



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of
Health and Social Services**

DIVISION OF HEALTH CARE SERVICES
Pharmacy & Ancillary Services Unit

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December 28, 2017

Re: Limit on Federal Financial Participation for Durable Medical Equipment in Medicaid

Dear Alaska Medicaid Durable Medical Equipment Providers,

Effective January 1, 2018, in accordance with section 503 of the Consolidated Appropriations Act, 2016, section 5002 of the 21st Century Cures Act of 2016, and section 1903(i)(27) of the Social Security Act (the Act), federal Medicaid reimbursement to states shall not exceed certain aggregate limits for durable medical equipment.¹

An official communication letter to State Medicaid Directors posted 12/27/2017 by the Centers for Medicare & Medicaid Services on this topic may be found here:

<https://www.medicaid.gov/federal-policy-guidance/downloads/smd17006.pdf>

This federal change applies to durable medical equipment covered by a state's Medicaid program that are also Medicare covered items. This FFP limitation "does not apply to prosthetics, orthotics, or medical supplies, which are not included in the definition of DME under the Act."¹

What this means:

- Until the Alaska Medicaid program updates the durable medical equipment fee schedule through the required regulatory process, the program will demonstrate that payments made, in the aggregate, to providers after Jan 1, 2018 for dispensing durable medical equipment do not exceed what Medicare would have paid for such items in the aggregate.
- Any payments made in excess of what Medicare would have paid, in the aggregate, will not be eligible for federal Medicaid reimbursement; thus, additional state funding appropriations would be required.
- Proposed draft regulations were circulated for public comment October 17, 2017 which subsequently closed December 4, 2017.² The public comments received by the deadline are under review and consideration. These proposed draft regulations have not been adopted as of the date of this letter. Under state statutory rule, adopted regulations will be noticed 30 days in advance of the effective date.

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- Until the proposed fee schedules are adopted by regulation, there will be no change to durable medical equipment reimbursement rates.
- Proposed fee schedule changes after January 1, 2018 must be in compliance with the requirements of Section 1903(i)(27) of the Act.

Please contact me at tracy.stephens@alaska.gov or 907.334.2436 with any questions about this notice.

Sincerely,



Tracy Stephens

Program Manager, Durable Medical Equipment

References:

¹Centers for Medicare & Medicaid Services. Letter: State Medicaid Director SMD# 17-006 RE: Limit on Federal Financial Participation for Durable Medical Equipment in Medicaid. 12/27/2017. <https://www.medicaid.gov/federal-policy-guidance/downloads/smd17006.pdf>.

²Supplemental Notice of SUPPLEMENTAL NOTICE of Proposed Changes- Durable Medical Equipment, Prosthetics & Orthotics, & Supplies- Medicaid Coverage & Payment. 10/17/17. <http://notice.alaska.gov/187473>.