

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



News Flash – In September 2012, the Centers for Medicare & Medicaid Services (CMS) announced the availability of a new electronic mailing list 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, 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: MM8133 **Revised**

Related Change Request (CR) #: CR 8133

Related CR Release Date: January 11, 2013

Effective Date: January 1, 2013

Related CR Transmittal #: R2632CP

Implementation Date: January 7, 2013

Calendar Year (CY) 2013 Update for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

Note: This article was revised on January 14, 2013, to reflect the revised CR8133 issued on January 11. The CR release date, transmittal number, and Web address were revised. All other information remains the same.

Provider Types Affected

This MLN Matters® Article is intended for providers and suppliers submitting claims to Medicare Carriers, Fiscal Intermediaries (FIs), Part A/B Medicare Administrative Contractors (A/B MACs), or Regional Home Health Intermediaries (RHHIs) for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) items or services paid under the DMEPOS fee schedule.

What You Need to Know

The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 8133 to advise providers of the Calendar Year (CY) 2013 annual update for the Medicare DMEPOS fee schedule.

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The instructions include information on the data files, update factors, and other information related to the update of the DMEPOS fee schedule. Be sure your staffs are aware of these updates.

Background and Key Points of CR8133

The DMEPOS fee schedules are updated on an annual basis in accordance with statute and regulations. The update process for the DMEPOS fee schedule is located in the "Medicare Claims Processing Manual," Chapter 23, Section 60, which is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c23.pdf> on the CMS website.

Payment on a fee schedule basis is required for Durable Medical Equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by Section 1834(a), (h), and (i) of the Social Security Act (the Act). Also, payment on a fee schedule basis is a regulatory requirement at 42 CFR 414.102 for Parenteral and Enteral Nutrition (PEN).

Fee Schedule Files

The DMEPOS fee schedule file will also be available for State Medicaid Agencies, managed care organizations, and other interested parties at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/index.html> on the CMS website.

Healthcare Common Procedure Coding System (HCPCS) Codes Added/Deleted

The following new codes are effective as of January 1, 2013:

- A4435 in the ostomy, tracheostomy, and urological supplies (OS) payment category;
- E0670 and E2378 in the inexpensive/routinely purchased (IN) payment category;
- L5859, L7902 and L8605 in the prosthetics and orthotics (PO) payment category; and
- V5281 – V5290 (67).

The fee schedule amounts for codes E2378, L5859, L7902 will be established as part of the July 2013 DMEPOS Fee Schedule Update, when applicable. Also when applicable, DME MACs will establish local fee schedule amounts to pay claims for the new codes from January 1, 2013, through June 30, 2013. The new codes are not to be used for billing purposes until they are effective on January 1, 2013.

For gap-filling purposes, the 2012 deflation factors by payment category are listed in the following table:

Factor	Category
0.477	Oxygen
0.480	Capped Rental

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Factor	Category
0.482	Prosthetics and Orthotics
0.611	Surgical Dressings
0.665	Parenteral and Enteral Nutrition

Specific Coding and Pricing Issues

1. The fee schedule amounts for shoe modification codes A5503 through A5507 are adjusted to reflect more current allowed service data. Section 1833(o)(2)(C) of the Act required that the payment amounts for shoe modification codes A5503 through A5507 be established in a manner that prevented a net increase in expenditures when substituting these items for therapeutic shoe insert codes (A5512 or A5513). To establish the fee schedule amounts for the shoe modification codes, the base fees for codes A5512 and A5513 were weighted based on the approximated total allowed services for each code for items furnished during the second quarter of calendar year 2004. For 2013, CMS is updating the weighted average insert fees used to establish the fee schedule amounts for the shoe modification codes with more current allowed service data for each insert code. The base fees for A5512 and A5513 are weighted based on the approximated total allowed services for each code for items furnished during the calendar year 2011. The fee schedule amounts for shoe modification codes A5503 through A5507 are being revised to reflect this change, effective January 1, 2013.
2. Effective January 1, 2013, new code L8605 Injectable bulking agent, dextranomer/hyaluronic acid copolymer implant, anal canal, 1 ML is being added to the HCPCS code set. This code falls under the claims processing jurisdiction of local carriers rather than the DME MACs. Fee schedule amounts for this code are added as part of this update.

CY2013 Fee Schedule Update Factor

For CY 2013, the update factor of 0.8 percent is applied to the applicable CY 2012 DMEPOS fee schedule amounts. In accordance with the statutory Sections 1834(a)(14) and 1886(b)(3)(B)(II) of the Act, the DMEPOS fee schedule amounts are to be updated for 2013 by the percentage increase in the Consumer Price Index (CPI) for all Urban (U) consumers (United States city average), CPI-U, for the 12-month period ending with June of 2012, adjusted by the change in the economy-wide productivity equal to the 10-year moving average of changes in annual economy-wide private non-farm business Multi-Factor Productivity (MFP).

The MFP adjustment is 0.9 percent and the CPI-U percentage increase is 1.7 percent. Thus, the 1.7 percentage increase in the CPI-U is reduced by the 0.9 percent MFP adjustment resulting in a net increase of 0.8 percent for the 2013 MFP-adjusted update factor.

2013 Update to Labor Payment Rates

2013 fees for HCPCS labor payment codes K0739, L4205, and L7520 are increased 1.7 percent effective for dates of service on or after January 1, 2013, through December 31, 2013, and those rates are as follows:

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STATE	K0739	L4205	L7520
AK	\$26.92	\$30.67	\$36.08
AL	14.29	21.30	28.91
AR	14.29	21.30	28.91
AZ	17.67	21.28	35.57
CA	21.93	34.96	40.75
CO	14.29	21.30	28.91
CT	23.87	21.77	28.91
DC	14.29	21.28	28.91
DE	26.32	21.28	28.91
FL	14.29	21.30	28.91
GA	14.29	21.30	28.91
HI	17.67	30.67	36.08
IA	14.29	21.28	34.61
ID	14.29	21.28	28.91
IL	14.29	21.28	28.91
IN	14.29	21.28	28.91
KS	14.29	21.28	36.08
KY	14.29	27.27	36.97
LA	14.29	21.30	28.91
MA	23.87	21.28	28.91
MD	14.29	21.28	28.91
ME	23.87	21.28	28.91
MI	14.29	21.28	28.91
MN	14.29	21.28	28.91
MO	14.29	21.28	28.91
MS	14.29	21.30	28.91
MT	14.29	21.28	36.08
NC	14.29	21.30	28.91
ND	17.81	30.61	36.08
NE	14.29	21.28	40.31
NH	15.34	21.28	28.91

STATE	K0739	L4205	L7520
NJ	19.28	21.28	28.91
NM	14.29	21.30	28.91
NV	22.77	21.28	39.41
NY	26.32	21.30	28.91
OH	14.29	21.28	28.91
OK	14.29	21.30	28.91
OR	14.29	21.28	41.57
PA	15.34	21.91	28.91
PR	14.29	21.30	28.91
RI	17.03	21.93	28.91
SC	14.29	21.30	28.91
SD	15.97	21.28	38.65
TN	14.29	21.30	28.91
TX	14.29	21.30	28.91
UT	14.33	21.28	45.02
VA	14.29	21.28	28.91
VI	14.29	21.30	28.91
VT	15.34	21.28	28.91
WA	22.77	31.21	37.07
WI	14.29	21.28	28.91
WV	14.29	21.28	28.91
WY	19.92	28.38	40.31

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2013 National Monthly Payment Amounts for Stationary Oxygen Equipment

CR8133 implements the 2013 national monthly payment amount for stationary oxygen equipment (HCPCS codes E0424, E0439, E1390, and E1391), effective for claims with dates of service on or after January 1, 2013. As required by statute, the payment amount must be adjusted on an annual basis, as necessary, to ensure budget neutrality of the payment class for Oxygen Generating Portable Equipment (OGPE).

The updated 2013 monthly payment amount of \$177.36 includes the 0.8 percent update factor for the 2013 DMEPOS fee schedule.

Please note that when the stationary oxygen equipment fees are updated, corresponding updates are made to the fee schedule amounts for HCPCS codes E1405 and E1406 for oxygen and water vapor enriching systems. Since 1989, the fees for codes E1405 and E1406 have been established based on a combination of the Medicare payment amounts for stationary oxygen equipment and nebulizer codes E0585 and E0570, respectively.

2013 Maintenance and Servicing Payment for Certain Oxygen Equipment

CR8133 also updates the 2013 payment amount for maintenance and servicing for certain oxygen equipment.

You can read more about payment for claims for maintenance and servicing of oxygen equipment in MLN Matters® Articles, MM6792, which is at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM6792.pdf> and MM6990, which is at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM6990.pdf> on the CMS website.

To summarize, payment for maintenance and servicing of certain oxygen equipment can occur every 6 months beginning 6 months after the end of the 36th month of continuous use or end of the supplier's or manufacturer's warranty, whichever is later for either HCPCS code E1390, E1391, E0433, or K0738, billed with the "MS" modifier. Payment cannot occur more than once per beneficiary, regardless of the combination of oxygen concentrator equipment and/or transfilling equipment used by the beneficiary, for any 6-month period.

Per 42 CFR section 414.210(5) (iii), the 2010 maintenance and servicing fee for certain oxygen equipment was based on 10 percent of the average price of an oxygen concentrator. For CY 2011 and subsequent years, the maintenance and servicing fee is adjusted by the covered item update for DME as set forth in Section 1834(a)(14) of the Act. Thus, the 2012 maintenance and servicing fee is adjusted by the 0.8 percent MFP-adjusted covered item update factor to yield CY 2013 maintenance and servicing fee of \$68.05 for oxygen concentrators and transfilling equipment.

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Additional Information

You can find the official instruction, CR8133, issued to your FI, carrier, RHHI, or A/B MAC by visiting <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2632CP.pdf> on the CMS website.

If you have any questions, please contact your FI, carrier, RHHI, or A/B 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.

News Flash - Flu Season is Here. According to the Centers for Disease Control and Prevention, flu activity is beginning to increase and further increases are expected in the coming weeks and months. Now is the time to protect against flu before activity increases in the community. About 5 to 20 percent of the population gets the flu each year and more than 200,000 people are hospitalized because of flu-related complications. Make each office visit an opportunity to talk with your patients about the importance of getting an annual flu vaccination and a pneumococcal vaccination according to the recommended schedule. This message also serves as a reminder for you to get your seasonal flu vaccination to protect yourself, your family, and your patients.

Remember – the Influenza and pneumococcal vaccines and their administration fees are covered Part B benefits. Influenza and pneumococcal vaccines are NOT Part D-covered drugs.

CMS has posted the 2012-2013 [Seasonal Influenza Vaccines Pricing list](#). You may also refer to the [MLN Matters® Article #MM8047](#), "Influenza Vaccine Payment Allowances - Annual Update for 2012-2013 Season."

Please visit the [CMS Medicare Learning Network® Preventive Services Educational Products](#) and [CMS Immunizations](#) web pages for more information on coverage and billing of the flu and pneumococcal vaccines and their administration fees.

While some providers may offer the flu vaccine, those who don't can help their patients locate a vaccine provider within their local community. The [HealthMap Vaccine Finder](#) is a free, online service where users can find nearby locations offering flu vaccines.

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