

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



MLN Matters® Number: MM9579 Revised **Related Change Request (CR) #: CR 9579**
Related CR Release Date: August 17, 2016 **Effective Date: October 1, 2016**
Related CR Transmittal #: R3593CP **Implementation Date: October 3, 2016**

Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP): Additional Instructions for the Implementation of Round 2 Recompete of the DMEPOS CBP Program and National Mail Order (NMO) Recompete

Note: This article was revised on August 17, 2016, due to a revised Change Request (CR). That CR changed a business requirement (BR) for payments. The BR is included in this article as a note on the last page. The transmittal number, CR release date and link to the transmittal also changed. All other information is unchanged.

Provider Types Affected

This MLN Matters® Article is intended for providers and suppliers submitting claims to Medicare Administrative Contractors (MACs) for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) items or services paid under the DMEPOS fee schedule.

Provider Action Needed

The Centers for Medicare & Medicaid Services (CMS) issued CR 9579 to provide instructions detailing changes to the DMEPOS Competitive Bidding Program (CBP) regarding the clarification of the RB modifier for Medicare payment for the repair of parts furnished in Competitive Bidding Areas (CBAs) and clarification of grandfathering instructions for rentals of accessories and supplies.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2015 American Medical Association. All rights reserved.

Background

The purpose of CR9579 is to provide instructions for implementing the following clarifications to the DMEPOS CBP program.

Clarification of Medicare Payment for Repair Parts Furnished in Competitive Bidding Areas

Under the Medicare DMEPOS CBP, repairs of beneficiary-owned items may be performed by any Medicare-enrolled supplier. Repairs to certain, medically necessary beneficiary-owned equipment are covered when necessary to make the equipment serviceable. Labor to repair equipment is not subject to competitive bidding and is paid according to Medicare's general payment rules.

CR8181 (see related article [MM8181](#)) implemented claims billing and processing instructions for wheelchair accessories furnished for use with non-competitively bid wheelchair base units for beneficiaries who permanently reside in competitive bid areas. This instruction implemented use of the KY modifier in certain instances. This instruction clarifies how payment is made for repair parts furnished in competitive bidding areas.

In accordance with [42 CFR 414.408\(k\)\(1\)\(iii\)](#), payments for repair parts that are described by HCPCS codes for competitive bidding items and are furnished in CBAs are made based on the single payment amount established for the HCPCS code. Payment for such repair parts that are furnished for use in repairing base equipment that are not competitive bidding items in the area is made in accordance with [42 CFR 414.408\(k\)\(1\)\(ii\)](#), which provides that payment for the part is made based on the MAC's consideration of the item under [42 CFR 414.210\(e\)](#). When making payment determinations for parts described by HCPCS codes for competitive bidding items furnished for use in repairing base equipment that are not competitive bidding items, MACs have discretion to use the single payment amounts for the item in establishing the Medicare allowed amount for the repair part.

The regulations at [414.210\(e\)](#) also provide that payment for repair parts is made on a lump sum purchase basis. **Therefore, effective October 1, 2016**, all repair part claims billed with the RB modifier, whether within or outside a CBA, whether described by a HCPCS code that is a competitive bidding item or not, and whether described by a code for miscellaneous (not otherwise classified or specified) items or not, shall be paid on a lump sum purchase basis.

Additionally, CMS has become aware that wheelchair claims are being submitted with the following modifier combinations: the RB and KY; RB and KE; and RB and RR modifiers. If the claim is for a repair part, these three following combinations are not valid, and the claim will be returned as unprocessable.

Clarification of Grandfathering instructions

Under the Medicare DMEPOS CBP, a beneficiary who obtains competitive bidding items in a designated CBA must obtain these items from a contract supplier, unless an exception applies. One exception is that a beneficiary may continue to obtain a DME rental item(s) from a non-contract supplier if the beneficiary was receiving the rented item(s) from the

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2015 American Medical Association. All rights reserved.

non-contract supplier when the CBP took effect in the CBA. Such non-contract supplier would be considered a “grandfathered supplier” with respect to such rented item and such beneficiary for the remainder of the period during which rental payments are made (for example, for the remainder of the 13-month period of continuous use for a capped rental item). An additional exception is that a beneficiary, who continues to obtain a rented, grandfathered competitive bidding item from a non-contract, grandfathered supplier, may also obtain certain covered accessories or supplies furnished for use with such rented “grandfathered” equipment from the same non-contract, grandfathered supplier for the remainder of the period during which rental payments are made (for example, for the remainder of the 13-month period of continuous use for a capped rental item).

For rented, grandfathered equipment in the capped rental payment class (for example, a Continuous Positive Airway Pressure (CPAP) device or manual wheelchair), after the rental payment cap for the grandfathered equipment and after the rental payment cap on the accessory (when applicable, such as, elevating leg rests) is reached, the beneficiary must obtain covered accessories and supplies (for example, CPAP masks) from a contract supplier. The supplier of the grandfathered equipment is no longer permitted to furnish the covered accessories and supplies once the rental payment cap on the grandfathered equipment is reached, with the exception of completing the rental period for accessories when the first rental month began during the rental period for the grandfathered equipment (for example, the addition of elevating leg rests during the third rental month for a grandfathered manual wheelchair). For rented, grandfathered equipment in the inexpensive or routinely purchased payment class, after the total payments for the rented, grandfathered equipment (such as a folding walker) reach the purchase fee schedule amount for the grandfathered equipment, and after the rental payment cap on the accessory is reached (when applicable), the beneficiary must obtain covered accessories (for example, seat attachment) and supplies from a contract supplier. The supplier of the grandfathered equipment is no longer permitted to furnish the covered accessories and supplies once the rental payment cap on the equipment is reached, with the exception of completing the rental period for accessories when the first rental month began during the rental period for the grandfathered equipment.

In all cases, payment for covered accessories and supplies used in conjunction with a grandfathered item is based on the single payment amount calculated for the item for the CBA in which the beneficiary maintains a permanent residence.

In summary, Medicare payment may be made to a non-contract, grandfathered supplier for furnishing certain covered accessories or supplies furnished for use with rented, grandfathered equipment, provided the non-contract supplier is also furnishing the rented equipment on a grandfathered basis. Once rental payments for the grandfathered equipment have ended, Medicare payment will no longer be made to a non-contract, grandfathered supplier for furnishing accessories or supplies with the exception of completing the rental period for rented accessories.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2015 American Medical Association. All rights reserved.

Note: The following instruction was added to CR 9579 on August 17, 2016: Payments will be allowed at the fee schedule amount for accessory rental items (modifier RR) submitted with modifier KY by non-contract suppliers that are furnished for use with non-bid wheelchair bases. This applies to any wheelchair accessory rental item that has the Business Rule G on the CBIC HCPCS file.

Additional Information

The official instruction, CR9579 issued to your MAC regarding this change is available at <http://www.cms.gov/regulations-and-guidance/guidance/transmittals/downloads/R3593CP.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work.

You may review MM 8181, “Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) National Competitive Bidding (NCB): Using the “KY” Modifier to Bill for Accessories for Non-NCB Wheelchair Base Units” (Transmittal 1184, February 8, 2013) at <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM8181.pdf>.

You can find additional information on the DMEPOS CBP at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid/index.html>.

More information is available at <http://www.dmecompetitivebid.com/palmetto/cbicrd2recompete.nsf/DocsCat/Home>. This site includes information on all rounds of the CBP, including product categories single payment amounts for the Round 1 Re-compete, Round 2, and the national mail-order program for diabetic testing supplies; and the ZIP codes of areas included in the CBP.

Document History

Date of Change	Description
August 20, 2016	The article was revised due to a revised Change Request (CR). That CR added a business requirement (BR) for payments. The BR is included in this article as a note on the last page. The transmittal number, CR release date and link to the transmittal also changed. All other information is unchanged.
July 20, 2016	The article was revised due to a revised CR that added a business requirement (BR) for payments. The BR was included in this article as a note on the last page and stated, "Payments will be allowed at the fee schedule amount for accessory purchase items (modifier NU) submitted with modifier KY by non-contract suppliers that are furnished for use with non-bid wheelchair bases. The transmittal number, CR release date and link to the transmittal also changed. All other information is unchanged.
June 15 2016,	The article was revised to correct the effective date stated on page 2 in bold. The date should have been October 1, 2016. All other information is unchanged.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2015 American Medical Association. All rights reserved.