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July 2008 Quarterly Update for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program

Note: This article was revised on May 26, 2015, to add a reference to MLN Matters® Article [MM9059](#) that alerts DMEPOS suppliers that when billing for DMEPOS items for Medicare beneficiaries who reside in a Competitive Bidding Area, suppliers should only apply modifiers KG and KK. Modifiers KU and KW are not currently authorized. All other information is unchanged.

Provider Types Affected

Providers and suppliers submitting claims to Medicare Durable Medical Equipment (DME) Medicare Administrative Contractors (DME MACs) for DMEPOS provided to Medicare beneficiaries.

Provider Action Needed

This article is based on Change Request (CR) 6101, which provides the first quarterly update of the 2008 DMEPOS competitive bidding single payment amounts. CR6101 also provides necessary changes to Healthcare Common Procedure Coding System (HCPCS) codes and ZIP codes for the competitive bidding program. The single payment rates for Round I of the DMEPOS competitive bidding program are implemented also through CR6101 and are effective July 1, 2008. Be sure billing staff are aware of these changes.

Background

The DMEPOS competitive bidding program was mandated by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (“Medicare Modernization Act” or “MMA”). The new program’s objectives include:

- Assuring beneficiary access to quality DMEPOS;

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- Reducing the amount Medicare pays for DMEPOS items;
- Reducing financial burden on beneficiaries by reducing the coinsurance they pay for DMEPOS items; and
- Contracting with suppliers who meet quality and financial standards.

The competitive bidding program changes the way that Medicare determines the payment amounts for these items and services under Part B of the Medicare program by replacing the current DMEPOS fee schedule payment amounts for selected items in certain areas with payment amounts based on bids submitted by DMEPOS suppliers.

The program will start in competitive bidding areas (CBAs) defined by zip codes within ten of the largest Metropolitan Statistical Areas (MSAs). The CBAs in Round I include the MSAs in the following table and the program will expand to 70 additional MSAs in 2009 and additional areas after 2009.

San Juan-Caguas-Guaynabo, PR	Cincinnati-Middletown, OH-KY-IN	Cleveland-Elyria-Mentor, OH
Dallas-Fort Worth-Arlington, TX	Kansas City, MO-KS	Pittsburgh, PA
Miami-Fort Lauderdale-Miami Beach, FL; Orlando, FL	Riverside-San Bernardino-Ontario, CA	Charlotte-Gastonia-Concord, NC-SC

Product Categories for First Round of Competitive Bidding

With the exception of the product category for support surfaces, which is being phased in at two locations as part of the first round of competitive bidding, the following are the product categories for round one for the 10 MSAs:

- 1 – Oxygen Supplies and Equipment**
- 2 – Standard Power Wheelchairs, Scooters, and Related Accessories**
- 3 – Complex Rehabilitative Power Wheelchairs and Related Accessories**
- 4 – Mail-Order Diabetic Supplies**
- 5 – Enteral Nutrients, Equipment, and Supplies**
- 6 – Continuous Positive Airway Pressure (CPAP) Devices, Respiratory Assist Devices (RADs), and Related Supplies and Accessories**
- 7 – Hospital Beds and Related Accessories**

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8 – Negative Pressure Wound Therapy (NPWT) Pumps and Related Supplies and Accessories

9 – Walkers and Related Accessories

10 (Miami only) – Support Surfaces (group 2 mattresses and overlays)

Note: Programs for the Oxygen Supplies and Equipment; Rehabilitative Power Wheelchairs and Related Accessories; Enteral Nutrients, Equipment and Supplies; and Hospital Beds and Related Accessories product categories will not be implemented in the San Juan-Caguas-Guaynabo, Puerto Rico CBA during Round I.

Key Points of CR6101

For competitive bidding, ZIP codes designated as mail order only are assigned a separate CBA number from the standard CBA number. The competitive bidding CBA numbers and associated names are as follows:

16740 = Charlotte-Gastonia-Concord, NC-SC (non-mail order and mail order)	16741 = Charlotte-Gastonia-Concord NC-SC (mail order only)
17140 = Cincinnati-Middletown, OH-KY-IN (non-mail order and mail order)	17141 = Cincinnati-Middletown, OH-KY-IN (mail order only)
17460 = Cleveland-Elyria-Mentor, OH (non-mail order and mail order)	17461 = Cleveland-Elyria-Mentor, OH (mail order only)
19100 = Dallas-Fort Worth-Arlington, TX (non-mail order and mail order)	19101 = Dallas-Fort Worth-Arlington, TX (mail order only)
28140 = Kansas City, MO-KS (non-mail order and mail order)	28141 = Kansas City, MO-KS (mail order only)
33100 = Miami-Fort Lauderdale-Miami Beach, FL (non-mail order and mail order)	33101 = Miami-Fort Lauderdale-Miami Beach, FL (mail order only)
36740 = Orlando, FL (non-mail order and mail order)	36741 = Orlando, FL (mail order only)
38300 = Pittsburgh, PA (non-mail order and mail order)	38301 = Pittsburgh, PA (mail order only)
40140 = Riverside-San Bernardino-Ontario, CA (non-mail order and mail order)	40141 = Riverside-San Bernardino-Ontario, CA (mail order only)
41980 = San Juan-Caguas-Guaynabo, PR (non-mail order and mail order)	

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HCPCS Changes

The DME MACs will make payments based on the new competitive bidding single payment amounts effective for claims with dates of service on or after July 1, 2008. The Centers for Medicare & Medicaid Services (CMS) adjusted the single payment amount for competitive bid HCPCS code B4086 *Gastrostomy/Jejunostomy Tube, Any Material, Any Type, (Standard or Low Profile), Each* to reflect changes made to the HCPCS as follows:

- Effective December 31, 2007, HCPCS code B4086 was deleted from the HCPCS file and replaced with two new separate HCPCS codes for different but similar items— B4087 *Gastrostomy/Jejunostomy Tube, Standard, Any Material, Any Type, Each* and B4088 *Gastrostomy/Jejunostomy Tube, Low-Profile, Any Material, Any Type, Each* .
- The new single payment amounts for HCPCS codes B4087 and B4088 are equal to the single payment amount originally applied to code B4086.
- HCPCS code B4086 has been removed from the competitive bidding HCPCS and CBA pricing files and replaced with the codes and new associated payment amounts for codes B4087 and B4088.

CMS also revised the descriptor language of two competitive bid codes to reflect changes made to the HCPCS, effective January 1, 2008:

- The descriptor language for HCPCS code E2373 has been revised in the competitive bidding files so that it will read, “Power Wheelchair Accessory, Hand or Chin Control Interface, Compact Remote Joystick, Proportional, Including Fixed Mounting Hardware,” effective July 1, 2008. The single payment amount for this code is unchanged.
- The descriptor language for HCPCS code B4034 is also being revised in the competitive bidding files so that it will read, “Enteral Feeding Supply Kit; Syringe Fed, Per Day,” effective July 1, 2008. The single payment amount for this code is unchanged.

The following code was deleted from the HCPCS effective December 31, 2007, and is therefore being removed from the competitive bidding files: E2618 *Wheelchair Accessory, Solid Seat Support Base (Replaces Sling Seat), For Use with Manual Wheelchair or Lightweight Power Wheelchair, Includes Any Type Mounting Hardware*.

Instructions for Competitive Bidding HCPCS Modifiers

New HCPCS modifiers were developed to facilitate implementation of various policies that apply to certain competitive bidding items. The new HCPCS modifiers used in conjunction with claims for items subject to competitive bidding, along with their corresponding effective dates, are defined as follows:

- KG- DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 1; effective July 1, 2007.

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- KK- DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 2; effective July 1, 2007.
- KU- DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 3; effective July 1, 2007.
- KW- DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 4; effective January 1, 2008.
- KY- DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 5; effective January 1, 2008.
- KL- DMEPOS Item Delivered via Mail; effective July 1, 2007.
- KV- DMEPOS Item Subject to DMEPOS Competitive Bidding Program that is Furnished as Part of a Professional Service; effective January 1, 2008.
- KT- Beneficiary Resides in a Competitive Bidding Area and Travels Outside that Competitive Bidding Area and Receives a Competitive Bid Item; effective April 1, 2008.

The KG, KK, KU, KW, and KY modifiers are pricing modifiers that identify when the same supply or accessory HCPCS code is furnished in multiple competitive bidding product categories. All suppliers, including grandfathered suppliers, should submit claims for competitive bid items using the above mentioned competitive bidding modifiers. The KG and KK modifiers are used in Round I of the competitive bidding program and the KU, KW and KY modifiers are reserved for future program use.

As indicated in transmittal 1263 (July Quarterly Update for 2007 DMEPOS Fee Schedule, CR5641), 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. (See the MLN Matters article related to CR5641 at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM5641.pdf> on the CMS website.) On or after July 1, 2008, the **KL modifier will serve as a pricing modifier for diabetic supplies that are furnished via mail order to beneficiaries with a permanent residence in a competitive bidding area.** Contract suppliers use the KL modifier on all claims for the diabetic supply codes identified above that are furnished via mail order.

The KV modifier is to be used to identify claims for items subject to the exceptions provided in regulations at 42 CFR 414.404(b) for certain competitive bid items that can be furnished by physicians and other practitioners who are not contract suppliers in a competitive bidding area. **Physicians and treating practitioners who are not contract suppliers** and who furnish walkers and related accessories to beneficiaries residing in a CBA must submit the informational KV modifier with claims for items/HCPCS codes in competitive bidding product category 9, that are appropriately furnished in accordance with this exception to receive payment for these items at the applicable single payment

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amount. Physicians and practitioners **located outside a CBA who furnish walkers and/or related accessories as part of a professional service to traveling beneficiaries residing in a CBA must also affix the KV modifier** to claims submitted for these items.

The **KV modifier should not be used** by contract suppliers for competitive bidding product category 9, Walkers & Related Accessories, when submitting competitive bidding claims for this category.

Suppliers should submit claims with the KT modifier for non-mail order DMEPOS competitive bidding items that are furnished to beneficiaries that have traveled outside of the CBA in which they reside. This travel modifier must be affixed to competitive bidding claims submitted by non contract suppliers for traveling beneficiaries residing in CBAs and by contract suppliers in CBAs that are different from the CBA where the traveling beneficiary resides.

Physicians and treating practitioners that are located outside a CBA who furnish walkers and/or related accessories in competitive bidding product category 9 as part of a professional service to traveling beneficiaries must affix the KT modifier, in addition to the KV modifier, to claims submitted for these items.

Non contract skilled nursing facilities (SNFs) and nursing facilities (NFs) that are not located in a CBA should also use the KT modifier on claims for residents with a permanent home address in a CBA. SNF or NF claims that meet the above requirement and are submitted without the KT modifier will be denied.

Claims for mail order competitive bidding diabetic supplies submitted with the KT modifier will be denied. Contract suppliers should submit mail-order diabetic supply claims for traveling beneficiaries using the beneficiary's permanent home address.

The competitive bidding HCPCS codes and their corresponding competitive bidding modifiers are denoted in the single payment amount public use charts found under the supplier page on Medicare's Competitive Bidding Implementation Contractor (CBIC) website at <http://www.dmecompetitivebid.com/Palmetto/Cbic.nsf/DocsCat/Home> on the Internet. The competitive bidding ZIP codes and single payment amounts per product category and CBA are also available as public use files on this website for interested DMEPOS suppliers. These files can be used to identify when a specific item furnished to a beneficiary is subject to the competitive bidding program.

Failure to use or inappropriate use of a competitive bidding modifier on a competitive bidding claim leads to claims denial. 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.

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Additional Information

If you have questions, please contact your Medicare A/B MAC or RHHI 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.

For complete details regarding this Change Request (CR) please see the official instruction (CR6101) issued to your Medicare A/B MAC, or RHHI. That instruction may be viewed by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1535CP.pdf> on the CMS website.

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