CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 2709	**Date: May 17, 2013**
	Change Request 8325

SUBJECT: July Quarterly Update for 2013 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: The DMEPOS fee schedule is updated on a quarterly basis, when necessary, in order to implement fee schedule amounts for new codes and correct any fee schedule amounts for existing codes. The attached Recurring Update Notification applies to Chapter 23, Section 60.

EFFECTIVE DATE: January 1, 2013 - for implementation of fee schedule amounts for codes in effect on January 1, 2013; July 1, 2013 for all other changes
IMPLEMENTATION DATE: July 1, 2013

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.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	23/60/Durable Medical Equipment Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule
R	23/60.1/Record Layout for DMEPOS Fee Schedule
R	23/60.2/Quarterly Update Schedule For DMEPOS Fee Schedule

III. FUNDING:
For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

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 obliged 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:

Recurring Update Notification
Manual Instruction

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

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 2709	Date: May 17, 2013	Change Request: 8325

SUBJECT: July Quarterly Update for 2013 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

EFFECTIVE DATE: January 1, 2013 - for implementation of fee schedule amounts for codes in effect on January 1, 2013; July 1, 2013 for all other changes
IMPLEMENTATION DATE: July 1, 2013

I. GENERAL INFORMATION

A. Background: The DMEPOS fee schedules are updated on a quarterly basis, when necessary, in order to implement fee schedule amounts for new and existing codes, as applicable, and apply changes in payment policies. The quarterly update process for the DMEPOS fee schedule is located in Pub.100-04, Medicare Claims Processing Manual, chapter 23, section 60.

B. Policy: This recurring update notification provides instructions regarding the July quarterly update for the 2013 DMEPOS fee schedule. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by §1834(a), (h), and (i) of the Social Security Act. Also, payment on a fee schedule basis is a regulatory requirement at 42 CFR §414.102 for parenteral and enteral nutrition (PEN).

As part of this update, fees are established for Healthcare Common Procedure Coding System (HCPCS) codes E2378, L5859, and L7902 which were added to the HCPCS file effective January 1, 2013. These items were paid on a local fee schedule basis prior to this update. Claims for codes E2378, L5859, and L7902 with dates of service on or after January 1, 2013 that have already been processed may be adjusted to reflect the newly established fees if brought to the contractor's attention.

Fee schedule amounts are also being established for HCPCS code K0009 (Other Manual Wheelchair/Base) as part of this update. Payment on a fee schedule basis is mandated for all DME by §1834(a) of the Social Security Act, other than items that meet the definition of customized DME at 42 CFR §414.224 of the regulations. Effective July 1, 2013, payment for claims for manual wheelchairs that receive a HCPCS code verification of K0009 by the Pricing Data Analysis and Coding (PDAC) contractor will be made on a capped rental basis with the fee schedule amounts established in accordance with §1834(a)(8) of the Act using data for all manual wheelchair codes effective in 1986.

Diabetic Testing Supplies

Effective for dates of service on or after July 1, 2013, in accordance with section 636(a) of the American Taxpayer Relief Act, the fee schedule amounts for non-mail order diabetic supplies are adjusted so that they are equal to the single payment amounts for mail order diabetic supplies established in implementing the national mail order competitive bidding program under section 1847 of the Act. The national competitive bidding program for mail order diabetic supplies takes effect July 1, 2013. Diabetic testing supplies are the supplies necessary for the effective use of a blood glucose monitor as described by the HCPCS codes below:

A4233 Replacement Battery, Alkaline (Other Than J Cell), For Use with Medically Necessary Home Blood Glucose Monitor Owned by Patient, Each

A4234 Replacement Battery, Alkaline, J Cell, For Use with Medically Necessary Home Blood Glucose Monitor Owned by Patient, Each

A4235 Replacement Battery, Lithium, For Use with Medically Necessary Home Blood Glucose Monitor Owned by Patient, Each

A4236 Replacement Battery, Silver Oxide, For Use with Medically Necessary Home Blood Glucose Monitor Owned by Patient, Each

A4253 Blood Glucose Test or Reagent Strips For Home Glucose Monitor, per 50 Strips

A4256 Normal, Low and High Calibration Solution / Chips

A4258 Spring-powered Device for Lancet, Each

A4259 Lancets, per Box of 100

As part of this update, the non-mail order (non-KL) fee schedule amounts for the above listed codes will be adjusted so that they are equal to the single payment amounts established under the national mail order competition for diabetic testing supplies. The annual covered item update will not be applied to the new national payment amounts for non-mail order diabetic testing supplies. Rather, the non-mail order payment amounts on the fee schedule file will be updated each time the single payment amounts established in accordance with §1847 of the Act are updated, which can happen no less often than every three years as contracts are recompeted. The rules related to assignment of claims for non-mail order diabetic testing supplies are not affected by this new law.

The definitions of mail order item and non-mail order item set forth in 42 CFR 414.402 are:

Mail Order Item (KL HCPCS modifier)-- Any item shipped or delivered to the beneficiary's home, regardless of the method of delivery.

Non-Mail Order Item (KL modifier not applicable)-- Any item that a beneficiary or caregiver picks up in person at a local pharmacy or supplier storefront.

Effective July 1, 2013, only national mail order contract suppliers will be paid by Medicare for diabetic testing supplies other than those that a beneficiary or caregiver picks up in person at a local pharmacy or supplier storefront. The single payment amount public use file for the national mail order competitive bidding program is available at www.dmecompetitivebid.com/palmetto/cbicrd2.nsf/DocsCat/Single%20Payment%20Amounts.

Lastly, as part of this update, the Medicare Claims Processing Manual, Chapter 23, Sections 60-60.2 are revised to remove analyst names in compliance with current manual section formats and to add the non-mail order diabetic testing supply HCPCS codes to the ceiling and floor comment fields in the DMEPOS fee schedule record layout.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility												
		A/B MAC			DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				Other
		A	B	HHH					FISS	MCS	VMS	CWF	
8325.1	The DME MACs, A/B MACs, carriers, and/or		X		X		X						

Number	Requirement	Responsibility											
		A/B MAC			DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				Other
		A	B	HHH					FISS	MCS	VMS	CWF	
	EDCs shall retrieve the DMEPOS fee schedule file (filename:MU00.@BF12393.DMEPOS.T130101.V0514. The file is available for download on or after May 14, 2013.												
8325.1.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).		X		X		X						
8325.2	The A/B MACs, FIs, RHHIs and/or EDCs shall retrieve the DMEPOS fee schedule file (filename:MU00.@BF12393.DMEPOS.T130101.V0514.FI). The file is available for download on or after May 14, 2013.	X				X		X					
8325.2.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).	X				X		X					
8325.3	Claims for codes E2378, L5859 and L7902 with dates of service on or after January 1, 2013, that have already been processed shall be adjusted if brought to the contractor's attention.	X			X	X		X					
8325.4	Effective for dates of service on or after July 1, 2013, contractors shall make payment for code K0009 on a capped rental fee schedule basis. The monthly rental fee schedule amount for the first three months is equal to 10 percent of the purchase price. For rental months 4 through 13, the monthly payment amount is equal to 7.5 percent of the purchase price.				X			X					
8325.5	Contractors shall use the 2013 DMEPOS fee schedule amounts from the DMEPOS fee schedule file(s) of business requirements 1 and 2 to pay claims with dates of service on or after July 1, 2013 for HCPCS codes K0009, A4233, A4234, A4235, A4236, A4253, A4256, A4258 and A4259.	X			X	X		X					
8325.5.1	For codes not listed in requirement 8325.5, contractors shall use the 2013 fee schedule	X	X		X	X	X	X					

Number	Requirement	Responsibility											
		A/B MAC			DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				Other
		A	B	HHH					FISS	MCS	VMS	CWF	
	amounts from the DMEPOS fee schedule files(s) of business requirements 1 and 2 to pay claims with dates of service on or after January 1, 2013.												

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility							
		A/B MAC			DME MAC	FI	CARRIER	RHHI	Other
		A	B	HHH					
8325.6	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X		X	X	X	X	

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): Karen Jacobs, Karen.Jacobs@cms.hhs.gov, Anita Greenberg, Anita.Greenberg@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:
No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

Section B: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS do 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.

Medicare Claims Processing Manual
Chapter 23 - Fee Schedule Administration and Coding Requirements

60 - Durable Medical Equipment Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

(Rev. 2709, Issued: 05-17-13, Effective: 01-01-13 – for implementation of fee schedule amounts for code in effect on January 1, 2013; July 1, 2013 for all other changes, Implementation: 07-01-13)

The CMS issues instructions for implementing and/or updating the DMEPOS fee schedule payment amounts on a semiannual basis (January and July), with quarterly updates as necessary (April and October). The DMEPOS fee schedule is provided to DME MACs, the Pricing, Data Analysis and Coding Contractor (PDAC), and local carriers via CMS' mainframe telecommunication system.

The DMEPOS fee schedules are calculated by CMS. A separate DMEPOS Fee Schedule file is released to the intermediaries, A/B MACs, regional home health intermediaries, Railroad Retirement Board (RRB), Indian Health Service and United Mine Workers. This fee schedule is also available through CMS homepage for interested parties like the State Medicaid agencies and managed care organizations. The fee schedule for parenteral and enteral nutrition (PEN) is released to the PDAC and DME MACs in a separate file. All annual updates to fee schedules are to be implemented on January 1 for claims with dates of service on or after January 1.

As part of the annual or July update, the CMS provides a list of new items that will be subject to the DME, prosthetics and orthotics, surgical dressings, or PEN fee schedules for which carriers/DME MACS must gap-fill base fee schedule amounts. The CMS identifies which codes apply to carrier or DME MAC for gap-filling. Carriers submit the base fees for new codes to CMS CO. Once carriers submit base fees for a given code, they do not have to resubmit those base fees. Carriers are notified when and where to submit the base fees.

The codes to be gap-filled are contained in the DMEPOS Fee Schedule file and are identifiable by a gap-fill indicator of "1." These codes have associated pricing amounts of 0. For further information see section 60.3.

After receiving the gap-filled base fees, CMS Division of Data Systems (DDS) will develop national fee schedule floors and ceilings and fee schedule amounts for these codes. Local Part B carriers should note that the DDS files will not contain fee schedule amounts for noncontinental areas under local carrier jurisdiction. Local carriers must update their fee schedules using the appropriate covered item updates.

Upon successful receipt of the file(s), contractors send notification of receipt via E-MAIL *to* price_file_receipt@cms.hhs.gov stating the name of the file received and the entities for which they were received (e.g., contractor name and FI/RHHI number.

60.1 - Record Layout for DMEPOS Fee Schedule

(Rev. 2709, Issued: 05-17-13, Effective: 01-01-13 – for implementation of fee schedule amounts for code in effect on January 1, 2013; July 1, 2013 for all other changes, Implementation: 07-01-13)

Sort Sequence: Category, HCPCS, 1st Modifier, 2nd Modifier State

Field Name	Pic	Position	Comment
Year	X(4)	1 - 4	Applicable Update Year

Field Name	Pic	Position	Comment
HCPCS Code	X(5)	5 - 9	All current year active and deleted codes subject to DMEPOS floors and ceilings
1st Modifier	X(2)	10 - 11	
2nd Modifier	X(2)	12 - 13	
Jurisdiction	X	14	D = DME *MAC* Jurisdiction L = Local Part B Carrier jurisdiction J = Joint DME *MAC*/Local Carrier jurisdiction
Category	X(2)	15 - 16	IN = Inexpensive/Routinely Purchased FS = Frequently Serviced CR = Capped Rental OX = Oxygen & Oxygen Equipment OS = Ostomy, Tracheostomy & Urologicals SD = Surgical Dressings PO = Prosthetics & Orthotics SU = Supplies TE = TENS
HCPCS Action	X	17	Indicates active/delete status in HCPCS file A = Active Code D = Deleted Code, price provided for grace period processing only
Region	X(2)	18 - 19	This amount is not used for pricing claims. It is on file for informational purposes. 00 = For all non Prosthetic and Orthotic Services 01 - 10 = For Prosthetic and Orthotic Services only. This field denotes the applicable regional fee schedule.
State	X(2)	20 - 21	
Original Base Fee	9(5)V99	22 - 28	This amount is not used for pricing claims. It is on file for informational purposes. For capped rental services, this amount represents the base fee after adjustments for rebasing and statewide conversions. The base year for E0607 and L8603 is 1995. Since pricing amounts for E1405 and E1406 are developed by summing pricing amounts from source codes, they do not have a true base fee. For these codes, this field will be filled with zeros.
Ceiling	9(5)V99	29 - 35	This amount is not used for pricing claims. It is on file for informational purposes and could be

Field Name	Pic	Position	Comment
			integrated into other processes (i.e., IR review, validation, inquiries). Note that since E0607 is priced via national IR, it is not priced using floors and ceilings. For E0607, this field will be filled with zeros. Since pricing amounts for E1405 and E1406 are developed by summing pricing amounts from source codes, they are not subject to ceilings and floors. *Since non-mail order (no-KL) codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259 are priced using National Mailorder single payment amounts, they are not subject to ceilings and floors.* For these codes, this field will be filled with zeros
Floor	9(5)V99	36 - 42	This amount is not used for pricing claims. It is on file for informational purposes and could be integrated into other processes (i.e., IR review, validation, inquiries). Note that since E0607 is priced via national IR, it is not priced using floors and ceilings. For E0607, this field will be filled with zeros. Since pricing amounts for E1405 and E1406 are developed by summing pricing amounts from source codes, they are not subject to ceilings and floors. *Since non-mail order (no-KL) codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259 are priced using National Mailorder single payment amounts, they are not subject to ceilings and floors.* For these codes, this field will be filled with zeros.
Updated Fee Schedule Amount	9(5)V99	43 - 49	Amount used for pricing.
Gap-Fill Indicator	X	50	0 = No Gap-filling required. 1 = Carrier Needs to Gap-fill Original Base Year Amount.
Pricing Change Indicator	X	51	0 = No change to the updated fee schedule amount since previous release. 1 = A change has occurred to the updated fee schedule amount since the previous release.
Filler	X(9)	52 - 60	Set to spaces

60.2 – Quarterly Update Schedule for DMEPOS Fee Schedule

(Rev. 2709, Issued: 05-17-13, Effective: 01-01-13 – for implementation of fee schedule amounts for code in effect on January 1, 2013; July 1, 2013 for all other changes, Implementation: 07-01-13)

Following is an approximate schedule for making additions (for new HCPCS codes) and corrections to base-year amounts for the DMEPOS fee schedule.

- The DME MACs identify instances where base year fees are incorrect and forward requests for revisions to their regional offices. The DME MACs also identify those instances where fee schedule amounts are replaced by inherent reasonableness (IR) limits/payment amounts, should the authority for making IR adjustments be restored. Contractors must use the file layout in §60.1 above to submit all revisions. Regional offices will review those requests and, upon concurrence, forward them to the Division of Data Systems (DDS) *and the Division of DMEPOS Policy (DDP)* in CM. Those transmissions must occur within the timeframes established by CMS.

- Requests for revisions must be accompanied by a narrative description.

- For inherent reasonableness (IR) changes, the effective date of the revised payment amount must be provided. The format provides a field for those dates.

- DDS will recalculate the current year fee schedule amounts as appropriate.

- DDS will transmit the entire DMEPOS file to the DME MACs, PDAC, A/B MACs and local carriers using the file layout described in §60.1 above. An indicator in the record field will identify those instances where pricing amounts have changed. These transmissions must occur within the dates specified each year by CMS. DDP must also receive a copy of the corrected fees.

- Concurrently, DDP issues instructions for implementing the revised fee schedule amounts.

- DME MACs and local carriers should give providers 30 days notice before revised payment amounts are implemented. Dates for implementation are provided by CMS.

- Carriers should make adjustments on those claims that were processed incorrectly if brought to their attention. Adjustments may be made retroactively to January 1 unless otherwise specified.

- Separate instructions are issued each year describing the data exchange for fiscal intermediaries (FIs). In summary, FIs will receive the revised payment amounts two to three weeks after the carriers receive the data from CMS. FIs may not implement the revised payment amounts prior to the carrier implementation date.

- CMS will furnish the revised payment amounts to RRB, Indian Health Service and United Mine Workers. DME MACs and local Part B carriers must provide the data to the State Medicaid Agencies.

- Fee Schedule Disclaimer: Whenever the carriers publish the DMEPOS fee schedule in their bulletins/notices, a disclaimer must be added. The disclaimer is, “Inclusion or exclusion of a fee schedule amount for an item or service does not imply any health insurance coverage.”

- CMS will release specific timeframes for quarterly changes for DMEPOS Fees.