

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



MLN Matters® Number: MM8566 Related Change Request (CR) #: CR 8566

Related CR Release Date: December 5, Effective Date: April 1, 2014

Related CR Transmittal #: R14450TN Implementation: April 7, 2014

Rescind/Replace Reclassification of Certain Durable Medical Equipment from the Inexpensive and Routinely Purchased Payment Category to the Capped Rental Payment Category

Note: This article was revised on July 28, 2016, to add a link to a related MLN Matters® Article, [MM8822](#). That article provides instructions on the payment procedures that will be applied to certain Durable Medical Equipment codes that are being reclassified (July 2016) as capped rental equipment. All other information is unchanged.

Provider Types Affected

This MLN Matters® Article is intended for suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) or Home Health & Hospice MACs for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) provided to Medicare beneficiaries. **In addition, this MLN Matters® Article is intended to clarify the interaction between these Part B coding changes and the bundled Part A payment that SNFs receive for a resident’s Medicare-covered stay.**

Provider Action Needed

The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 8566 as a one-time notification that provides instructions regarding the reclassification of certain DME from the inexpensive and routinely purchased (IN) DME payment category to the capped rental (CR) DME payment category for the Healthcare Common Procedure Coding System (HCPCS) codes listed in ‘Attachment A’ of CR8566. Be sure your billing personnel are aware of these changes.

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Background

DME and accessories used in conjunction with DME are paid for under the DME benefit and in accordance with the rules at section 1834(a) of the Social Security Act (the Act). The Medicare definition of routinely purchased durable medical equipment (DME) set forth at 42 CFR 414.220(a)(2) specifies that routinely purchased equipment means equipment that was acquired by purchase on a national basis at least 75 percent of the time during the period July 1986 through June 1987. A review of expensive items that have been classified as routinely purchased equipment since 1989, that is, new codes added to the HCPCS after 1989 for items costing more than \$150, showed inconsistencies in applying the definition. As a result, a review of the definition of routinely purchased DME was published in the Federal Register (CMS-1526-F) along with notice of DME items (codes) requiring a revised payment category. CMS-1526-F is available at <http://www.gpo.gov/fdsys/pkg/FR-2013-12-02/pdf/2013-28451.pdf> on the Internet.

Also in the rule, CMS established that DME wheelchair accessories that are capped rental items furnished for use as part of a complex rehabilitative power wheelchair (wheelchair base codes K0835 – K0864) are payable under the lump sum purchase method. The complex rehabilitative power wheelchair base codes and options/accessories are payable under the lump sum purchase method set forth at 42 CFR 414.229(a)(5) and section 1834(a)(7)(A)(iii) of the Act.

In order to align the payment category with the required regulatory definition, certain HCPCS codes listed in Attachment A will reclassify from the inexpensive and routinely purchased (IN) DME payment category to the capped rental (CR) DME payment category. Instructions for billing capped rental items can be found at “Medicare Claims Processing Manual” (Pub. 100-04), Chapter 20, Section 130.9 at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c20.pdf> along with other sources listed on the CMS and contractor websites.

Be aware the effective date is April 1, 2014 for HCPCS codes not included in a Competitive Bidding Program (CBP) as shown in Attachment A of CR8566. A forthcoming CR will address the codes that are reclassifying to the capped rental payment category effective July 1, 2016, and January 1, 2017.

As shown in the table below, HCPCS codes for items included under the Round 2 and/or Round 1 Recompete DMEPOS CBPs will transition to the capped rental payment category in stages.

Payment Category Transition Effective Dates	
April 1, 2014	HCPCS codes not included in a CBP are reclassified from IN DME to CR DME in all areas
July 1, 2016	HCPCS codes included in a CBP are reclassified from IN DME to CR DME in all areas except the 9 Round 1 Recompete CBAs, where items furnished to beneficiaries residing in these areas will remain in, IN DME through December 31, 2016
January 1, 2017	HCPCS codes included in a CBP are reclassified from IN DME to CR DME in the 9 Round 1 Recompete CBAs

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When the HCPCS codes listed below are furnished in CBAs in accordance with contracts entered into as part of the Round 1 Recompete CBP, the payment category transition from inexpensive and routinely purchased to capped rental DME is effective January 1, 2017.

HCPCS for Items Reclassified to Capped Rental DME Category Effective July 1, 2016*	
Support Surfaces	E0197
Walkers	E0140 & E0149
Wheelchairs Options/Accessories	E0985, E1020, E1028, E2228, E2368, E2369, E2370, E2375, K0015, K0070
Wheelchair Seating	E0955

* Items furnished in accordance with Round 1 Recompete contracts reclassify effective January 1, 2017

Complex Rehabilitative Power Wheelchair Accessories

Effective April 1, 2014, for wheelchair accessory codes classified under the capped rental DME payment category and furnished for use with a complex rehabilitative power wheelchair (that is, furnished to be used as part of the complex rehabilitative power wheelchair), the supplier must give the beneficiary the option of purchasing these accessories at the time they are furnished. These accessory items would be considered as part of the complex rehabilitative power wheelchair (codes K0835 – K0864) and associated lump sum purchase option set forth at 42 CFR 414.229(a)(5).

If the beneficiary declines the purchase option, the supplier must furnish the items on a rental basis and payment will be made on a monthly rental basis in accordance with the capped rental payment rules.

Note: Items Needed During a Covered Part A Stay in a SNF

For an SNF resident whose stay is covered by Part A of Medicare, the extended care benefit provides comprehensive coverage for the overall package of institutional care that the SNF furnishes. This coverage includes any medically necessary durable medical equipment (DME) under the heading of “. . . drugs, biologicals, supplies, appliances, and equipment . . .” (section 1861(h)(5) of the Social Security Act (the Act)).

Accordingly, in cases where such a resident has a medical need for DME during the course of the Part A stay, the SNF is obligated to furnish it, since the SNF’s global per diem payment for the covered stay itself already includes any medically necessary DME.

Prior to April 1, 2014, and the change in Medicare Part B payment rules addressed in this article, Medicare beneficiaries may have brought this equipment purchased under Part B with them for use during a covered Part A stay in a SNF. This may still be the case for beneficiaries who take over ownership of the equipment after 13 months of continuous Part B rental payments.

However, in those cases where the beneficiary enters a SNF under a covered Part A stay and is in the middle of the 13-month capped rental period under Part B for the item, it is the responsibility of the SNF to ensure that the beneficiary has access to this equipment if it is medically necessary while the beneficiary is in the SNF during the Part A stay.

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Additional Information

The official instruction, CR 8566 along with Attachment A, issued to your MAC regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R1445OTN.pdf> on the CMS website. Attachment A is also repeated at the end of this article.

If you have any questions, please contact your MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

Document History

Date Of Change	Description
July 27, 2016	This article was revised to add a reference to MLN Matters® Article MM8822 for further instructions on the payment procedures that will be applied to certain Durable Medical Equipment codes that are being reclassified (July 2016) as capped rental equipment.
December 9, 2014	This article was revised on December 9, 2014, to reflect the revised CR8566 issued on December 5. The CR was revised to add a caret (^) to code E2378 in the table in Attachment A of the CR denoting this is an item which can be billable with complex rehabilitative wheelchair codes K0835-K0864. In the article, the CR release date, transmittal number, and the Web address for accessing CR8566 are revised also.

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Attachment A

Inexpensive & Routinely Purchased (IN) Items Reclassified to Capped Rental (CR)

Group Category	HCPCS	Descriptor	Effective 4/1/14	Effective 7/1/16 at end of DMEPOS Competitive Bidding Program Round 2	Effective 1/1/17* at end of DMEPOS Competitive Bidding Program Round 1 Recompete
Automatic External Defibrillator	K0607	Repl battery for AED	■		
Canes/Crutches	E0117	Underarm spring assist crutch	■		
Glucose Monitor	E0620	Capillary blood skin piercing device laser	■		
High Frequency Chest Wall Oscillation Device (HFCWO)	A7025	Replace chest compress vest	■		
Hospital Beds/Accessories	E0300	Enclosed ped crib hosp grade	■		
Misc. DMEPOS	A4639	Infrared ht sys replacement pad	■		
Misc. DMEPOS	E0762	Trans elec jt stim dev sys	■		
Misc. DMEPOS	E1700	Jaw motion rehab system	■		
Nebulizers & Related Drugs	K0730	Ctrl dose inh drug deliv system	■		
Other Neuromuscular Stimulators	E0740	Incontinence treatment system	■		
Other Neuromuscular Stimulators	E0764	Functional neuromuscular stimulation	■		
Pneumatic Compression Device	E0656	Segmental pneumatic trunk	■		
Pneumatic Compression Device	E0657	Segmental pneumatic chest	■		
Power Operated Vehicles	E0984	Add pwr tiller	■		
Speech Generating Devices	E2500	SGD digitized pre-rec <=8min	■		
Speech Generating Devices	E2502	SGD prerec msg >8min <=20min	■		
Speech Generating Devices	E2504	SGD prerec msg>20min <=40min	■		
Speech Generating Devices	E2506	SGD prerec msg > 40 min	■		
Speech Generating Devices	E2508	SGD spelling phys contact	■		
Speech Generating Devices	E2510	SGD w multi methods messg/access	■		

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Group Category	HCPCS	Descriptor	Effective 4/1/14	Effective 7/1/16 at end of DMEPOS Competitive Bidding Program Round 2	Effective 1/1/17* at end of DMEPOS Competitive Bidding Program Round 1 Recompete
Support Surfaces	E0197 *	Air pressure pad for mattress		■	■
Support Surfaces	E0198	Water pressure pad for mattress	■		
Traction Equipment	E0849	Cervical pneum traction equip	■		
Traction Equipment	E0855	Cervical traction equipment	■		
Traction Equipment	E0856	Cervical collar w air bladder	■		
Walkers	E0140 *	Walker w trunk support		■	■
Walkers	E0144	Enclosed walker w rear seat	■		
Walkers	E0149 *	Heavy duty wheeled walker		■	■
Wheelchairs Manual	E1161	Manual adult wc w tiltinspac	■		
Wheelchairs Manual	E1232	Folding ped wc tilt-in-space	■		
Wheelchairs Manual	E1233	Rig ped wc tltnspc w/o seat	■		
Wheelchairs Manual	E1234	Fld ped wc tltnspc w/o seat	■		
Wheelchairs Manual	E1235	Rigid ped wc adjustable	■		
Wheelchairs Manual	E1236	Folding ped wc adjustable	■		
Wheelchairs Manual	E1237	Rgd ped wc adjstabl w/o seat	■		
Wheelchairs Manual	E1238	Fld ped wc adjstabl w/o seat	■		
Wheelchair Options/Accessories	E0985 *	W/c seat lift mechanism		■	■
Wheelchair Options/Accessories	E0986	Man w/c push-rim pow assist	■		
Wheelchair Options/Accessories	E1002 ^	Pwr seat tilt	■		
Wheelchair Options/Accessories	E1003 ^	Pwr seat recline	■		
Wheelchair Options/Accessories	E1004 ^	Pwr seat recline mech	■		
Wheelchair Options/Accessories	E1005 ^	Pwr seat recline pwr	■		
Wheelchair Options/Accessories	E1006 ^	Pwr seat combo w/o shear	■		
Wheelchair Options/Accessories	E1007 ^	Pwr seat combo w/shear	■		
Wheelchair Options/Accessories	E1008 ^	Pwr seat combo pwr shear	■		
Wheelchair Options/Accessories	E1010 ^	Add pwr leg elevation	■		

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Wheelchair Options/Accessories	E1014	Reclining back add ped w/c	■		
Wheelchair Options/Accessories	E1020 *	Residual limb support system		■	■
Wheelchair Options/Accessories	E1028 *	W/c manual swingaway		■	■
Wheelchair Options/Accessories	E1029	W/c vent tray fixed	■		
Wheelchair Options/Accessories	E1030 ^	W/c vent tray gimbaled	■		
Wheelchair Options/Accessories	E2227	Gear reduction drive wheel	■		
Wheelchair Options/Accessories	E2228 *	Mwc acc, wheelchair brake		■	■
Wheelchair Options/Accessories	E2310 ^	Electro connect btw control	■		
Wheelchair Options/Accessories	E2311 ^	Electro connect btw 2 sys	■		
Wheelchair Options/Accessories	E2312 ^	Mini-prop remote joystick	■		
Wheelchair Options/Accessories	E2313 ^	PWC harness, expand control	■		
Wheelchair Options/Accessories	E2321 ^	Hand interface joystick	■		
Wheelchair Options/Accessories	E2322 ^	Mult mech switches	■		
Wheelchair Options/Accessories	E2325 ^	Sip and puff interface	■		
Wheelchair Options/Accessories	E2326 ^	Breath tube kit	■		
Wheelchair Options/Accessories	E2327 ^	Head control interface mech	■		
Wheelchair Options/Accessories	E2328 ^	Head/extremity control interface	■		
Wheelchair Options/Accessories	E2329 ^	Head control interface nonproportional	■		
Wheelchair Options/Accessories	E2330 ^	Head control proximity switch	■		
Wheelchair Options/Accessories	E2351 ^	Electronic SGD interface	■		
Wheelchair Options/Accessories	E2368 *	Pwr wc drivewheel motor replace		■	■
Wheelchair Options/Accessories	E2369 *	Pwr wc drivewheel gear box replace		■	■

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Wheelchair Options/Accessories	E2370 *	Pwr wc dr wh motor/gear comb		■	■
Wheelchair Options/Accessories	E2373 ^	Hand/chin ctrl spec joystick	■		
Wheelchair Options/Accessories	E2374 ^	Hand/chin ctrl std joystick	■		
Wheelchair Options/Accessories	E2375 *	Non-expandable controller		■	■
Wheelchair Options/Accessories	E2376 ^	Expandable controller, replace	■		
Wheelchair Options/Accessories	E2377 ^	Expandable controller, initial	■		
Wheelchair Options/Accessories	E2378 ^	Pw actuator replacement	■		
Wheelchair Options/Accessories	K0015 *	Detach non-adjus hght armrest		■	■
Wheelchair Options/Accessories	K0070 *	Rear whl complete pneum tire		■	■
Wheelchairs Seating	E0955 *	Cushioned headrest		■	■

* Effective January 1, 2017 if the item is furnished in CBAs in accordance with contracts entered into as part of the Round 1 Recompete of DMEPOS CBP

^ Item billable with Complex Rehabilitative Power Wheelchair codes K0835 – K0864

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