

Healthcare Common Procedure Coding System (HCPCS) Codes Used for Processing Medicare Claims for Miscellaneous Durable Medical Equipment (DME)

—UPDATE—

We appreciate the comments received on the proposed coding changes below and will continue to consider the issue further. The changes described below will not take effect on January 1, 2016. Additional information will be provided on the status of these coding changes in the future.

Section 1834(a)(1)(B) of the Social Security Act (the Act) sets forth the payment basis for DME and mandates that the payment basis is the lesser of the actual charge for the item, or the payment amount recognized for the item under paragraphs (2) through (7) of subsection (a). The regulations implementing these rules are located at Subpart D of Part 414 of Title 42 of the Code of Federal Regulations (C.F.R.). With the exception of customized items defined at 42 C.F.R. 414.224, the payment amount recognized for the item is a fee schedule amount that is based on average reasonable charges for the item from a period in 1986 and/or 1987, increased by covered item update factors specified in section 1834(a)(14) of the Act. Section 414.210(e) under Subpart D also allows payment for reasonable and necessary charges for repair of beneficiary-owned DME. These rules specify that payment for replacement of a part of a DME item being repaired is based on the Medicare claims processing contractor's consideration of the item (the part).

HCPCS code E1399 describes "durable medical equipment, miscellaneous" and is currently being used to bill for inexpensive DME subject to the rules of 42 C.F.R. 414.220, other covered DME subject to the rules of 42 C.F.R. 414.229, and replacement parts of DME subject to the rules of 42 C.F.R. 414.210(e). Likewise, HCPCS code K0108 describes a "wheelchair component or accessory, not otherwise specified" and is currently being used to bill for inexpensive DME subject to the rules of 42 C.F.R. 414.220, other covered DME subject to the rules of 42 C.F.R. 414.229, and replacement parts of wheelchairs subject to the rules of 42 C.F.R. 414.210(e). The rules of 42 C.F.R. 414.220 for inexpensive DME and the rules of 42 C.F.R. 414.229 for other covered DME mandate payment on the basis of fee schedule amounts, as noted above. Currently payment under codes E1399 and K0108 is not being made on the basis of fee schedule amounts, and the other rules of sections 414.220 and 414.229 are also not being applied to items billed using these codes.

In order to allow for accurate payment of Medicare claims for DME items subject to the rules of 42 C.F.R. 414.220 and 42 C.F.R. 414.229, and replacement parts for DME items subject to the rules of 42 C.F.R. 414.210(e), the edits to the HCPCS described

below will be made effective on January 1, 2016, for Medicare claims processing purposes.

The HCPCS codes E1399 and K0108 will be split into codes for: a) inexpensive DME; b) other DME or expensive DME; and c) replacement parts for DME being repaired. The following HCPCS codes would replace codes E1399 and K0108, which will be made invalid for Medicare claims processing purposes:

- 1) KXXX1 Durable Medical Equipment, Miscellaneous, the Purchase Price Does Not Exceed \$150
- 2) KXXX2 Durable Medical Equipment, Miscellaneous, the Purchase Price Exceeds \$150
- 3) KXXX3 Wheelchair Component or Accessory, Miscellaneous, the Purchase Price Does not Exceed \$150
- 4) KXXX4 Wheelchair Component or Accessory, Miscellaneous, the Purchase Price Exceeds \$150
- 5) KXXX5 Repair Part For Use With Beneficiary Owned Durable Medical Equipment, Other Than Wheelchair, Not Covered Under Supplier Or Manufacturer Warranty, Not Otherwise Specified
- 6) KXXX6 Repair Part For Use With Beneficiary Owned Wheelchair, Not Covered Under Supplier Or Manufacturer Warranty, Not Otherwise Specified

Payment of covered items described by codes KXXX5 and KXXX6 will be made on a lump sum purchase basis in an amount that is based on the contractor's individual consideration of the item.

Codes KXXX1 and KXXX3 are to be used if the supplier's actual charge for purchase of the item is \$150 or less, or, for rental claims, if the supplier's actual charge for rental of the item is \$15 or less. If the supplier's actual charge exceeds these thresholds, codes KXXX2 or KXXX4 should be used instead of these codes. Payment of covered items described by codes KXXX1 and KXXX3 will be made in accordance with the rules at 42 C.F.R. 414.220 for inexpensive items, with payment on a purchase or rental basis, and with total payments limited to the purchase fee schedule amount for the item. In establishing fee schedule amounts for these codes, the law mandates that the fee schedule amounts for inexpensive DME items be based on average reasonable charges for inexpensive DME items from July 1, 1986, through June 30, 1987. Since a range of various inexpensive DME items other than wheelchair accessories would fall under code KXXX1, the fee schedule amounts for this code will be based on the average reasonable charges for all inexpensive DME items other than wheelchair components or accessories from July 1, 1986, through June 30, 1987. The 2015 fee schedule amount generated based on this calculation is \$97.94. This amount will be updated by the 2016 covered item update for use in paying claims with dates of service on or after January 1, 2016. Likewise, since a range of various inexpensive wheelchair components or accessories would fall under code KXXX3, the fee schedule amounts for this code will be based on the average reasonable charges for all inexpensive wheelchair components or accessories from July 1, 1986, through June 30, 1987. The 2015 fee schedule amount generated based on this calculation is \$72.56. This amount will be updated by the 2016 covered item update for use in paying claims with dates of service on or after January 1, 2016.

Payment of covered items described by codes KXXX2 and KXXX4 will be made in accordance with the rules at 42 C.F.R. 414.229 for other covered items, with payment on a capped rental basis not to exceed a period of continuous use of 13 months, with title to the equipment transferring to the beneficiary following 13 months of continuous use. Since a range of various expensive DME items other than wheelchair accessories would fall under code KXXX2, the fee schedule amounts for this code will be based on the average reasonable charges for all expensive DME items other than wheelchair components or accessories from July 1, 1986, through June 30, 1987. The 2015 capped rental fee schedule amounts generated based on this calculation is \$80.60 for rental months 1 thru 3 and \$60.45 for months 4 thru 13. These amounts will be updated by the 2016 covered item update for use in paying claims with dates of service on or after January 1, 2016. Likewise, since a range of various expensive wheelchair components or accessories would fall under code KXXX4, the fee schedule amounts for this code will be based on the average reasonable charges for all expensive wheelchair components or accessories from July 1, 1986, through June 30, 1987. The 2015 fee schedule amounts generated based on this calculation is \$53.41 for months 1 thru 3 and \$40.06 for months 4 thru 13. These amounts will be updated by the 2016 covered item update for use in paying claims with dates of service on or after January 1, 2016. In no case may a claim for a replacement part for repair of DME be billed using codes KXXX1 thru KXXX4.

CMS will accept electronic comments on this issue for three weeks from the posting date. Comments may be submitted via email to CodingComments@cms.hhs.gov.

Please include "Miscellaneous Code Comments" in the subject line when sending comments to this mailbox.