

Bulletin Number: MSA 11-17

Distribution: Hospitals, Physicians, Durable Medical Equipment, Prosthetics, Orthotics, and Suppliers, Federally Qualified Health Centers, Rural Health Clinics, Tribal Health Centers

Issued: May 10, 2011

Subject: Change in Acquisition Cost Definition

Effective: As Indicated

Programs Affected: Medicaid and Children's Special Health Care Services (CSHCS)

Effective for prior authorization (PA) requests received on and after May 15, 2011, the Michigan Department of Community Health (MDCH) will apply the definition of acquisition cost to include only primary discounts for manually priced Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). This policy eliminates the requirement to include secondary and tertiary discounts with the request.

The following items must continue to be included on the PA:

- Manufacturer's actual invoice along with primary discount;
- If the manufacturer's actual invoice is not included, medical review staff will assign a penny screen to the code until the invoice is received;
- If requesting reimbursement for labor, the specific time must be stated on the request form; and
- Any required documentation listed in the Standards of Coverage in the Medical Supplier Chapter of the Medicaid Provider Manual.

NOTE: In order to be eligible for consideration of only the primary discount, quotes and/or dealer list prices will no longer be accepted on and after May 15, 2011. Modified invoices will not be accepted.

Billing Requirements

Services indicated as requiring prior authorization cannot be billed to MDCH until prior authorization has been approved and services have been rendered. The prior authorization number must be reported on the claim.

Reimbursement

For DMEPOS items that do not have established fee screens or are custom fabricated the reimbursement continues to be acquisition plus 17% over cost.

Public Comment

The public comment portion of the policy promulgation process is being conducted concurrently with the implementation of the change noted in this bulletin. Any interested party wishing to comment on the change may do so by submitting comments in writing to:

Attn: Lisa Trumbell
MDCH/MSA
PO Box 30479
Lansing, Michigan 48909-7979
Or
E-mail: trumbell@michigan.gov

If responding by e-mail, please include "Acquisition Cost Policy" in the subject line.

Comments received will be considered for revisions to the change implemented by this bulletin.

Manual Maintenance

Retain this bulletin until applicable information has been incorporated into the Michigan Medicaid Provider Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at ProviderSupport@michigan.gov. When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved



Stephen Fitton, Director
Medical Services Administration