

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



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MLN Matters® Number: MM8645

Related Change Request (CR) #: CR 8645

Related CR Release Date: March 11, 2014

Effective Date: April 1, 2014

Related CR Transmittal #: R2902CP

Implementation: April 7, 2014

April Quarterly Update for 2014 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

Provider Types Affected

This MLN Matters® Article is intended for physicians, providers, and suppliers submitting claims to Part A/B Medicare Administrative Contractors (MACs), Hospice and Home Health (HHMACs), and Durable Medical Equipment MACs (DME MACs) for DMEPOS items or services paid under the DMEPOS fee schedule.

Provider Action Needed

The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 8645 that alerts providers and suppliers that CMS issued instructions updating the DMEPOS fee schedule payment amounts. Be sure your billing personnel are aware of these changes.

Background

CMS updates DMEPOS fee schedules on a quarterly basis, when necessary, in order to implement fee schedule amounts for new and existing codes, as applicable, and apply

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changes in payment policies. The quarterly 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.

Key Points of CR8645

Splints, Casts and Certain Intraocular Lenses (IOLs)

The following are the HCPCS codes for splints, casts, and certain IOLs added to the DMEPOS fee schedule file:

A4565, Q4001, Q4002, Q4003, Q4004, Q4005, Q4006, Q4007, Q4008, Q4009, Q4010, Q4011, Q4012, Q4013, Q4014, Q4015, Q4016, Q4017, Q4018, Q4019, Q4020, Q4021, Q4022, Q4023, Q4024, Q4025, Q4026, Q4027, Q4028, Q4029, Q4030, Q4031, Q4032, Q4033, Q4034, Q4035, Q4036, Q4037, Q4038, Q4039, Q4040, Q4041, Q4042, Q4043, Q4044, Q4045, Q4046, Q4047, Q4048, Q4049, V2630, V2631, V2632.

As written in the MLN Matters® Article MM8523 (*Change to the Reasonable Charge Update for 2014 for Splints, Casts, and Certain Intraocular Lenses*) at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM8523.pdf>, for dates of service on or after April 1, 2014, payment for splints, casts and IOLs inserted in a physician’s office will be made using national fee schedule amounts.

For splints and casts, codes A4565 and Q4001-Q4049 are used when supplies are indicated for cast and splint purposes and:

- Payment is in addition to the payment made under the physician fee schedule for the procedure for applying the splint or cast. Per the regulations at 42 CFR Section 414.106, national fee schedule amounts for 2014 for these items were developed using 2013 reasonable charges updated by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending with June 2013, which is 1.8 percent; and
- For each year subsequent to 2014, the fee schedule amounts will be updated by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending with June of the preceding year, reduced by the productivity adjustment as described in Section 1886(b)(3)(B)(xi)(II) of the Social Security Act.

For intraocular lenses (codes V2630, V2631 and V2632), payment under the DMEPOS fee schedule is only made for lenses implanted in a physician's office:

- For payment of IOLs inserted in a physician’s office furnished from April 1, 2014, through December 31, 2014, regulations at 42 CFR Section 414.108 require national fee schedules be established based on the Calendar Year (CY) 2012 national

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average allowed charges updated by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 24-month period ending with June 2013, which is 3.5 percent;

- For each year subsequent to 2014, the fee schedule amounts will be updated by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending with June of the preceding year, adjusted by the productivity adjustment as described in Section 1886(b)(3)(B)(xi)(II) of the Act; and
- For IOL codes V2630 and V2631, national fee schedule amounts have been established using the fee schedule amounts for comparable code V2632 since there is insufficient allowed charge data for use in calculating the fee schedule amounts.

Subject to coinsurance and deductible rules, Medicare payment for these items is to be equal to the lower of the actual charge for the item or the amount determined under the applicable fee schedule payment methodology.

Payment Category Reclassification of Certain DME

Effective for dates of service on or after April 1, 2014, certain HCPCS codes for DME are reclassified from the payment category for inexpensive or other routinely purchased DME to the payment category for capped rental items, to align with the regulatory definition of routinely purchased equipment found at 42 CFR Section 414.220(a)(2).

These changes were determined through rulemaking (CMS-1526-F) and as written in the MLN Matters® Article MM8566 titled Rescind/Replace Reclassification of Certain Durable Medical Equipment from the Inexpensive and Routinely Purchased Payment Category to the Capped Rental Payment Category, available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network/MLN/MLNMattersArticles/Downloads/MM8566.pdf> on the CMS website.

As part of the April 2014 update to the DMEPOS fee schedule, the methodology used to calculate fee schedule amounts for capped rental items has been used to establish new fee schedule amounts for the following HCPCS codes:

A4639, A7025, E0117, E0144, E0198, E0300, E0620, E0656, E0657, E0740, E0762, E0764, E0849, E0855, E0856, E0984, E0986, E1002, E1003, E1004, E1005, E1006, E1007, E1008, E1010, E1014, E1029, E1030, E1161, E1232, E1233, E1234, E1235, E1236, E1237, E1238, E1700, E2227, E2310, E2311, E2312, E2313, E2321, E2322, E2325, E2326, E2327, E2328, E2329, E2330, E2351, E2373, E2374, E2376, E2377, E2378, E2500, E2502, E2504, E2506, E2508, E2510, K0607, K0730.

Consistent with the capped rental payment methodology, only Rental Amounts (RR) will appear on the fee schedule file for the above codes, effective April 1, 2014, and:

- The HCPCS codes transitioning to the capped rental payment category with corresponding KC, KF or KE modifiers will continue to have rental amounts

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- associated with these modifiers on the fee schedule file;
- The capped rental fee schedule amount is calculated based on ten percent of the base year purchase price increased by the covered item update;
 - This is the fee schedule amount for rental months one through three. Beginning with the fourth month, the fee schedule amount is equal to 75 percent of the fee schedule amount paid in each of the first three rental months; and
 - All of the payment rules for capped rental items, including guidelines regarding continuous use and transfer of title to the beneficiary following 13 months of continuous use, apply to these codes, effective for claims with dates of service on or after April 1, 2014.

Also effective April 1, 2014, MACs will process and pay claims for capped rental wheelchair accessories on a lump sum purchase basis when used with complex rehabilitative power wheelchairs (wheelchair base codes K0835 – K0864). In this case, the supplier must give the beneficiary the option of purchasing these accessories at the time they are furnished. The purchase fee schedule amount for capped rental accessories furnished in this manner is equal to the rental fee (for months one through three) multiplied by ten. If the beneficiary declines the purchase option, the supplier must furnish the accessory on a rental basis and payment will be made in accordance with the capped rental payment rules.

Specific Coding and Pricing Issues

As part of this update, effective April 1, 2014, HCPCS code L8680 is not included on the 2014 DMEPOS fee schedule file and the coverage indicator is revised to "I" to show it is not payable by Medicare. Note that:

- For neurostimulator devices, HCPCS code L8680 is no longer separately billable for Medicare because payment for electrodes has been incorporated in CPT code 63650 *Percutaneous implantation of neurostimulator electrode array, epidural*.
- CMS established non-facility practice expense inputs for CPT code 63650 in the Medicare Physician Fee Schedule Final Rule (published November 27, 2013). As a result, practitioners should not report electrode(s) using code L8680 in conjunction with a lead implantation procedure furnished in any setting for Medicare.
- Also, this change for code L8680 will be available on the HCPCS Quarterly Update website at http://www.cms.gov/Medicare/Coding/HCPCSReleaseCodeSets/HCPCS_Quarterly_Update.html on the CMS website.

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Additional Information

The official instruction, CR8645, issued to your MAC regarding this change is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2902CP.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number, which is available at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

News Flash - Generally, Medicare Part B covers one flu vaccination and its administration per flu season for beneficiaries without co-pay or deductible. Now is the perfect time to vaccinate beneficiaries. Health care providers are encouraged to get a flu vaccine to help protect themselves from the flu and to keep from spreading it to their family, co-workers, and patients. Note: The flu vaccine is not a Part D-covered drug. For more information, visit:

- [MLN Matters® Article #MM8433](#), "Influenza Vaccine Payment Allowances - Annual Update for 2013-2014 Season"
- [MLN Matters® Article #SE1336](#), "2013-2014 Influenza (Flu) Resources for Health Care Professionals"
- [HealthMap Vaccine Finder](#) - a free, online service where users can search for locations offering flu and other adult vaccines. While some providers may offer flu vaccines, those that don't can help their patients locate flu vaccines within their local community.
- [Free Resources](#) can be downloaded from the CDC website including prescription-style tear-pads that will allow you to give a customized flu shot reminder to patients at high-risk for complications from the flu. On the CDC order form, under "Programs", select "Immunizations and Vaccines (Influenza/Flu)" for a list of flu related resources.

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