



# MLN Matters



Information for Medicare Fee-for-Service Health Care Professionals

Related Change Request (CR) #: 3574

MLN Matters Number: MM3574

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Related CR Transmittal #: 369

Effective Date: January 1, 2005

Implementation Date: January 3, 2005

## *Fee Schedule Update for 2005 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)*

### Provider Types Affected

Physicians, providers, and suppliers

### Provider Action Needed

This instruction provides specific information regarding the 2005 annual update for the DMEPOS fee schedule.

### Background

The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations, as described in the Medicare Claims Processing Manual (Pub 100-04, Section 60, Chapter 23). This notification provides details regarding the 2005 annual update for the DMEPOS fee schedule.

The Social Security Act (SSA) (Sections 1834(a), (h), and (i)) requires payment on a fee schedule basis for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings. In addition, the Code of Federal Regulations (42 CFR 414.102) requires payment on a fee schedule basis for Parenteral and Enteral Nutrition (PEN).

The 2005 DMEPOS fee schedule update factors for items furnished from January 1, 2005 through December 31, 2005 are as follows:

- DME other than items classified as class III devices by the Food and Drug Administration (FDA) – 0 percent
- DME classified as class III devices by the FDA – 3.3 percent
- Prosthetic devices, prosthetics, and orthotics – 0 percent
- PEN – 3.3 percent
- Surgical dressings – 0 percent

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Please refer to the table below for comments and notes on several Healthcare Common Procedure Coding System (HCPCS) codes. The descriptions for the items falling under the HCPCS codes listed in the table can be obtained from the HCPCS file at <https://www.cms.hhs.gov/medicare/hcpcs/default.asp>

**Healthcare Common Procedure Coding System Codes**

HCPCS Codes	Notes
A4253, A4259, E0260, E0277, E0424, E0431, E0434, E0439, E0570, E1390, E1391, K0001, and K0011	These codes are affected by the provision in Section 302 (c)(2) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requiring reductions for certain DME equal to the percentage difference between 2002 Medicare fee schedule amounts and the median 2002 price paid under Federal Employee Health Benefit (FEHB) plans surveyed by the Office of the Inspector General. The reductions take effect January 1, 2005, and will be implemented as part of this annual update to the DMEPOS fee schedules.
A5500 (extra-depth shoe) A5501 (custom molded shoe) K0628 (direct formed insert) K0629 (custom molded insert)	Section 627 of the MMA requires the calculation and implementation of fee schedule amounts for therapeutic shoes and inserts effective January 1, 2005. Fee schedules for these HCPCS codes have been calculated by CMS using the methodology contained in section 1834(h) of the Social Security Act for prosthetic devices, prosthetics, and orthotics. These fee schedule amounts will be implemented as part of this annual update to the DMEPOS fee schedules.
A5503 thru A5507 (shoe modification codes) K0628 or K0629 (inserts)	In accordance with section 1833(o)(2)(C) of the Social Security Act, the payment amounts established for shoe modification codes (A5503 thru A5507) must be established in a way that prevents a net increase in expenditures when substituting these items for inserts (codes K0628 or K0629). Therefore, the 2005 fee schedule amounts for codes A5503 thru A5507 have been calculated based on the weighted average of the fee schedule amounts for insert codes K0628 and K0629. The fees for K0628 and K0629 were weighted based on the approximate total allowed services for each code for items furnished during the second quarter of calendar year 2004. For 2006 and each subsequent year, the weighted average insert fee used to establish the fee schedule amounts for the shoe modification codes will be based on an updated weighted average (i.e., using more current allowed service data for each insert code).
E0675	Code E0675 was added to the HCPCS effective January 1, 2004. The fee schedule for code E0675 was calculated using retail prices for two products; however, the fee schedule is being revised effective January 1, 2005, to remove pricing for one product that was not yet an established product in the market at the time the code was added.
E1010	The description for code E1010 for "wheelchair accessory, addition to power seating system, including leg rest, ...each" is changed effective January 1, 2005, to show "wheelchair accessory, addition to power seating system,....., including leg rest, pair" and the fee schedule for E1010 is revised to reflect this change. Suppliers should bill single leg rest power elevation systems under code K0108.
E2320 thru E2330, and Modifier KC	Codes E2320 thru E2330 for special power wheelchair interfaces were added to the HCPCS effective January 1, 2004. The fee schedule amounts for these codes were calculated based on pricing for the differential cost of furnishing these special interfaces over a standard interface that is paid for as part of the payment for the wheelchair (e.g., K0011). However, when these items are furnished to replace existing interfaces on wheelchairs that have been in use by the patient for a period of time due to a change in the patient's medical condition or in cases where the existing interface is irreparably damaged or has exceeded its reasonable useful lifetime, the fee schedule payment should reflect payment for the full cost of the replacement special interface. Modifier KC is being added to the HCPCS effective January 1, 2005, to identify replacement of special power wheelchair interfaces in these cases. Fee schedule amounts for replacement of special power wheelchair interfaces will be established effective January 1, 2005, for use in paying claims for use Codes E2320 thru E2330 billed with the KC modifier.

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<p>E2340 thru E2343, and K0108</p>	<p>Codes E2340 thru E2343 for nonstandard power wheelchair seat frame width and depth were added to the HCPCS effective January 1, 2004. The fee schedule amounts for these codes were calculated using retail prices for some products for nonstandard seat dimensions (i.e., captain's chairs that sit on top of power wheelchair bases) as opposed to nonstandard seat frame dimensions. The base fee schedule amounts for codes E2340 thru E2343 will be adjusted to remove these products from the base fee calculations. Suppliers of nonstandard seat dimensions should bill HCPCS K0108 instead of codes E2340 thru E2343.</p>
<p>K0646, K0648, and L0565</p>	<p>The fee schedule amounts for codes K0646 and K0648 are being revised effective January 1, 2005, by crosswalking the fee schedule amounts for previous code L0565 to both code K0646 and K0648. As a result of a court settlement, previously paid claims for K0646 and K0648 that were submitted between July 6, 2004 and January 1, 2005, shall be adjusted if such claims are resubmitted by suppliers on or after January 1, 2005, and on or before 18 months after the date the claim was originally submitted.</p>
<p>E0617, E0691 thru E0694, K0606 thru K0609, and modifier KF</p>	<p>A one-time notification (Transmittal 35, Change Request 3020) was issued on December 24, 2003, and listed HCPCS codes for categories of DME items identified by the FDA as class III devices. As indicated above, the fee schedule amounts for class III DME will be increased by 3.3 percent effective January 1, 2005, whereas the fee schedule amounts for items that are not classified as class III devices by the FDA will not be increased on January 1, 2005. Transmittal 35 indicated that HCPCS codes E0617, E0691 thru E0694, and K0606 thru K0609 represented codes for categories of DME items identified by the FDA as class III devices. However, some products billed under these codes are not class III devices. Therefore, effective January 1, 2005, separate fee schedules will be provided in the DMEPOS fee schedule file: one for class III products within these codes that must be billed with HCPCS modifier KF and one for products within these codes that are not class III devices that may not be billed with HCPCS modifier KF.</p>
<p>A7040, A7041, L8615 thru L8618, L8620 thru L8622</p>	<p>Codes A7040, A7041, L8615 thru L8618, and L8620 thru L8622 describe items that are subject to the fee schedule for prosthetics and orthotics (PO) and are being added to the HCPCS effective January 1, 2005. These codes fall under the jurisdiction of the local carriers rather than the DMERCs. CMS will be calculating the fee schedule amounts for these items using the standard gap-filling process. The description for these codes can be obtained from the 2005 HCPCS file as soon as it is available at: <a href="http://www.cms.hhs.gov/medicare/hcpcs/default.asp">http://www.cms.hhs.gov/medicare/hcpcs/default.asp</a></p>
<p>A4324 thru A4325; A4347; A4609 thru A4610; B4151; B4156; E0176 thru E0179; E0192; E0454; E0962 thru E0965; E1012 thru E1013 K0023 thru K0024; K0059 thru K0061; K0081; K0114 thru K0116; K0627; L0476; L0478; L0500; L0510; L0515; L0520; L0530; L0540; L0550 L0560 thru L0561; L0565* L0600; L0610; L0620 L2435; L5674 thru L5675 L5846 thru L5847; L5989 L8490</p>	<p>These codes are being deleted from the HCPCS effective January 1, 2005, and are therefore being removed from the DMEPOS and PEN fee schedule files. *As indicated above, the fee schedule amounts for code L0565 are being crosswalked to codes K0646 and K0648.</p>

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## Additional Information

The official instruction issued to your carrier, intermediary, or DMERC regarding this change, can be found at <http://www.cms.hhs.gov/transmittals/Downloads/R369CP.pdf> on the CMS website.

If you have questions regarding this issue, you may also contact your carrier, fiscal intermediary, or DMERC at their toll free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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