

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



August 2, 2016

Marie Zimmerman, State Medicaid Director
Minnesota Department of Human Services
P.O. Box 64983
St. Paul, MN 55164-0983

Dear Ms. Zimmerman:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #14-011a --Revises state plan payment rates for certain professional services and durable medical equipment.

--Effective Date: July 1, 2014

If you have any additional questions, please have a member of your staff contact Sandra Porter at (312) 353-8310 or via e-mail at Sandra.Porter@cms.hhs.gov.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosures

cc: Ann Berg, MDHS
 Sean Barrett, MDHS

STATE: MINNESOTA
Effective: July 1, 2014
TN: 14-11a

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Approved: 8/2/16

Supersedes: 11-19 (11-02, 09-25, 07-08, 97-21, 97-05)

2.a. Outpatient hospital services, (cont.)

Outpatient chemical abuse programs services are paid using the same methodology in item 13.d., Rehabilitative services.

The base rates as described in this item are adjusted by the following clauses of Supplement 2 of this Attachment:

- A. IHS/638 Facilities
- B. Critical Access Hospitals paid on a cost-payment system
- C. TPL
- D. MinnesotaCare tax rate adjustment
- E. Modifiers subject to an increase in base payment rate
- K. Copay converted to \$2.50 provider rate reduction
- M. Rate decrease effective 07/01/02
- N. Rate decrease effective 03/01/03
- R. Professional services rate decrease effective 7/1/09.
- S. Professional services rate decrease effective 7/1/10.
- U. Facility services decrease 07/01/09
- Z. Outpatient hospital facility rate decrease 2011
- aa. Renal dialysis rates are adjusted by miscellaneous services and materials rate decrease 2011.
- gg. Miscellaneous services and materials rate increase effective September 1, 2014.

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3. Other laboratory and x-ray services (continued).

Department of Health is \$21.00.

The base rate as described in this item is adjusted by the following clauses of Supplement 2 of this Attachment.

- A. IHS/638 Facilities
- B. Critical Access Hospitals
- C. TPL
- D. MinnesotaCare Tax Rate Adjustment
- E. Modifiers
- H. Medicare Cap
- I. Exceptions to payment methodology and reconstructing a rate
- U. Facility services 2009 rate decrease
- W. Radiology rates are adjusted by the professional services rate decrease 2011.
- aa. Laboratory rates are adjusted by the miscellaneous services and materials rate decrease 2011.
- gg. Miscellaneous services and materials rate increase effective September 1, 2014.

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4.b. Early and periodic screening, diagnosis, and treatment services
(continued)

- O. Rate increase effective 10/1/07 and 7/1/08.
- P. Rate increase effective 07/01/07
- bb. Reimbursement for costs of services provided by a non-state, government-operated community mental health center
- ff. Professional services rate increase effective September 1, 2014

5.a. Physicians' services, whether furnished in the office, the patient's home, a hospital, a nursing facility or elsewhere (continued).

payers will be averaged to determine the average commercial payer rate for each HCPCS code.

4. For each of the two physician practice group data sets, the average commercial payer rate is multiplied by the Medicaid frequency for the HCPCS codes for that physician practice group.
5. For each of the two physician practice group data sets, the Medicaid payment amount is subtracted from the result in paragraph 4 for each HCPCS code.
6. The final payment amount for each of the two physician practice groups is equal to the sum of the amounts in paragraph 5.

Laboratory services are paid using the same methodology as item 3, Other lab and x-ray services.

With the exception of pediatric vaccines in item 2.a., Outpatient hospital services, covering the Minnesota Vaccines for Children program, **vaccines** are paid using the same methodology as item 2.a., Outpatient hospital services.

All other injectables are paid using the same methodology as item 2.a.

The base rates as described in this item are adjusted by the following clauses of Supplement 2 of this Attachment:

- A. IHS/638 Facilities
- B. Critical Access Hospitals
- C. TPL
- D. MinnesotaCare Tax Rate Adjustment
- E. Modifiers
- F. Family Planning
- G. Community and Public Health Clinics
- H. Medicare Cap
- I. Exceptions to payment methodology and reconstructing a rate
- J. Copay converted to \$3.00 provider rate reduction
- P. Rate increase effective 07/01/07
- R. Professional services decrease effective July 1, 2009.
- S. Professional services decrease effective July 1, 2010
- T. Rate increase July 1, 2010
- V. Facility and professional services rate increase 2010
- W. Physician and physician assistant rates are adjusted by the professional services rate decrease 2011
- aa. Anesthesia service rates are adjusted by the miscellaneous services and material rate decrease 2011.
- bb. Reimbursement for costs of services provided by a non-state, government-operated community mental health center

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TN: 14-11a

Approved: 8/2/16

Supersedes: 13-04 (12-25,11-02,10-06,09-25,09-20,08-17,07-12,07-08,07-09,07-06,06-19,05-21)

5.a. Physicians' services, whether furnished in the office, the patient's home, a hospital, a nursing facility or elsewhere.
(continued)

The base rates as described in this item are adjusted by the following clauses of Supplement 2 of this attachment (cont'd):

- cc. Supplemental payment for medical education.
- ff. Professional services rate increase effective September 1, 2014.

Other provider-preventable conditions are not eligible for payment as described in Attachment 4.19-A.

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Supersedes: 13-22, 11-02

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6.d. Other practitioners' services. (continued)

The base rate as described in this item is adjusted by the following clauses of Supplement 2 of this Attachment.

- A. IHS/638 Facilities
- B. Critical Access Hospitals
- C. TPL
- D. MinnesotaCare Tax Rate Adjustment
- E. Modifiers
- G. Community and Public health Centers
- I. Exceptions to payment methodology and reconstructing a rate
- P. Rate Increase Effective July 1, 2007
- T. Rate increase July 1, 2010
- cc. Supplemental payment for medical education
- ff. Professional services rate increase effective September 1, 2014

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Approved: 8/2/16

Supersedes: 11-19 (11-02,09-25,08-13,08-03,07-08,06-19,05-21,02-20, 01-13)

6.d. Other practitioners' services. (continued)

B. Effective for services provided on or after July 1, 1991, **public health nursing services** are paid the lower of:

- 1) submitted charge; or
- 2) State agency established rates based on comparable rates for services provided by a nurse practitioner in an office setting, or by a home health nurse in a home setting or by a nurse providing perinatal high risk services under item 20, Extended services to pregnant women.

Effective 7/1/08, services provided by a community health worker, are paid using the same methodology that applies to community health workers in item 5.a., Physicians' services.

Public health nurses who administer pediatric vaccines in item 2.a., Outpatient hospital services, available through the Minnesota Vaccines for Children Program pursuant to §1928 of the Act, are paid using the same methodology in item 2.a. for these vaccines.

The base rate as described in this item is adjusted by the following clauses of Supplement 2 of this Attachment:

- A. IHS/638 Facilities
- B. Critical Access Hospitals
- C. TPL
- D. MinnesotaCare Tax Rate Adjustment
- E. Modifiers
- F. Family Planning
- G. Community and Public Health Clinic
- H. Medicare Cap
- I. Exceptions to payment methodology and reconstructing a rate
- J. Copay converted to \$3.00 provider rate reduction
- U. Facility services rate decrease 2009
- aa. Miscellaneous services and materials rate decrease 2011
- gg. Miscellaneous services and materials rate increase effective September 1, 2014

STATE: MINNESOTA
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6.d. Other practitioners' services. (continued)

- ~~I. Exceptions to payment methodology and reconstructing a rate~~
- ~~J. Copay converted to \$3.00 provider rate reduction~~
- ~~U. Facility services rate decrease 2009~~

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

Effective September 1, 2011, augmentative and alternative communication device manufacturers and vendors must be paid the lower of the:

- (1) submitted charge; or
- (2) (a) manufacturer's suggested retail price minus 20 percent for providers that are manufacturers of augmentative and alternative communication systems; or
(b) manufacturer's invoice charge plus 20 percent for providers that are not manufacturers of augmentative and alternative communication systems.

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.

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

Effective for services provided on or after October 1, 2011, home infusion therapy services provided by home infusion pharmacies are paid the lower of:

- (1) the submitted charge; or
- (2) a per diem amount for home infusion therapy services as defined in home infusion HCPCS codes. The per diem rate is equal to the combined payment rates for the component services which include, but are not limited to, medical supplies and equipment, professional pharmacy services, care coordination, delivery and shipping and products used in a standard total parental nutrition formula.

No dispensing fee is paid for home infusion therapies when dispensed by home infusion pharmacies.

The base rates as described in this item are adjusted by the following clauses of Supplement 2 of this Attachment:

- U. Facility services rate decrease 2009.
- aa. Hearing aid rates not subject to a volume purchase contract and medical supplies and durable medical equipment are adjusted by the miscellaneous services and material rate decrease 2011.
- ee. Rate decrease effective July 1, 2014.
- gg. Miscellaneous services and materials rate increase effective September 1, 2014.

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Approved: 8/2/16

Supersedes: 11-19 (11-02, 09-25, 08-13, 07-12, 04-15(a), 00-11)

9. Clinic services, continued.

The base rate as described in the item is adjusted by the following clauses of Supplement 2 of this Attachment:

- A. IHS/638 Facilities
- B. Critical Access Hospitals
- C. TPL
- D. MinnesotaCare Tax rate adjustment
- E. Modifiers subject to an increase in base payment rate
- U. Facility services decrease effective July 1, 2009
- aa. Ambulatory surgery centers facility fees are adjusted by the miscellaneous services and materials rate decrease 2011.
- gg. Miscellaneous services and materials rate increase effective September 1, 2014.

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Approved: 8/2/16
Supersedes: 11-19 (01-13, 00-11)

11.a. Physical therapy.

Physical therapy services are paid using the same methodology as item 5.a., Physicians' services.

Effective for services provided on or after January 1, 1997, physical therapy assistants are paid the lower of:

- (1) submitted charge; or
- (2) 100% of the fee schedule rate if the services are provided under the direction of the physical therapist who is on the premises; or
- (3) 65% of the fee schedule rate if the services are provided when the physical therapist is not on the premises.

The base rates as described in this item are adjusted by the following clauses of Supplement 2 of this Attachment:

- aa. Miscellaneous services and materials rate decrease 2011
- ff. Professional services rate increase effective September 1, 2014

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Supersedes: 11-23 (11-19, 00-11, 97-21)

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11.b. Occupational therapy.

Occupational therapy services are paid using the same methodology as item 5.a., Physicians' services.

Occupational therapy assistants are paid the lower of:

- (1) submitted charge; or
- (2) 100% of the fee schedule rate if the services are provided under the direction of the occupational therapist who is on the premises; or
- (3) 65% of the fee schedule rate if the services are provided when the occupational therapist is not on the premises.

The base rates as described in this item are adjusted by the following clauses of Supplement 2 of this Attachment:

- aa. Miscellaneous services and materials rate decrease 2011
- bb. Reimbursement for costs of services provided by a non-state, government-operated community mental health center
- ff. Professional services rate increase effective September 1, 2014

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Supersedes: 11-19 (00-11, 98-20)

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11.c. Speech, language, and hearing therapy services (provided by or under the supervision of a speech pathologist or audiologist).

Speech, language, and hearing therapy services are paid using the same methodology as item 5.a., Physicians' services.

The base rates as described in this item are adjusted by the following clauses of Supplement 2 of this Attachment:

- W. Professional services rate decrease 2011
- ff. Professional services rate increase effective September 1, 2014

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12.c. Prosthetic devices.

Payment is the lower of:

- (1) submitted charge;
- (2) Medicare fee schedule amount; or
- (3) if Medicare has not established a payment amount for the prosthetic or orthotic device, an amount determined using one of the following methodologies:
 - (a) 50th percentile of the usual and customary charges submitted for the prosthetic or orthotic device 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 the manufacturer's suggested retail price, payment is based upon the wholesale cost plus 20 percent.

The base rates as described in this item, except for those that apply to state operated dental clinics, are adjusted by the following clauses of Supplement 2 of this Attachment:

- U. Facility services rate decrease 2009.
- aa. Miscellaneous services and materials rate decrease 2011
- ee. Rate decrease effective July 1, 2014.

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Approved: 8/2/16

Supersedes: 11-19 (11-02,10-02,09-25,02-02,02-10,00-11)

12.d. Eyeglasses.

Effective March 2, 2010, payment for eyeglasses is based on volume purchase contracting established through the competitive bidding process.

For ophthalmic materials not covered by the volume purchase contract, is the lower of:

- 1) submitted charge; or
- 2) a).481 of the July 2001 Medicare rate; or
b)state agency established rate.

Ophthalmologists, optometrists and opticians are paid for dispensing eyeglasses using the same methodology as item 5.a, Physicians' services.

The base rate as described in this item for non-volume purchase contract materials is adjusted by the following clauses of Supplement 2 of this Attachment:

- A. IHS/638 Facilities
- C. TPL
- D. MinnesotaCare Tax Rate Adjustment
- E. Modifiers
- H. Medicare Cap
- I. Exceptions to payment methodology and reconstructing a rate
- J. Copay converted to \$3.00 provider rate reduction
- U. Facility Services rate decrease 2009
- aa. Eyeglass rates not subject to a volume purchase contract are adjusted by miscellaneous services and materials rate decrease 2011.
- gg. Miscellaneous services and materials rate increase effective September 1, 2014.

13.d. Rehabilitative services. (continued)

Assertive community treatment (ACT) services and residential rehabilitative services provided by IHS/638 facilities are paid according to the encounter rate specified on page 1 of this Attachment.

ACT services include case management services. Therefore, ACT services providers do not receive payment for the following case management services in the same month ACT services are provided, except for the first and last months of ACT services:

1. mental health targeted case management services under item 19.a.
2. relocation service coordination services under item 19.c.
3. case management services for persons not on a §1915(c) waiver who are vulnerable adults or adults with MR/RC under item 19.d.

The base rate as described in this item is adjusted by the following clauses of Supplement 2 of this Attachment:

- A. IHS/638 Facilities
- B. Critical Access Hospitals
- C. TPL
- D. MinnesotaCare Tax Rate Adjustment
- E. Modifiers
- G. Community and Public health Clinics
- I. Exceptions to payment methodology and reconstructing a rate
- P. Rate Increase Effective July 1, 2007
- T. Rate Increase July 1, 2010
- bb. Reimbursement for costs of services provided by a non-state, government-operated community mental health center
- ff. Professional services rate increase effective September 1, 2014

Effective January 1, 2002, provider travel time is covered if a recipient's individual treatment plan requires the provision of mental health services outside of the provider's normal place of business. This does not include travel time included in other billable services.

Payment for **EPSDT rehabilitative services identified in IFSPs/IEPs** under the Individuals with Disabilities Education Act (IDEA) and provided by school districts to children with IFSPs/IEPs during the school day is pursuant to a cost-based, per child encounter rate. Each school district has separate per encounter rates for the EPSDT rehabilitative services listed in Attachments 3.1-A/B, item 13.d and for personal care assistant services in Attachments 3.1-A/B, item 4.b. Payment is made when there is an encounter by a Medical Assistance child for the service category. No more than one payment in each service category can be made per child, per day, by a school district.

Effective July 1, 2011, payment for chemical dependency treatment services is pursuant to statewide graduated rate and complexity standards, as reflected on the following chart:

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Supersedes: 10-10 (00-11, 97-21)

18. Hospice care (in accordance with section 1905(o) of the Act).

Payment is determined using Medicaid rates published by CMS on an annual basis adjusted for regional differences in wages using the hospice wage index ~~basic payment rates for four levels of care~~ and payment for physician services. Additional payment of a room and board amount is made for nursing home residents.

As of January 1, 2016, hospice includes payment for two periods of routine home care and an additional service intensity add-on payment. The fixed daily rates for the following ~~four~~ levels of care are determined by CMS using the Medicare payment methodology except that no copayments are deducted.

- (1) Routine Home Care Day (days 1 - 60)
- (2) Routine Home Care (days 61 and later)
- (3) Continuous Home Care Day
- (4) Inpatient Respite Day
- (5) General Inpatient Day
- (6) Service intensity add-on

~~The current CMS Medicaid hospice rates are used for rate determinations, which are based on Medicare and are updated annually. The State pays the CMS location adjusted Medicaid amount.~~

The fixed daily rates are designed to pay the hospice for the costs of all covered services related to the treatment of a recipient's terminal illness, including the administrative and general supervisory activities performed by physicians who are employees of or working under arrangements made by the hospice.

Payment for room and board for hospice patients residing in long term care facilities is based on 95% of the case mix rate determined in accordance with the Medicaid payment methodology contained in Attachment 4.19-D. Payment is made to the hospice provider.

Payment for physician services not included in the fixed daily rate is based on the usual Medicaid payment methodology for physician services contained elsewhere in this Attachment. If the attending physician is an employee of the hospice or is providing services by arrangement with the hospice, the hospice is paid for the physician services. If the attending physician is not a hospice employee, payment is made directly to the physician provider in accordance with the usual Medicaid payment methodology for physician services contained elsewhere in this Attachment.

The limits and cap amounts are the same as used in the Medicare Program except that the inpatient day limit on both inpatient respite care days and general inpatient care days does not apply to recipients afflicted with acquired immunodeficiency syndrome (AIDS).

The base rates as described in this item are adjusted by paragraph gg. of Supplement 2 entitled, Miscellaneous services and materials rate increase effective September 1, 2014.

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V. Facility and Professional Services rate increase 2010

Effective for services, except as noted in **V.1**, provided on or after July 1, 2010, the following services payment rates are increased by two percent:

- Physical therapy (Item 11.a.)
- Speech therapy (Item 11.c.)
- Occupational therapy (Item 11.b.)

V.1. Noted exceptions to clause V:

1. For outpatient hospital exclude claim lines with [mental health] procedure codes 90800-90899, 96101-96103, 96118-96120, 97535 HE.
2. For medical supplies and durable medical equipment exclude procedure codes E0424, E0431, E0434, E0439, E1390, S8120, S8121, K0738 (volume purchase oxygen) and E1399 with modifier QH.
Effective 02/01/10, E0441-E0444, E1392
3. For hearing aids, excluding claim lines priced using rates data and excluding procedure codes V5030, V5040, V5050, V5060, V5120, V5140, V5170, V5180, V5210, V5220, V5246, V5247, V5252, V5253, V5256, V5257, V5260, V5261 accompanied by a RB modifier.
4. Teaching sites

W. Professional services rate decrease 2011

Effective for services provided on or after September 1, 2011, through June 30, 2013, the following services payment rates are reduced by 3 percent:

- Radiology (Item 3)
- Physician (Item 5.a)
- Physician assistant (Item 5.a)
- Podiatry (Item 6.a)
- Optometrists' services (Item 6.b)
- Chiropractic (Item 6.c)
- Nurse practitioner (Item 6.d.E.)
- Clinical nurse specialist (6.d.H)
- Medication therapy management (Item 6.d.I)
- Audiology (Item 11.c.)
- Nurse midwife (Item 17)
- Traditional midwife (Item 28)

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bb. Reimbursement for costs of services provided by a non-state, government-operated community mental health center

Qualified physician, EPSDT and occupational therapy services provided by a non-state, governmental operated community mental health center, on or after September 1, 2011, are reimbursed for the actual incurred costs of providing services to eligible Medicaid beneficiaries. The non-state, governmental operated community mental health center must certify its expenditures as eligible for federal financial participation in order to settle to actual incurred costs for Medicaid services provided in the non-state, governmental operated community mental health center. The CMS approved Medicaid cost report entitled "Hennepin County Mental Health Center Cost Report" is due from the non-state, governmental operated community mental health center twelve months after the end of the provider's fiscal year, hereinafter referred to as the calendar year. An initial settlement will be processed within six months of receiving an approved cost report. A final settlement will be processed within twelve months of receiving the approved cost report. For the last quarter of calendar year 2011, and the entire calendar years 2012 and 2013, the final settlement will be processed in the fourth quarter by February 1, 2012 of 2015. The payments will be paid to the non-state, governmental operated community mental health center in an amount based on the provider's reconciled costs for providing physician, EPSDT, and occupational therapy rehabilitative services to Medicaid recipients, less total payments for Medicaid covered services allowable elsewhere in Attachment 4.19-B, TPL payments, Medicare payments, and spenddown obligations. Reconciled costs will be calculated using CMS-approved cost reporting methods approved by the Department. The non-state, governmental operated community mental health center is required to comply with cost allocation principles found in OMB Circular A-87. For purposes of these payments, effective for services provided on or after September 1, 2011, costs shall be calculated as follows:

Costs will be calculated using the CMS-approved cost report on file with the Department for the cost report time period. The non-state, governmental operated community mental health center will submit the Hennepin County Mental Health Center cost report that is prepared in accordance with a cost reporting methodology developed by the office that complies with OMB Circular A-87. This cost report must be submitted to the office no later than the last day of the twelfth month following the provider's fiscal year end. Payments will be the amounts calculated under Step Four of the following formula:

Step One: Determine the amount of the non-state, governmental operated community mental health center provider's charges for the eligible Medical Assistance procedure codes and Medical Assistance payment for claims for these codes incurred during the provider's fiscal year and adjudicated to a paid status through the MMIS.

cc. Supplemental payment for medical education (cont'd)

Qualifying Provider. "Qualifying provider" means a Medical Assistance enrolled hospital, medical center, clinic, practitioner, or other organization that provides accredited clinical training of physicians (medical students and residents), doctor of pharmacy practitioners, doctors of chiropractic, dentists, advance practice nurses (clinical nurse specialists, certified registered nurse anesthetists, nurse practitioners, and certified nurse midwives), physician assistants, and effective July 1, 2015, dental therapists, advanced dental therapists, psychologists, clinical social workers, community paramedics, and community health workers; and that has successfully applied for this payment, in accordance with Minnesota Statutes § 62J.692.

dd. Dental Services rate increase 2014

Effective for services provided on or after January 1, 2014, payment rates for dental services shall be increased by five percent from the rates in effect on December 31, 2013. This increase does not apply to state-operated dental clinics, federally qualified health centers, rural health centers, Indian Health Service, and tribal 638 facilities.

ee. Rate decrease effective July 1, 2014

Effective for services provided on or after July 1, 2014, through June 30, 2015, payment for medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, is decreased by .33 percent. (Itemc 7.c and 12.c.)

ff. Professional services rate increase effective September 1, 2014

Effective for services provided on or after September 1, 2014, the following service payment rates are increased by 5 percent from the rates in effect on August 31, 2014, except that the increase described in Section 1902(a)(13)(C) of the Act is not included in the August 31, 2014, base rate:

- Physicians' services (Item 5.a)
- Physical therapy services (Item 11.a)
- Occupational therapy services (Item 11.b)
- Speech pathology services (Item 11.c.)
- Mental health services (Items 4.b., 6.d.A., 13.d.)

ff.1 Noted exceptions for clause ff:

1. For physicians' services, exclude procedure code S9986.
2. Assertive community treatment services in item 13.d.
3. Residential rehabilitative services in item 13.d.
4. Youth ACT services in item 4.b.

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Supersedes: New

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**gg. Miscellaneous services and materials rate increase effective
September 1, 2014**

Effective for services provided on or after September 1, 2014, the
following service payment rates are increased by 3 percent:

Ambulatory surgery center facility fees (Item 9)
Hospice services (Item 18)
Renal dialysis services (Item 2.a)
Outpatient hospital facility fees (2.a)
Laboratory services (Item 3)
Public health nursing services (Item 6.d.B)
Eyeglasses not subject to a volume purchase contract (Item 12.d)
Hearing aids not subject to a volume purchase contract (Item 7.c)

gg.1 Noted exceptions to clause gg:

1. For hospice services, exclude revenue code 0658.
2. For outpatient hospital exclude [mental health] procedure codes
90800-90899, 96101-96103, 96118-96120, 97535 HE.