

**Final Rule**

LSA Document #11-159(F)

**DIGEST**

Amends [405 IAC 5-19-1](#) to include blood glucose monitors as a medical supply for which reimbursement is available and to require providers to bill for medical supplies in accordance with instructions in the Indiana health coverage programs manual, bulletins, or banner pages. Effective 30 days after filing with the Publisher.

**[405 IAC 5-19-1](#)**

SECTION 1. [405 IAC 5-19-1](#) IS AMENDED TO READ AS FOLLOWS

**[405 IAC 5-19-1](#) Medical supplies**

**Authority:** [IC 12-8-6-5](#); [IC 12-15-1-10](#); [IC 12-15-21-2](#); [IC 12-15-21-3](#)

**Affected:** [IC 12-13-7-3](#); [IC 12-15-13-6](#)

Sec. 1. (a) Medical and surgical supplies (medical supplies) are:

- (1) disposable items that are not reusable and must be replaced on a frequent basis;
- (2) used primarily and customarily to serve a medical purpose;
- (3) generally not useful to a person in the absence of an illness or injury; and
- (4) covered only for the treatment of a medical condition.

Reimbursement is available for medical supplies subject to the restrictions listed in this section.

(b) Medical supplies include, but are not limited to, the following: ~~items~~:

- (1) Antiseptics and solutions.
- (2) Bandages and dressing supplies.
- (3) Gauze pads.
- (4) Catheters.
- (5) Incontinence supplies.
- (6) Irrigation supplies.
- (7) Diabetic supplies, **including blood glucose monitors.**
- (8) Ostomy supplies.
- (9) Respiratory and tracheotomy supplies.

(c) Covered medical supplies do not include the following: ~~items~~:

- (1) Drug products, either legend or nonlegend.
- (2) Sanitary napkins.
- (3) Cosmetics.
- (4) Dentifrice items.
- (5) Tissue.
- (6) Nonostomy deodorizing products, soap, disposable wipes, shampoo, or other items generally used for personal hygiene.

(d) Providers shall bill **for medical supplies** in accordance with the instructions set forth in the Indiana health coverage programs manual, ~~or update~~ bulletins, **or banner pages**.

(e) Incontinence supplies, including underpads, incontinent briefs and liners, diapers, and disposable diapers, are covered only:

- (1) in cases of documented necessity, at a rate determined by the office; and
- (2) for recipients three (3) years of age or older.

(f) All medical supplies must be ordered in writing by a physician or dentist.

(g) Medical supplies that are included in facility reimbursement, or that are otherwise included as part of reimbursement for a medical or surgical procedure, are not separately reimbursable to any party. All covered medical supplies, whether for routine or nonroutine use, are included in the per diem for nursing facilities, even if the facility does not include the cost of medical supplies in their facility cost reports.

(h) Reimbursement is not available for medical supplies dispensed in quantities greater than a one (1) month supply for each calendar month, except when:

- (1) packaged by the manufacturer only in larger quantities; or
- (2) the recipient is a Medicare beneficiary and Medicare allows reimbursement for a larger quantity.

(i) Medical supplies shall be for a specific medical purpose, not incidental or general purpose usage.

(j) Reimbursement for medical supplies is equal to the lower of the following:

- (1) The provider's submitted charges, not to exceed the provider's usual and customary charges.
- (2) The Medicaid allowable fee schedule amount as determined under this section.

(k) The Medicaid allowable fee schedule amount to be effective on the effective date of this rule is the base statewide fee schedule amount equal to the lower of the Medicaid fee schedule amount in effect during state fiscal year (SFY) 2001 or the amount determined as follows:

- (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 subdivision (2).
- (2) The Indiana Medicare fee schedule amount adjusted by a multiplier of ~~no~~ **not** less than eight-tenths (.8), if available. If this amount is not available, then subdivision (3).
- (3) The weighted median of providers' usual and customary charges adjusted by a multiplier of ~~no~~ **not** less than eight-tenths (.8), if available. If this amount is not available, then subdivision (4).
- (4) The Medicaid fee schedule amount in effect during SFY 2001, if available. If this amount is not available, then subdivision (5).
- (5) The average Indiana Medicaid payment amount per item during SFY 2001.

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

- (1) Medicare fee schedule; and
- (2) ~~the~~ providers':
  - (A) usual and customary charges; and
  - (B) acquisition cost information;

subject to subsection (k)(1) through (k)(5). Any adjustments shall be made effective no earlier than permitted under [IC 12-15-13-6](#).

~~(m) Providers must bill for medical supplies using the health care common procedure coding system in accordance with the instructions set forth in the Indiana health coverage programs manual or update bulletins.~~

~~(n)~~ **(m)** Providers must include their usual and customary charge for each medical supply item when submitting claims for reimbursement. Providers shall not use the Medicaid calculated allowable fee schedule amount for their billed charge unless it is less than or equal to the amount charged by the provider to the general public.

*(Office of the Secretary of Family and Social Services; [405 IAC 5-19-1](#); filed Jul 25, 1997, 4:00 p.m.: 20 IR 3328; filed Sep 27, 1999, 8:55 a.m.: 23 IR 313; readopted filed Jun 27, 2001, 9:40 a.m.: 24 IR 3822; filed Jan 10, 2003, 11:01 a.m.: 26 IR 1901; filed Feb 14, 2005, 10:25 a.m.: 28 IR 2133; readopted filed Sep 19, 2007, 12:16 p.m.: [20071010-IR-405070311RFA](#); filed Jul 5, 2011, 1:39 p.m.: [20110803-IR-405110159FRA](#))*

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