

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



News Flash – On January 30, 2013, CMS announced the single payment amounts for the Round 2 and national mail-order competitions of the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program. For additional information, see the [Press Release](#), a related [Fact Sheet](#), and other information on the [CMS website](#).

MLN Matters® Number: MM8181

Related Change Request (CR) #: CR 8181

Related CR Release Date: February 8, 2013

Effective Date: July 1, 2013

Related CR Transmittal #: R11840TN

Implementation Date: July 1, 2013

Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) National Competitive Bidding (NCB): Using the “KY” Modifier to Bill for Accessories for Non-CB wheelchair Base Units

Provider Types Affected

This MLN Matters® Article is intended for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) suppliers submitting claims to Medicare Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for standard power wheelchair and manual wheelchair accessories furnished for use with non-competitively bid wheelchair base units to Medicare beneficiaries who permanently reside in a Round 2 (or subsequent Round) competitive bid area (CBA).

Provider Action Needed

This article is based on Change Request (CR) 8181 and alerts suppliers to the requirement to use the “KY” modifier when billing for competitively bid (Round 2 or subsequent Round) wheelchair accessories used with certain non-competitively bid wheelchair base units for beneficiaries residing in Round 2 (or subsequent Round) CBAs. The “KY” modifier is used with accessory codes that are used

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with complex rehabilitative power wheelchair bases that are not Round 2 (or subsequent Round) competitive bid items, but were bid in Round 1 of the DMEPOS Competitive Bidding Program.

Background

Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new Competitive Bidding Program for certain DMEPOS. Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas (CBA), and the Centers for Medicare & Medicaid Services (CMS) awards contracts to enough suppliers to meet beneficiary demand for the bid items. The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule amounts for the bid items in these areas. All contract suppliers must comply with Medicare enrollment rules, be licensed and accredited, and meet financial standards.

CMS is required by law to re-compete contracts for the DMEPOS Competitive Bidding Program at least once every three years. The Round One Rebid contract period for all product categories except mail-order diabetic supplies expires on December 31, 2013.

Standard Power Wheelchairs and Manual Wheelchairs are included in the Round 2 Standard (Power and Manual) wheelchairs, scooters, and related accessories product category. Since some of the accessories included in this product category can also be used with non-competitively bid wheelchair base units, a supplier providing an accessory for a non-competitively bid wheelchair base unit to a beneficiary who permanently resides in a CBA will need to use the "KY" pricing modifier in order for the claim to process correctly.

Since MIPPA mandated a 9.5% fee schedule reduction for items included in Round 1 of the Competitive Bidding Program, the "KE" modifier was used to differentiate wheelchair accessory codes used with both competitive bid and non-competitive bid wheelchair base units.

The "KE" modifier identifies accessories used with a non-competitive bid base unit and for which payment is not subject to the fee schedule reduction.

See below for Round 2 accessory billing scenarios that are based on the types of wheelchair bases that the accessory is used with and the competitive bid status of the base unit.

Under Round 2

Chair Bases bid: Manual (K1, K2, K3, K4, K6, K7) and standard PMDs

Example: billing accessory code E0950

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Accessory Code E0950 used with a:	Base Code Competitive Bid Status	Claim for a Beneficiary who Permanently Lives in a CBA	Payment Basis in CBA	Claim for a Beneficiary who Permanently Lives Outside a CBA	Payment Basis outside CBA
Manual Wheelchair (K0001- K0004, K0006, K0007)	Bid in Round 2; (not bid in Round 1)	Bill without KE or KY modifier	Single Payment Amount (SPA)	Bill with KE modifier	Fee Schedule**
Standard Power Wheelchair (K0813 thru K0829)	Bid in Round 2 (bid in Round 1)	Bill without KE or KY modifier	SPA	Bill without KE modifier	Fee Schedule*
Complex Rehabilitative Group 2 Power Wheelchair (K0835 thru K0843) and Complex Rehabilitative Group 3 Power Wheelchair (K0848 thru K0864)	Not bid in Round 2 (bid in Round 1)	Bill with KY modifier	Fee Schedule*	Bill without KE modifier	Fee Schedule*
Manual Wheelchair (K0005, K0009) or Miscellaneous Power Wheelchair (K0898)	Not bid in Round 2 (not bid in Round 1)	Bill with KE modifier	Fee Schedule**	Bill with KE modifier	Fee Schedule**

* Fee schedule amount includes the 9.5% reduction.

** Fee schedule amount includes the 5% covered item update increase.

Claims Processing Rules Summary

Covered claims will be paid for competitively bid (Round 2 or subsequent Round) wheelchair accessory items furnished to beneficiaries permanently residing in a Round 2 (and all subsequent Rounds) CBA for use with certain non-competitively bid wheelchair base units at the fee schedule rate, when billed by a non-contract supplier with a "KY" modifier.

Claims will be denied for competitively bid (Round 2 or subsequent Round) wheelchair accessory items furnished to beneficiaries permanently residing in a Round 2 (and all subsequent Rounds) CBA for use with certain non-competitively bid wheelchair base units, when billed by a non-contract supplier without a "KY" modifier.

The following Claims Adjustment Reason Codes (CARCs), Remittance Advice Remark Codes (RARCs), and Group Code will be used on the remittance advice when a claim is denied by the DME MAC:

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- CARC 4: The procedure code is inconsistent with the modifier use or a required modifier is missing.
- CARC 16: Claim/service lacks information which is needed for adjudication.
- RARC M114: This service was processed in accordance with rules and guidelines under the DMEPOS Competitive Bidding Program or a Demonstration Project. For more information regarding these projects, contact your local contractor.
- RARC MA13: Alert: You may be subject to penalties if you bill the patient for amounts not reported with the Patient Responsibility (PR) group code.
- RARC N519: Invalid combination of HCPCS modifiers.
- RARC N565: Alert: This procedure code requires a modifier. Future claims containing this procedure code must include an appropriate modifier for the claim to be processed.
- Group Code: CO

In addition, Medicare will return claims as unprocessable when the KY modifier is submitted by a supplier for accessory items for beneficiaries in a CBA for wheelchairs that are not identified by the HCPCS ranges of K0835-K0843 and K0848-K0864. In returning such claims, Medicare will use:

- CARC 4: The procedure code is inconsistent with the modifier use or a required modifier is missing.
- RARC M114: This service was processed in accordance with rules and guidelines under the DMEPOS Competitive Bidding Program or a Demonstration Project. For more information regarding these projects, contact your local contractor.
- RARC MA13: Alert: You may be subject to penalties if you bill the patient for amounts not reported with the Patient Responsibility (PR) 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/corrected information.
- Group Code: CO

Additional Information

The official instruction, CR8181 issued to your DME MAC regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R1184OTN.pdf> on the CMS website.

If you have any questions, please contact your DME 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.

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You may review MLN Matters® article MM6119, Phase 2 Manual Revisions for the Medicare 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/MM6119.pdf> on the CMS website.

MLN Matters® Article SE1244 is designed as a quick reference tool that provides referral agents with a list of important web links and phone numbers to find information on The Medicare DMEPOS Competitive Bidding Program at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1244.pdf> on the CMS website.

News Flash - Flu Season Isn't Over – Continue to Recommend Vaccination - While each flu season is different, flu activity typically peaks in February. Yet, even in February, the flu vaccine is still the best defense against the flu. The [CDC](#) recommends yearly flu vaccination for everyone 6 months of age and older; and although anyone can get the flu, adults 65 years and older are at greater risk for serious flu-related complications that can lead to hospitalization and death. Every office visit is an opportunity to check your patients' vaccination status and encourage flu vaccination when appropriate. And getting vaccinated is just as important for health care personnel who can get sick with the flu and spread it to family, colleagues and patients. Be an example by getting your flu vaccine and know that you're helping to reduce the spread of flu in your community. Note: influenza vaccines and their administration fees are covered Part B benefits. Influenza vaccines are NOT Part D-covered drugs. *For More Information:*

- 2012-2013 [Seasonal Influenza Vaccines Pricing](#).
- [MLN Matters® Article MM8047](#), "Influenza Vaccine Payment Allowances - Annual Update for 2012-2013 Season."
- [CMS Medicare Learning Network® 2012-2013 Seasonal Influenza Virus Educational Products and Resources](#) and [CMS Immunizations](#) web pages for information on coverage and billing.
- [HealthMap Vaccine Finder](#) – a free, online service where users can find nearby locations offering flu vaccines as well as other vaccines for adults.
- The [CDC's](#) website offers a variety of provider resources for the 2012-2013 flu season.

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