



## Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Update

MLN Matters Number: MM10838 **Revised**

Related Change Request (CR) Number: 10838

Related CR Release Date: **December 11, 2018**

Effective Date: January 1, 2019

Related CR Transmittal Number: **R22100TN**

Implementation Date: January 7, 2019

**Note: This article was revised on December 12, 2018 to reflect a revised CR10838 issued on December 11. In the article, the CR release date, transmittal number, and the Web address for accessing the CR are revised. All other information remains unchanged.**

### PROVIDER TYPES AFFECTED

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This MLN Matters® Article is intended for providers and suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for DME, Prosthetics, Orthotics, and Supplies (DMEPOS) items or services paid under the DMEPOS fee schedule.

### PROVIDER ACTION NEEDED

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Change Request (CR) 10838 instructs MACs to update the ViPS Medicare System (VMS) to process DMEPOS claims based on standard payment rules with dates of service on or after January 1, 2019, for beneficiaries who reside in a previous Competitive Bidding Area (CBA), since all DMEPOS competitive bidding contracts expire on December 31, 2018.

The fee schedule amounts for items furnished in areas that are CBAs as of December 31, 2018, will be adjusted based on the Single Payment Amounts (SPAs) for each specific CBA as of December 31, 2018, increased by the projected percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the 12-month period ending January 1, 2019. These fee schedule amounts will be different than the fee schedule amounts for items furnished in all other non-bid areas, or areas that are not CBAs as of December 31, 2018. As a result, different fee schedule public use files (PUFs) will be used to reflect these changes.

Separate from the standard DMEPOS fee schedule PUF used to pay claims for items furnished in non-bid areas, a new PUF will be created for CY 2019 containing adjusted fee schedule amounts based on the SPAs increased by the CPI-U for paying claims for items furnished in former CBAs (i.e. CBAs as of December 31, 2018). A second PUF will be created to house the national mail order diabetic testing supply adjusted fee schedule amounts that are also based on the SPAs increased by the CPI-U. Beginning January 1, 2019, the national mail order adjusted fee schedule amounts on the second PUF will be used in paying mail order diabetic testing supply claims in all parts of the United States, including the 50 states, the District of

Columbia, Puerto Rico, the U.S. Virgin Islands, Guam and the American Samoa. A third new PUF will contain zip codes for the Round 1 2017 and Round 2 Recompete competitive bidding areas. Suppliers can reference the third new zip code PUF to determine if a beneficiary resides in a former CBA on or after January 1, 2019.

The adjusted fee schedule for former CBAs and the former CBA ZIP codes PUFs will be available on the following CMS website at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.html>. Make sure your billing staffs are aware of this update.

## BACKGROUND

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The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Congress mandated the DMEPOS CBP. The statute requires that Medicare replace the fee schedule payment methodology for selected DMEPOS items with a competitive bidding 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.

Round 1 2017, Round 2 Recompete, and National Mail Order (NMO) Recompete CBP contracts expire on December 31, 2018. Due to a delay in announcement of the next round of the CBP, contracts will not be in effect in Round 1, Round 2, or the NMO Competitive Bidding Areas (CBAs) beginning January 1, 2019, resulting in a temporary gap period in the CBP.

During the temporary gap period in the DMEPOS CBP, any Medicare enrolled DMEPOS supplier may furnish any DMEPOS item, including items that were formerly included in the CBP. In addition, payment for all items and services that were included in the CBP are based on the lower of the supplier's charge for the item or fee schedule amounts adjusted in accordance with sections 1834(a)(1)(F) and 1842(s)(3)(B) of the Social Security Act.

Under the CBP, the following three competitive bidding files have been transmitted by the Competitive Bidding Implementation Contractor (CBIC) on a quarterly basis for use in processing CBP claims:

1. The CBA ZIP code file
2. The Healthcare Common Procedure Coding System (HCPCS) file
3. The CBA pricing file.

Medicare will continue to transmit these files to the MACs for use in paying claims based on the fee schedules for items and services that were included in the CBP and furnished on or after January 1, 2019, in a former CBA. The DME MACs will use the following messages when paying a claim for a beneficiary who resides in a former CBA:

- Remittance Advice Remark Code (RARC) N809 - Alert: The fee schedule amount for this service was adjusted based on prior competitive bidding rates. For more information, contact your local contractor.

- Claim Adjustment Reason Code (CARC) 45: Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement.

Note that DME MACs shall pay the bonus payments for competitively bid items for dates of service on or after January 1, 2019, for items that were rented prior to January 1, 2019, when there are remaining bonus payments for the original contract supplier.

## ADDITIONAL INFORMATION

The official instruction, CR 10838, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2018Downloads/R2210OTN.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

## DOCUMENT HISTORY

Date of Change	Description
December 12, 2018	The article was revised to reflect a revised CR10838 issued on December 11. In the article, the CR release date, transmittal number, and the Web address for accessing the CR are revised. All other information remains unchanged.
November 6, 2018	Initial article released.

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