.1\(a\)\(37\)](#); [IC 12-8-1-9\(b\)](#). Effective July 1, 2011.

SECTION 1. (a) This SECTION supersedes [405 IAC 5-19-1\(k\)](#).

(b) The Medicaid allowable fee schedule amount is the fee schedule amount in effect on June 30, 2011. If this amount is not available, then use the following procedure:

- (1) The Indiana Medicare fee schedule amount adjusted by a multiplier of not less than eight-tenths (.8), if available. If this amount is not available, then use subdivision (2).
- (2) The average acquisition cost of the item adjusted by a multiplier of one and two-tenths (1.2), if available. If this amount is not available, then use subdivision (3).
- (3) The manufacturer's suggested retail price adjusted by a multiplier of seventy-five hundredths (.75).

SECTION 2. (a) This SECTION supersedes [405 IAC 5-19-1\(l\)](#).

(b) The office may review the statewide fee schedule and adjust it as necessary using the:

- (1) Indiana Medicare fee schedule;
- (2) providers' acquisition cost information; and
- (3) manufacturers' suggested retail price;

subject to SECTION 1(b) *[of this document]*. Any adjustments shall be made effective no earlier than permitted under [IC 12-15-13-6](#).

SECTION 3. (a) This SECTION supersedes [405 IAC 5-19-3\(c\)](#).

(b) Reimbursement of DME is based upon the fee schedule amount in effect on June 30, 2011. If this amount is not available, then use the following procedure:

- (1) The Indiana Medicare fee schedule amount, if available. If this amount is not available, then use subdivision (2) of this SECTION.
- (2) The average acquisition cost of the item adjusted by a multiplier of one and two-tenths (1.2), if available. If this amount is not available, then use subdivision (3) of this SECTION.
- (3) The manufacturer's suggested retail price adjusted by a multiplier of seventy-five hundredths (.75).
- (4) The established Medicaid rates will be reviewed annually and adjusted as necessary using the:
 - (A) Indiana Medicare fee schedule;
 - (B) providers' acquisition cost information; and
 - (C) manufacturers' suggested retail price;

subject to subdivisions (1) through (3). Any adjustments shall be made effective no earlier than permitted under [IC 12-15-13-6](#).

SECTION 4. (a) This SECTION supersedes [405 IAC 5-19-13](#).

(b) Medicaid reimbursement of hearing aids is based on the fee schedule amount in effect on June 30, 2011. If this amount is not available, then use the following procedure:

- (1) The average acquisition cost of the item adjusted by a multiplier of one and two-tenths (1.2), if available. If this amount is not available, then use subdivision (2).
- (2) The manufacturer's suggested retail price adjusted by a multiplier of seventy-five hundredths (.75).
- (3) Reimbursement rates for binaural hearing aids will be twice the monaural rate.
- (4) Reimbursement of a hearing aid dispensing fee is also available. The dispensing fee is a one-time

dispensing fee. The dispensing fee may be billed only in conjunction with a hearing aid procedure code that has an established fee schedule amount. The dispensing fee includes all services related to the initial fitting and adjustment of the hearing aid, orientation of the patient, and instructions on hearing aid use.

SECTION 5. Notwithstanding all other provisions of [405 IAC 5-19](#), for the period July 1, 2011, through June 30, 2013, reimbursement shall be reduced by five percent (5%) for all services that have been calculated pursuant to [405 IAC 5-19](#), except for diabetic test strips, blood glucose monitors, and hearing aids, with rates based on acquisition cost or the payment of manufacturer's suggested retail price.

SECTION 6. This document takes effect July 1, 2011.

SECTION 7. SECTION 5 of this document expires June 30, 2013.

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