

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 3953</b>	<b>Date: January 19, 2018</b>
	<b>Change Request 10420</b>

**SUBJECT: Revisions to the Claims Processing for Grandfathered Oxygen Claims that Span Competitive Bidding Rounds**

**I. SUMMARY OF CHANGES:** This change request (CR) provides instructions to the shared system maintainers for processing grandfathered oxygen competitive bid claims following a change in Rounds of the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP).

**EFFECTIVE DATE: July 1, 2018**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: July 2, 2018**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	36/40/40.5.1/Change in Suppliers for Oxygen and Oxygen Equipment

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Business Requirements  
Manual Instruction**

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 3953	Date: January 19, 2018	Change Request: 10420
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**SUBJECT: Revisions to the Claims Processing for Grandfathered Oxygen Claims that Span Competitive Bidding Rounds**

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**I. GENERAL INFORMATION**

**A. Background:** This change request provides instructions to the shared system maintainers for processing grandfathered oxygen competitive bid claims following a change in Rounds of the DMEPOS Competitive Bidding Program. Section 1847(a)(4) of the Act requires that in the case of covered Durable Medical Equipment (DME) items for which payment is made on a rental basis under Section 1834(a) of the Act, and in the case of oxygen for which payment is made under Section 1834(a)(5) of the Act, the Secretary shall establish a ‘grandfathering’ process by which rental agreements for those covered items and supply arrangements with oxygen suppliers entered into before the start of a competitive bidding program may be continued. This grandfathering provision provides the beneficiary the choice of continuing to receive a grandfathered item from the grandfathered supplier that had been supplying the item or of receiving the item from a contract supplier. Unless the beneficiary elects to change suppliers, the rental agreements and supply arrangements for grandfathered items last for the duration of a beneficiary’s medical need or the item’s reasonable useful lifetime.

In cases where an oxygen rental period spans DMEPOS Competitive Bidding Rounds, there is history of a switch from a non-contract to contract supplier in a prior Round and the same supplier is now a non-contract grandfathered supplier for the next Round, the non-contract grandfathered supplier would be eligible to continue billing and receiving payment for the remaining number of payments left in the oxygen rental period at the start of the next competitive bidding Round. In this situation, the maximum number of payments for the oxygen equipment may not exceed 45 rental payments.

**B. Policy:** No change in policy.

**II. BUSINESS REQUIREMENTS TABLE**

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC		D M E M A C	Shared- System Maintainers				Other		
		A	B		H H H	F I S S	M C S	V M S		C W F	
10420.1	The contractor shall update the CBP logic in VMS to allow payment for the remainder of an oxygen rental period until the payment cap is reached when:								X		

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
	<ul style="list-style-type: none"> <li>The current supplier was a contract supplier during the oxygen rental period prior to the start of a new round.</li> <li>The current supplier is now a non-contract supplier in the new Round.</li> <li>There are still payments left in the oxygen rental period</li> </ul>										

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility								
		A/B MAC			H H H	D M E M A C	F I S S	M C S	V M S	C W F
		A	B							
	None									

### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information: N/A**

### V. CONTACTS

**Pre-Implementation Contact(s):** Bobbett Plummer, 410-786-3321 or [bobbett.plummer@cms.hhs.gov](mailto:bobbett.plummer@cms.hhs.gov) (For claims processing questions), Karen Jacobs, 410-786-2173 or [karen.jacobs@cms.hhs.gov](mailto:karen.jacobs@cms.hhs.gov) (For policy questions)

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## **VI. FUNDING**

### **Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 0**

# Medicare Claims Processing Manual

## Chapter 36 – Competitive Bidding

### Table of Contents (Rev.3953, Issued: 01-19-18)

#### **40.5.1 - Change in Suppliers for Oxygen and Oxygen Equipment** (Rev. 3953, Issued: 01-19-18, Effective: 07-01-18, Implementation: 07-02-18)

The following rules apply when the beneficiary switches from one supplier of oxygen and oxygen equipment to another supplier after the beginning of each round of competitive bidding:

##### **Noncontract supplier to contract supplier**

In general, monthly payment amounts may not exceed a period of continuous use of longer than 36 months. However, if the beneficiary switches from a noncontract supplier to a contract supplier before the end of the 36-month period, at least 10 monthly payment amounts would be made to a contract supplier that begins furnishing oxygen and oxygen equipment in these situations provided that medical necessity for oxygen continues.

For example, if a contract supplier begins furnishing oxygen equipment to a beneficiary in months 2 through 26, payment would be made for the remaining number of months in the 36-month period, because the number of payments to the contract supplier would be at least 10 payments. To provide a more specific example, a contract supplier that begins furnishing oxygen equipment beginning with the 20th month of continuous use would receive 17 payments (17 for the remaining number of months in the 36-month period). However, if a contract supplier begins furnishing oxygen equipment to a beneficiary in month 27 or later, no more than 10 monthly payments would be made assuming the oxygen equipment remains medically necessary.

##### **Contract supplier to another contract supplier**

This rule does not apply when a beneficiary switches from a contract supplier to another contract supplier to receive his/her oxygen and oxygen equipment. In this scenario, the new contract supplier is paid based on the single payment amount for the remaining number of months in the 36-month period assuming the oxygen equipment remains medically necessary.

##### ***Grandfathered item where there was a noncontract to contract supplier switch in a prior round***

*This rule does not apply to grandfathered items in subsequent competitive bidding rounds when there was a previous noncontract to contract supplier switch in the prior round and the same supplier has elected to continue furnishing the oxygen equipment. In this case, the grandfathered supplier would be eligible to continue billing for the remaining number payments left in the oxygen rental period at the start of the competitive bidding round. The maximum number of monthly rental payments may not exceed 45 rental payments.*