DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 04-05	2. STATE Minnesota
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVEDATE January 1, 2004	

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN X AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §§447.201(b)	7. FEDERAL BUDGET IMPACT: a. FFY '04 $2.60 b. FFY '05 $3.75
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 4.19-B, p. 27	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(if Applicable)*: same Minnesota (04-05) Approved: 06/22/04 Effective: 01/01/04

10. SUBJECT OF AMENDMENT:
Rates: Medical supplies, equipment, and appliances suitable for use in the home

11. GOVERNOR'S REVIEW *(Check One)*:
x GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL: Ann Berg for Mary Kennedy	16. RETURN TO: Stephanie Schwartz Minnesota Department of Human Services Federal Relations Unit 444 Lafayette Road No. St. Paul, MN 55155-3852
13. TYPED NAME: Mary B. Kennedy	
14. TITLE: Medicaid Director	
15. DATE SUBMITTED: March 30, 2004	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 3/31/04	18. DATE APPROVED: 6/28/04

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2004	20. SIGNATURE OF REGIONAL OFFICIAL: Cheryl A. Harris
21. TYPED NAME: Cheryl A. Harris	22. TITLE: Associate Regional Administrator Division of Medicaid and Children's health

RECEIVED
MAR 31 2004
DMCH - ARA

7.c. Medical supplies, equipment, and appliances suitable for use in the home.

Hearing aids and oxygen are purchased on a volume basis through competitive bidding.

Medical supplies and equipment that are not purchased on a volume basis are paid the lower of:

(1) submitted charge;

(2) Medicare fee schedule amount for medical supplies and equipment; or

(3) if Medicare has not established a payment amount for the medical supply or equipment, an amount determined using one of the following methodologies:

(a) 50th percentile of the usual and customary charges submitted for the previous two calendar years minus 20 percent, plus current calendar year Medicare inflation factors for the medical supply or equipment ~~for the previous calendar year minus 20 percent~~;

(b) if no information about usual and customary charges exists ~~for the previous calendar year~~, payment is based upon the manufacturer's suggested retail price minus 20 percent; or

(c) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.

Augmentative and alternative communication device manufacturers and vendors are paid the manufacturers's suggested retail price.

Enteral products are paid the lower of:
(1) submitted charge; or
(2) Medicare fee schedule amount for enteral products.

- Pediatric enteral products may be paid at the average wholesale price.

Parenteral products are paid using the methodology in item 12.a., Prescribed drugs, for drugs dispensed by a pharmacy.