



Related MLN Matters Article #: MM5740

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### *Reasonable Charge Update for 2008 for Splints, Casts, Dialysis Supplies, Dialysis Equipment, and Certain Intraocular Lenses*

#### Key Words

MM5740, CR5740, R1344CP, Splints, Casts, Dialysis, Supplies, Intraocular, Lenses

#### Provider Types Affected

Physicians, providers, and suppliers billing Medicare carriers, Fiscal Intermediaries, (FIs), Medicare Part A/B Administrative Contractors (A/B MACs), and Durable Medical Equipment MACs (DME MACs) for splints, casts, dialysis equipment, and certain intraocular lenses

#### Key Points

- The effective date of the instruction is January 1, 2008.
- The implementation date is January 7, 2008.
- Article MM5740 was revised on November 7, 2007 to change the title to the chart showing the payment limits. That chart should have read "2008" and not "2007."
- For calendar year 2008, Medicare will continue to pay on a reasonable charge basis for splints, casts, dialysis supplies, dialysis equipment, and intraocular lenses.
- For splints and casts, the Q-codes are to be used when supplies are indicated for cast and splint purposes.
- This payment is in addition to the payment made under the Medicare physician fee schedule for the procedure for applying the splint or cast.
- Change Request (CR) 5740 provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment, and intraocular lenses furnished in calendar year 2008.
- Payment on a reasonable charge basis is required for these items by regulations contained in 42 Code of Federal Regulations 405.501 at <http://www.gpoaccess.gov/cfr/retrieve.html> on the Internet.

- The 2008 payment limits for splints and casts will be based on the 2007 limits that were announced in CR5382 last year and increased by 2.7 percent, which is the percentage change in the consumer price index for all urban consumers for the 12-month period ending June 30, 2007.
- For intraocular lenses, payment is made **only on a reasonable charge basis for lenses implanted in a physician's office.**
- CR5740 instructs carriers, or A/B MACs to compute 2008 customary and prevailing charges for the V2630, V2631, and V2632 (Intraocular Lenses Implanted in a Physician's Office) using actual charge data from July 1, 2006, through June 30, 2007.
- Carriers and A/B MACs will compute 2008 Inflation-Indexed Charge (IIC) amounts for the V2630, V2631, and V2632 that were not paid using gap-filled payment amounts in 2007.
- DME MACs will compute 2008 customary and prevailing charges for the codes identified in the tables on pages 2 and 3 of MLN Matters article MM5740 using actual charge data from July 1, 2006, through June 30, 2007. For these same codes, they will compute 2008 IIC amounts for the codes identified in the tables that were not paid using gap-filled amounts in 2007.
- Carriers and A/B MACs will make payment for splints and casts furnished in 2008 based on the lower of the actual charge or the payment limits established for these codes.
- The Medicare contractors will use the 2008 reasonable charges or the 2008 splints and casts payment limits to pay claims for items furnished from January 1, 2008, through December 31, 2008. The 2008 payment limits are on pages 4-5 of MLN Matters article MM5740.
- Detailed instructions for calculating:
  - Reasonable charges are located in Chapter 23 (Section 80) of the *Medicare Claims Processing Manual* (<http://www.cms.hhs.gov/manuals/downloads/clm104c23.pdf>);
  - Customary and prevailing charge are located in Section 80.2 and 80.4 of Chapter 23 of the *Medicare Claims Processing Manual*; and
  - The IIC are located in Section 80.6 of Chapter 23 of the *Medicare Claims Processing Manual*. The IIC update factor for 2008 is 2.7 percent.

## Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5740.pdf> on the CMS website.

The official instruction (CR5740) issued regarding this change may be viewed at <http://www.cms.hhs.gov/transmittals/downloads/R1344CP.pdf> on the CMS website.

If providers have questions, they may contact their Medicare FI, carrier, DME MAC, or A/B MAC at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.