

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



An electronic mailing list is available for those who refer Medicare beneficiaries for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). Referral agents play a critical role in providing information and services to Medicare beneficiaries. To ensure you give Medicare patients the most current DMEPOS Competitive Bidding Program information, the Centers for Medicare & Medicaid Services (CMS) strongly encourages you to review the information sent from this new electronic mailing list. In addition, please share the information you receive from the mailing list and the link to the [“mailing list for referral agents”](#) subscriber webpage with others who refer Medicare beneficiaries for DMEPOS. Thank you for signing up!

MLN Matters® Number: MM9059 Revised

Related Change Request (CR) #: CR 9059

Related CR Release Date: March 27, 2015

Effective Date: July 1, 2015

Related CR Transmittal #: R1482OTN

Implementation Date: July 6, 2015

Use of Modifiers KK, KG, KU, and KW under the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program

Note: This article was revised on May 22, 2015, to reflect a revised Change Request (CR) 9059. That CR revised the remittance advice messages for adjusted claims. The transmittal number, CR release date and link to the CR also changed. All other information remains the same.

Provider Types Affected

This MLN Matters® Article is intended for DMEPOS suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for DMEPOS provided to Medicare beneficiaries under the competitive bidding program.

Provider Action Needed

The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 9059 to limit the use of modifiers KK, KG, KU, and KW on DMEPOS claims billed under the

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Competitive Bidding Program to only those uses allowed by current policy. This will reduce the number of overpayments made as a result of improper use by suppliers. Make sure your billing staffs are aware of these changes.

Background

Congress mandated the DMEPOS Competitive Bidding Program through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). The statute requires that Medicare replace the current fee schedule payment methodology for selected DMEPOS items with a competitive bid process. The intent is to improve the effectiveness of the Medicare methodology for setting DMEPOS payment amounts, which will reduce beneficiary out-of-pocket expenses and save the Medicare program money while ensuring beneficiary access to quality items and services.

Under the program, a competition among suppliers who operate in a particular competitive bidding area is conducted. Suppliers are required to submit a bid for selected products. Not all products or items are subject to competitive bidding. Bids are submitted electronically through a web-based application process and required documents are mailed. Bids are evaluated based on the supplier's eligibility, its financial stability and the bid price. Contracts are awarded to the Medicare suppliers who offer the best price and meet applicable quality and financial standards. Contract suppliers must agree to accept assignment on all claims for bid items and will be paid the bid price amount. The amount is derived from the median of all winning bids for an item.

The competitive bidding modifiers were created to identify a Healthcare Common Procedure Coding System (HCPCS) supply or accessory code that is considered both a competitive bid item and a non-competitive bid item in the same Competitive Bidding Area (CBA). Competitive bid items are identified with the appropriate modifiers in the HCPCS and pricing files available at <http://dmecompetitivebid.com/palmetto/cbic.nsf/DocsCat/Home> on the Internet.

When billing for beneficiaries that reside in a CBA, suppliers should only apply modifiers KG and KK to competitive bid HCPCS codes according to current policy instructions for use of these modifiers. HCPCS codes designated as valid for use with these modifiers are listed in the Single Payment Public Use Files available at <http://dmecompetitivebid.com/palmetto/cbic.nsf/DocsCat/Home> on the Internet.

Modifiers KU and KW are not currently authorized for supplier billing use and do not currently appear on the single payment file as valid for use with any DMEPOS HCPCS.

Key Point

Your DME MAC will allow claims for competitive bid items when billed with modifiers KG, KK, KU or KW only when the HCPCS/modifier combination is listed as valid on the CBIC HCPCS file. The DME MACs will return as unprocessable claims for competitive bid

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items when billed with modifiers KG, KK, KU or KW when the HCPCS/modifier combination is not listed as valid on the CBIC HCPCS file.

DME MACs will use the following messages when returning as unprocessable claims for competitive bid items inappropriately billed with modifiers KG, KK, KU or KW:

- Group Code CO
- CARC 4 – “The procedure code is inconsistent with the modifier used or a required modifier is missing.”
- RARC MA13 – “Alert: You may be subject to penalties if you bill the patient for amounts not reported with the PR (patient responsibility) group code.”
- RARC MA130 – “Your claim contains incomplete and/or invalid information, and no appeal rights are afforded because the claim is unprocessable. Please submit a new claim with the complete/correct information.”

Note that MACs will also deny adjustment claim lines containing HCPCS inappropriately billed with modifiers KG, KK, KU, or KW.

DME MACs will use the following messages when denying adjustment claim lines containing HCPCS inappropriately billed with modifiers KG, KK, KU, or KW:

- Group Code CO
- CARC 4 – “The procedure code the modifier used or a required modifier is missing.”
- RARC MA13 – “Alert: You may be subject to penalties if you bill the patient for amounts not reported with the PR (patient responsibility) group code.”
- RARC N211 – “Alert: You may not appeal this decision.”

Additional Information

The official instruction for CR9059 issued to your DME MAC regarding this change is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R1482OTN.pdf> on the CMS website.

For more information regarding the appropriate use of Competitive Bidding modifiers, see Medicare Learning Network (MLN) article SE1035 titled: “Claims Modifiers for Use in the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program” at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/SE1035.pdf> on the CMS website.

The Medicare Catalogue of Products hosts a series of DME Fact Sheets accessible at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MLNCatalog.pdf> on the CMS website.

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If you have questions please contact your DME MAC at their toll-free number. The number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work?

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