



Provider Inquiry Assistance

Fee Schedule Update for 2009 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) – JA6270

Related CR Release Date: November 7, 2008

Date Job Aid Revised: December 5, 2008

Effective Date: January 1, 2009

Implementation Date: January 5, 2009

Key Words MM6270, CR6270, R1630CP, DMEPOS, Equipment, DME

Contractors Affected

- Part A/B Medicare Administrative Contractors (A/B MACs)
- Durable Medical Equipment MACs (DME MACs)
- Fiscal Intermediaries (FIs)
- Carriers
- Rural Home Health Intermediaries (RHHIs)

Provider Types Affected

Providers and suppliers submitting claims to Medicare Carriers, DME MACs, FIs, A/B MACs), and/or RHHIs for DMEPOS provided to Medicare beneficiaries



The Centers for Medicare & Medicaid Services (CMS) has issued instructions for implementing and/or updating the DMEPOS fee schedule payment amounts on a semiannual basis (January and July). Quarterly updates will be issued as necessary (April and October).

Provider Needs to Know...

2009 Updates of the DMEPOS Fee Schedule

- Effective January 1, 2009, Healthcare Common Procedure Coding System (HCPCS) codes L5993, L5994, L5995, L7611, L7612, L7613, L7614, L7621, and L7622 are being deleted from the HCPCS and therefore, removed from the DMEPOS fee schedule files.

- For gap-filling purposes, the 2008 deflation factors by payment category are:
 - 0.500 for Oxygen,
 - 0.504 for Capped Rental,
 - 0.505 for Prosthetics and Orthotics ,
 - 0.641 for Surgical Dressings, and
 - 0.697 for Parental and Enteral Nutrition.
- The fee schedule amounts for HCPCS code **K0672** (Addition to Lower Extremity Orthosis, Removable Soft Interface, All Components, Replacement Only, Each) are added to the fee schedule file on January 1, 2009, and are effective for claims submitted with dates of service on or after January 1, 2009.
- HCPCS code E2295 (Manual wheelchair accessory, for pediatric size wheelchair, dynamic seating frame, allows coordinated movement of multiple positioning features) is added to the HCPCS file on January 1, 2009. Due to low claims volumes expected, the Medicare contractor will establish local fee schedule amounts to pay claims for E2295.
- Fee schedule amounts for L3905, L3806, and L3808 were revised in the July 2008 Quarterly Update. CMS has determined that the gap-filled fees originally established for these three codes were correct and the fee amounts will revert to what was in place prior to the July update. **Claims already processed for dates of service on or after July 1, 2008, through December 31, 2008, will not be adjusted.**

2009 Fee Schedule Updates following the Enactment of the Medicare Improvements for Patients and Providers Act (MIPPA)

- For items furnished on or after January 1, 2009, in any geographical area, the MIPPA of 2008 mandates a fee schedule covered item **update of -9.5% for 2009 for items included in round 1 of the DMEPOS Competitive Bidding Program.**
- Items selected for competitive bidding in 2008 will receive a -9.5% update for 2009 with the **exception of HCPCS codes E1392, K0738, E0441, E0442, E0443 and E0444.** These 6 oxygen generating portable equipment (OGPE) and oxygen contents codes will receive a 0% update for 2009 as the fees for these items are not adjusted by the covered item update specified in 1834(a)(14), and are not reduced by the -9.5%, even though they are competitive bid items.
- Non-competitive bid items will receive a 5.0% covered item update for 2009

New Modifiers

KE Modifier

- Modifier KE was added to the HCPCS on January 1, 2009.
 - Modifier KE (Bid Under Round One of the DMEPOS Competitive Bidding Program for use with Non-Competitive Bid Base Equipment) is effective for claims with dates of service on
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or after January 1, 2009.

- To accommodate the fee schedule updates required per the MIPPA, CMS is adding the KE modifier to the fee schedule for all power mobility device (PMD) accessory items selected for competitive bidding in 2008 as part of this update.
- The KE modifier is a pricing modifier that suppliers must use to identify when the same accessory HCPCS code can be furnished in multiple competitive and non-competitive bidding product categories.

Example: HCPCS code E0981 (*Wheelchair Accessory, Seat Upholstery, Replacement Only, Each*) can be used with both competitively bid standard and complex rehabilitative power wheelchairs (K0813 thru K0829 and K0835 thru K0864), as well as with non-competitively bid manual wheelchairs (K0001 thru K0009) or a miscellaneous power wheelchair (K0898).

- All fee schedules for PMD accessory codes with the KE modifier will receive a 5% covered item update for 2009, whereas the fee schedules for the PMD accessory codes without the KE modifier will receive the MIPPA-required 9.5% reduction for 2009.
 - If a competitively bid PMD accessory code is used with a competitively bid standard PMD base code (K0813 thru K0829) or complex rehabilitative PMD base code (K0835 thru K0864), claims for the PMD accessory code should be submitted without the KE modifier. **If such claims are submitted with the KE modifier, they will be rejected with message M78 ("Missing/incomplete/invalid HCPCS modifier") and 125 ("Submission/billing error (s)").**
 - Suppliers should bill the accessory code with the KE modifier when the accessory is used in conjunction with a non-competitively bid manual wheelchair (K0001 through K0009) or a miscellaneous PMD (K0898).
 - In the case of the complex rehabilitative only PMD accessory code E2373 KC, suppliers should bill for the replacement only of E2373 without the KE modifier, but with the KC modifier when the accessory is used with a competitively bid complex rehabilitative PMD base code (K0835 thru K0864).
 - When the replacement only code E2373 is used with a non-competitively bid manual or miscellaneous wheelchair, suppliers should bill code E2373 without the KC modifier, but with the KE modifier.
 - CMS is also adding the KE modifier to the fee schedule for the following competitively bid HCPCS codes: **A4636, A4637, A7000, and E0776.**
 - If codes **A4636 and A4637** are used in conjunction with a competitively bid walker code (E0130, E0135, E0140, E0141, E0143, E0144, E0147, E0148, and E0149), claims for the replacement handgrip (A4636) or tip (A4637) should be submitted without the KE modifier.
 - Suppliers should bill codes A4636 and A4637 with the KE modifier when the codes are used with non-competitively bid cane or crutch codes.
 - Suppliers should bill the disposable canister code **A7000** without the KE modifier when this code is used in conjunction with the competitively bid negative pressure wound
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therapy pump code E2402.

- When code A7000 is used with a non-competitively bid respiratory or gastric suction pump, suppliers should bill code A7000 with the KE modifier.
- When an IV pole (**E0776**) is used in conjunction with competitively bid enteral nutrient codes (B4149, B4150, and B4152 thru B4155), suppliers should bill code E0776 with the BA modifier, but without the KE modifier.
- When code E0776 is used with non-competitively bid parenteral nutrient codes, suppliers should bill code E0776 without the BA modifier, but with the KE modifier.
- Further instruction on the use of the KE modifier with codes competitively bid in 2008 is available in Attachment B of CR6270.

Note: Suppliers should not use the KE modifier on any claims for payment for items that were included under Round 1 such as an accessory for a standard power wheelchair.

KL Modifier

- CMS is adding the KL modifier to the fee schedule for the following diabetic supply HCPCS codes: **A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259**.
- As indicated in CR5641 (July Quarterly Update for 2007 DMEPOS Fee Schedule and related MLN Matters article MM5641, suppliers began using the KL modifier as an informational modifier to identify diabetic supplies (HCPCS codes A4233-A4236, A4253, A4256, A4258 and A4259) furnished via mail order on or after July 1, 2007.
- Effective January 1, 2009, the KL modifier has been changed from an informational modifier to a pricing modifier in the HCPCS file.
- Suppliers must use the KL modifier on all claims for the aforementioned diabetic supply codes (A4233-A4236, A4253, A4256, A4258 and A4259) that are furnished via mail order to beneficiaries.
- The KL modifier is not used with diabetic supply codes that are not delivered to the beneficiary's residence and are obtained from local supplier storefronts.

Note: Inappropriate use of a competitive bidding modifier on a competitive bidding claim is in violation of the law and may lead to claims denial and/or other corrective actions. The use of a competitive bidding modifier does not supersede existing Medicare modifier use requirements for a particular code, but rather should be used in addition, as required.

Competitive Bidding Items from 2008 Impacted by 2009 Pricing

- The tables starting on page 5 of MLN Matters article MM6250 contain the product lists of the HCPCS codes that were selected for competitive bidding in 2008 and are subject to the - 9.5% covered item update for 2009.
- The detailed descriptions of the listed HCPCS codes for these product lists are available in Attachment A of CR6270. The tables include the following product categories:
 - Product Category 1 - Oxygen, Supplies and Equipment
 - Product Category 2 - Standard Power Wheelchairs, Scooters, and Related

Accessories

- Product Category 3 - Complex Rehabilitative Power Wheelchairs and Related Accessories
- Product Category 4 - Mail-Order Diabetic Supplies
- Product Category 5 - Enteral Nutrients, Equipment, and Supplies
- Product Category 6 - Continuous Positive Airway Pressure Devices, Respiratory Assist Devices, and Related Supplies and Accessories
- Product Category 7 - Hospital Beds and Related Supplies
- Product Category 8 - Negative Pressure Wound Therapy Pumps and Related Supplies and Accessories
- Product Category 9 - Walkers and Related Supplies
- Product Category 10 - Support Surfaces.

- As part of this update, CMS is implementing the 2009 national monthly payment rates for stationary oxygen equipment (HCPCS codes E0424, E0439, E1390 and E1391), effective for claims with dates of service on or after January 1, 2009.
- CMS is revising the fee schedule file to include the new national 2009 monthly payment rate of \$175.79 for stationary oxygen equipment. This revised 2009 monthly payment rate of \$175.79 is reduced by 11.8% from the 2008 monthly payment rate.
- This reduction includes the 9.5% covered item reduction ascribed to items selected for competitive bidding in 2008 as required by Section 154(a)(2)(A) of MIPPA. It also includes the 2.53% budget neutrality reduction as required by Section 1834(a)(9)(D)(ii) of the Social Security Act and discussed in a final rule published in the Federal Register on November 9, 2006.
- The previously announced payment amount for 2009 of \$193.21 did not include the 9.5% reduction and assumed a higher shift to OGPE.
- As a result of the above adjustments, CMS is also revising the fee schedule amounts for HCPCS codes E1405 and E1406 as part of this update.
- Since 1989, the fees for codes E1405 and E1406 have been established based on a combination of the Medicare payment amounts for stationary oxygen equipment and nebulizer codes E0585 and E0570, respectively.

Billing Instructions for Power Wheelchair Harness (HCPCS code E2313)

- The April Quarterly Update for the 2007 DMEPOS Fee Schedule included instructions for suppliers to submit claims for the electronics necessary to **upgrade from a non-expandable controller to an expandable controller at initial issue using HCPCS code E2399**. This instruction was intended as a temporary measure until a new code could be added to describe the electronics/cables/junction boxes used when upgrading from a non-expandable controller at initial issue.
 - HCPCS code E2313 (Power Wheelchair Accessory, Harness For Upgrade to Expandable Controller, Including all Fasteners, Connectors and Mounting Hardware, Each) was added
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to the HCPCS effective January 1, 2008, for use in paying claims for the electronics furnished when upgrading from a non-expandable controller at initial issue.

- Suppliers may submit claims for the electronics provided at initial issue using HCPCS code E2313 for dates of service on or after January 1, 2008 and must no longer use code E2399 for submission of such items.
- Claims submitted for the electronics necessary to upgrade from a non-expandable controller to an expandable controller using HCPCS code E2399 are invalid and will be denied as contractor/supplier responsibility.
- When such claims are denied, they are made as CO-Contractual Obligation denials, and CMS will use message codes:
 - M20 ("Missing/incomplete/invalid HCPCS"),
 - 189 ("Not otherwise classified or unlisted procedure code (CPT/HCPCS) was billed when there is a specific procedure code for this procedure/service".),
 - N211 ("Alert: You may not appeal this decision".), and
 - MA13 ("You may be subject to penalties if you bill the patient for amount not reported with the PR (patient responsibility) group code".).

Background

The update process for the DMEPOS fee schedule is contained in Section 60, Chapter 23 of the *Medicare Claims Processing Manual*, which is located at <http://www.cms.hhs.gov/manuals/downloads/clm104c23.pdf> on the CMS website.

Other information on the fee schedule, including access to the DMEPOS fee schedules is at http://www.cms.hhs.gov/DMEPOSFeeSched/01_overview.asp on the CMS website.

Operational Impact

N/A

Reference Materials

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6270.pdf> on the CMS website.

The official instruction (CR6270) issued regarding this change may be found at <http://www.cms.hhs.gov/Transmittals/downloads/R1630CP.pdf> on the CMS website. Further instruction on the use of the KE modifier with codes competitively bid in 2008 is available in Attachment B of CR6270.

MLN Matters article MM5641 is available at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5641.pdf> on the CMS website.

The update process for the DMEPOS fee schedule is contained in Section 60, Chapter 23 of the *Medicare Claims Processing Manual*, which is located at <http://www.cms.hhs.gov/manuals/downloads/clm104c23.pdf> on the CMS website.

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