

Approved:

Supersedes: 19-12(17-19,14-03,(11-19, 11-02, 10-21, 10-02, 09-25, 04-05, 02-02)

7.c. Medical supplies, equipment, and appliances suitable for use in any setting in which normal life activities take place.

Notwithstanding the other payment methodologies outlined in this section 7.c., effective for services provided on or after July 1, 2019, medical supplies and equipment, and orthotics that are subject to the upper payment limit in accordance with section 1903 (i) (27) of the Social Security Act, are paid the lower of:

1. The submitted charge; or
2. The Medicare fee schedule amount without regard to any other allowable increases, including the MinnesotaCare tax.

Augmentative and alternative communication devices and pressure support ventilators are excluded from the above provision.

Hearing aids, eyeglasses and oxygen are purchased on a volume basis through competitive bidding in accordance with section 1915(a) (1) (B) of the Act and regulations at 42 C.F.R. § 431.54(d).

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 year—minus 20 percent, plus current calendar year Medicare inflation factors for the medical supply or equipment;
 - (b) if no information about usual and customary charges exists, 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.

~~Effective for services provided on or after July 1, 2010, medical supplies and equipment manufactured for pediatric patients, medical supplies and equipment manufactured for bariatric patients, and HCPCS codes A7520, A7521, B4088, and E0202, are paid the lower of:~~

- ~~1. submitted charge; or~~
- ~~2. a payment amount determined by 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;~~
 - ~~(b) if no information about usual and customary charges exists, 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.~~~~

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7.c. Medical supplies, equipment, and appliances suitable for use in any setting in which normal life activities take place(continued).

Effective for services provided on or after October 1, 2021, enteral nutrition and supplies, customized and other specialized tracheostomy tubes and supplies, and durable medical equipment repair and service are paid the lower of:

1. The submitted charge, or
2. manufacturer's suggested retail price minus 20 percent; or
3. if manufacturer's suggested retail price is not available; manufacturer's invoice charge plus 20 percent

Effective for services provided on or after July 1, 2017, pressure support ventilators are paid at the lower of:

1. The submitted charge, or
2. The Medicare fee schedule rate plus 47 percent.

Effective for service on or after January 1, 2014, blood glucose meters and diabetic testing strips are paid at the lower of

1. submitted charge, and
2. the methodology described in Item 12.a.

In addition, the state agency will receive a rebate for preferred blood glucose meters and test strips in accordance with the manufacturer's contract with the state.

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

- (1) submitted charge; or
- (2) manufacturer's suggested retail price minus 20 percent for providers that are manufacturers of augmentative and alternative communication systems; or
- (3) 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) the 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; or~~
- ~~(3) the manufacturer's suggested retail price minus 20 percent; or~~
- ~~(4) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.~~

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

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

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7.c. Medical supplies, equipment, and appliances suitable for use in any setting in which normal life activities take place(continued).

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 above in this item, 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.
- gg. Miscellaneous services and materials rate increase effective September 1, 2014.
- hh. Rate increase effective July 1, 2015.
- jj. Rate increase for miscellaneous services, effective July 1, 2015.