



Round One Rebid of the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program - Phase 8A: Hospital Exception – JA6677

Note: JA6677 was revised to remove a reference to the National Competitive Billing Indicator from the sixth bullet point on page 2. Providers are not responsible for coding that indicator. All other information remains the same.

Related CR Release Date: November 6, 2009 **Revised**

Date Job Aid Revised: September 30, 2010

Effective Date: April 1, 2010

Implementation Date: April 5, 2010

Key Words MM6677, CR6677, R5900TN, Rebid, Prosthetics, Orthotics, Supplies, DMEPOS, Competitive

Contractors Affected DME Medicare Administrative Contractors (DME MACs)

Provider Types Affected The provider types affected are hospitals that bill DME MACs for specific allowed competitively bid items (crutches, canes, walkers, folding manual wheelchairs, blood glucose monitors, and infusion pumps) to their patients on the day of discharge.



- Change Request (CR) 6677 announces that hospitals may furnish certain competitively bid DME items to their patients on the date of discharge without submitting a bid and without being awarded a contract under the Competitive Bidding Program Round One Rebid.
 - The DME competitive bid items that a hospital may furnish upon discharge as part of this exception **for Round One Rebid** are walkers and related accessories.
 - This applies to claims received upon implementation of the DMEPOS Competitive Bidding Program Round One.
 - The target implementation date for the Round One Rebid implementation is January 1, 2011, but is subject to change.
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Provider Needs to Know...

- Hospitals may furnish walkers and related accessories to their patients on the date of discharge whether or not the hospital has a contract under the DMEPOS Competitive Bidding Program.
- Separate payment is not made for walkers and related accessories furnished by a hospital **on the date of admission** as payment for these items is included in the Part A payment for inpatient facility services.
- Hospitals (as defined below) may furnish walkers and related accessories to their patients for use in the home on the date of discharge and receive payment at the applicable single payment amount, regardless of whether the hospital is a contract supplier.
- A hospital under this exception **does not include a hospital-owned DME supplier**. Instead, a hospital is defined in accordance with Section 1861(e) of the Social Security Act.
- A DME supplier that furnishes the DME item to the hospital, which then furnishes the item to the patient on the date of discharge, must be a contract supplier in the competitive bidding program.
- To be paid for walkers and accessories as a non-contract supplier, hospitals should use the modifier “J4” on the claim line in combination with the following Healthcare Common Procedure Coding System (HCPCS) codes: **A4636, A4637, E0130, E0135, E0140, E0141, E0143, E0144, E0147, E0148, E0149, E0154, E0155, E0156, E0157, E0158, and E0159**.
- Hospital claims submitted for these items, for which Medicare does not find a matching date of discharge will be denied with remittance advice messages:
 - **B15** (“Payment adjusted because this service/procedure requires that a qualifying service/procedure be received and covered. The qualifying service/procedure had not been received/adjudicated.”);
 - **M114** (“This service was processed in accordance with rules and guidelines under the DMEPOS Competitive Bidding Program or other Demonstration Project. For more information regarding these projects, contact your local contractor.”); and
 - **MA13** (“Alert: you may be subject to penalties if you bill the patient for amounts not reported with the PR (patient responsibility) group code.”).
- Prior to denying these DME claims, Medicare will hold the claim for up to 15 business days to await the arrival of the hospital claim with the related discharge date.
- If such discharge is not processed by the end of the 15 business days, the DME claim will be denied.

Background

- Section 302(b) (1) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), (Pub. L. 108-173) amended Section 1847 of the Social Security Act (the Act) to require the Secretary to establish and implement programs under which competitive bidding areas (CBAs) are established throughout the United States for contract award purposes for the furnishing of certain competitively priced items and services for which payment is made under Part B (the "Medicare DMEPOS Competitive Bidding Program").
- On July, 15, 2008, Section 154 of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) amended the MMA and mandated certain changes to the competitive bidding program. One of these changes established an exception for hospitals from the competitive bidding program when they are furnishing certain items to their own patients during an admission or on the date of discharge.

Operational
Impact

N/A

Reference
Materials

The related MLN Matters® article can be found at <http://www.cms.gov/MLN MattersArticles/downloads/MM6677.pdf> on the CMS website.

The official instruction (CR6677) issued regarding this change may be found at <http://www.cms.gov/Transmittals/downloads/R5900TN.pdf> on the CMS website.

For discussion of the program instructions designating the CBAs and product categories included in the DMEPOS Competitive Bidding Program Round One Rebid in CY 2009 providers may review MM6571 at <http://www.cms.gov/MLN MattersArticles/downloads/MM6571.pdf> on the CMS website.

The metropolitan statistical areas and product categories that are included in the DMEPOS Competitive Bidding Round One Rebid in 2009 can also be found at http://www.cms.gov/DMEPOSCompetitiveBid/01_overview.asp on the CMS website.

Further information on the boundaries and list of ZIP codes for each CBA and the HCPCS codes for each product category are available by visiting http://www.cms.gov/DMEPOSCompetitiveBid/01_overview.asp on the CMS website and following the link to the Competitive Bidding Implementation Contractor.