

Document: Final Rule, **Register Page Number:** 26 IR 1900

Source: March 1, 2003, Indiana Register, Volume 26, Number 6

Disclaimer: This document was created from the files used to produce the official CD-ROM Indiana Register . However, this document is unofficial.

**TITLE 405 OFFICE OF THE SECRETARY OF
FAMILY AND SOCIAL SERVICES**

LSA Document #01-301(F)

DIGEST

Amends 405 IAC 5-19-1 to clarify the definition of medical and surgical supplies. The amendments provide restrictions and limitations for coverage and provide that reimbursement shall be equal to the lower of the provider's submitted charges or the Medicaid allowable amount for each item. The amendments require that all medical supplies be billed using health care financing administration common procedure coding system in accordance with the instructions set forth in the Indiana health coverage programs manual or update bulletins. Effective 30 days after filing with the secretary of state.

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) ~~Medicaid~~ **Medical and surgical supplies (medical supplies) are disposable items that are not reusable and must be replaced on a frequent basis. Medical supplies are used primarily and customarily to serve a medical purpose, are generally not useful to a person in the absence of an illness or injury, and are 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.**
- (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 in accordance with the instructions set forth in the Indiana health coverage programs manual or update bulletins.

~~(b) Incontinence~~ **(e) Incontinence** supplies, including underpads, incontinent briefs and liners, diapers, and disposable diapers

are covered subject to prior authorization and the following limitations:

- (1) The supplies in this subsection are covered only in cases of documented necessity, at a rate determined by the ~~contractor~~ **office**.
- (2) The supplies in this subsection are covered only for recipients three (3) years of age or older.

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

~~(d)~~ **(g)** Medical and nonmedical supplies used in the usual care and treatment of a recipient in a long term care facility are included in the approved per diem rate for the facility and may not be billed separately by the facility or through a pharmacy or other provider. **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 packaged by the manufacturer only in larger quantities.

(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 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 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 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 state fiscal year 2001, if available. If this amount is not available, then subdivision (5).
- (5)** The average Indiana Medicaid payment amount per item during state fiscal year 2001.

(l) The office may review the statewide fee schedule and adjust it as necessary using the Medicare fee schedule, the providers' usual and customary charges, and the providers' acquisition cost information subject to subsections [sic., 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 health care common procedure coding system in accordance with the instructions set forth in the Indiana health coverage programs manual or update bulletins.

(n) 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*)

SECTION 2. Notwithstanding subsection (k), to ensure that supply items are available to providers at or below the fee schedule amount to be effective on the effective date of this rule, the office shall establish the fee schedule amount for the following items based on the Medicare fee schedule and the Indiana Medicaid fee schedule amount in effect during SFY 2001: A4253 (glucose testing strips) \$33.88; A4254 (replacement battery, any) \$6.11; A4256 (normal, low no high calib) \$11.20; A4258 (lancet device) \$15.27; A4259 (lancets) \$11.00; A4265 (paraffin) \$3.37; A4323 (sterile saline irrigation) \$8.68;

A4351 (intermittent urinary cath) \$1.52; A4554 (disposable underpads, all) \$0.47; A4556 (electrodes, [e.g., apnea]) \$9.67; A4621 (tracheotomy mask or collar [sic.]) \$1.40; and Y4011 (diapers or incontinence) \$0.19. No multiplier will be applied to the initial fee schedule amount for these items. Twelve (12) months after the effective date of this rule [document], the office shall reestablish the fee schedule amounts for the items listed in this SECTION based on the methodology described in subsection (k), at which time this implementation SECTION shall expire.

LSA Document #01-301(F)

Notice of Intent Published: 24 IR 4014

Proposed Rule Published: August 1, 2002; 25 IR 3811

Hearing Held: September 3, 2002

Approved by Attorney General: December 23, 2002

Approved by Governor: January 2, 2003

Filed with Secretary of State: January 10, 2003, 11:01 a.m.

Incorporated Documents Filed with Secretary of State: None