

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 4052	Date: May 17, 2018
	Change Request 10422

Transmittal 4037, dated April 27, 2018, is being rescinded and replaced by Transmittal 4052, dated, May 17, 2018, to update the Internet Only Manual (IOM). All other information remains the same.

SUBJECT: Removal of KH Modifier from Capped Rental Claims

I. SUMMARY OF CHANGES: This instruction updates the ViPS Medicare System (VMS) edits to remove the requirement to append the KH rental modifier on purchased capped rental durable medical equipment or parenteral/enteral items and services.

EFFECTIVE DATE: October 1, 2018

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: October 1, 2018

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	20/130/130.9/Showing Whether Rented or Purchased

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

**Business Requirements
Manual Instruction**

Number	Requirement	Responsibility							
		A/B MAC		D M E	Shared- System Maintainers				Other
		A	B		H H H	F M V C	M C M S	V M S W	
	edit when the 'KH', 'KI', or 'KJ' modifiers are submitted on claims for the following codes with the KY modifier that are furnished for use with non-bid wheelchair bases in Round 1 Recompete CBAs: E0985, E1020, E1028, E2228, E2368, E2369, E2370, E2375, K0015, K0070, E0955								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC			D M E	C E D I	M A C
		A	B	H H H			
10422.6	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.						X

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
10422.4	This includes but is not limited to alert DA01.
10422.3	This includes but is not limited to edit 68X5.

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Bobbett Plummer, 410-786-3321 or bobbett.plummer@cms.hhs.gov (For claims processing questions) , Karen Jacobs, 410-786-2173 or karen.jacobs@cms.hhs.gov (For policy questions)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0

Medicare Claims Processing Manual

Chapter 20 – Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

Table of Contents *(Rev.4052, Issued: 05-17-18)*

130.9 - Showing Whether Rented or Purchased

(Rev. 4052, Issued: 05-17-18, Effective: 10-01-18, Implementation: 10-01-18)

Claims must specify whether equipment is rented or purchased. For purchased equipment, the itemized bill or claim must also indicate whether equipment is new or used. If the provider or supplier fails to indicate on an assigned claim whether equipment was new or used, the MAC processing the claims assumes purchased equipment is used and process the claim accordingly, i.e., they pay on the basis of the used purchase fee. If an unassigned purchase claim does not specify whether the item was new or used, MACs develop the claim with the supplier. The following table indicates the HCPCS modifiers which are added to the equipment code to indicate its status: Modifier

Modifier	Status
-BP	The beneficiary has been informed of the purchase and rental options and has elected to purchase the item
-BR	The beneficiary has been informed of the purchase and rental options and has elected to rent the item
-BU	The beneficiary has been informed of the purchase and rental options and after 30 days has not informed the supplier of his/her decision
-KH	DMEPOS item, initial claim, purchase or first month rental <i>(no longer required for purchased (NU modifier claims) on or after 10/1/18)</i>
-KI	DMEPOS item, second or third month rental
-KJ	DMEPOS item, PEN pump or capped rental months four to fifteen
-NR	New when rented (use the 'NR' modifier when an item that was new at the time of rental is subsequently purchased)
-NU	New equipment
-RR	Rental (use the 'RR' modifier when DME is to be rented)
-UE	Used durable medical equipment <i>(no longer requires the KH modifier for claims submitted on or after 10/1/18)</i>

HHAs report the appropriate modifier using the ASC X12 837 institutional claim format, or Form CMS-1450 following the appropriate HCPCS code. A/B MACs (HHH) accept 7 positions in this field for data entry purposes.