

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1118</b>	<b>Date: NOVEMBER 24, 2006</b>
	<b>Change Request 5382</b>

**Subject: Reasonable Charge Update for 2007 for Splints, Casts, Dialysis Supplies, Dialysis Equipment, and Certain Intraocular Lenses**

**I. SUMMARY OF CHANGES:** This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment and intraocular lenses furnished in calendar year 2007.

**New / Revised Material**

**Effective Date: January 1, 2007**

**Implementation Date: January 2, 2007**

*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
N/A	

**III. FUNDING:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

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

# Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1118	Date: November 24, 2006	Change Request: 5382
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**SUBJECT: Reasonable Charge Update for 2007 for Splints, Casts, Dialysis Supplies, Dialysis Equipment, and Certain Intraocular Lenses**

**Effective Date:** January 1, 2007

**Implementation Date:** January 2, 2007

## I. GENERAL INFORMATION

**A. Background:** This Change Request (CR) is issued pending finalization of CMS-1270-P; Competitive Acquisition for Certain Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) and Other Issues. Any changes as a result of the rule will be issued 60 days prior to implementation.

Payment continues to be made on a reasonable charge basis for splints, casts, dialysis supplies, dialysis equipment and intraocular lenses. For intraocular lenses, payment is only made on a reasonable charge basis for lenses implanted in a physician’s office. For splints and casts, the Q-codes are to be used when supplies are indicated for cast and splint purposes. The CPT codes should be used as indicated in the CPT section “Application of Casts and Strapping” for the specified CPT procedure codes in the 29XXX series. This payment is in addition to the payment made under the physician fee schedule for the procedure for applying the splint or cast.

**B. Policy:** This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment, and intraocular lenses furnished in calendar year 2007. Payment on a reasonable charge basis is required for these items by regulations contained in 42 CFR 405.501. The 2007 payment limits for splints and casts will be based on the 2006 limits that were announced in CR 4131 last year, increased by 4.3 percent, the percentage change in the consumer price index for all urban consumers for the 12-month period ending June 30, 2006.

## II. BUSINESS REQUIREMENTS TABLE

Use “Shall” to denote a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)											
		A / B M A C	D M M A C	F I R E R	C A R R C	D M R R C	R H H I	Shared-System Maintainers				OTHER	
							F I S S	M C S	V M S	C W F			
5382.1	Carriers shall compute 2007 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2005, through June 30, 2006.	X			X								

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I  M A C	C A R I E R	D M E R C	R E H I	Shared-System Maintainers			
							F I S S	M C S	V M S	C W F	
	<u>Intraocular Lenses Implanted in a Physician's Office</u> V2630 V2631 V2632										
5382.2	DMERCs and DME MACs shall compute 2007 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2005, through June 30, 2006. <u>Dialysis Supplies Billed With AX Modifier</u> A4216 A4217 A4248 A4244 A4245 A4246 A4247 A4450 A4452 A6250 A6260 A4651 A4652 A4657 A4660 A4663 A4670 A4927 A4928 A4930 A4931 A6216 A6402 <u>Dialysis Supplies Billed Without AX Modifier</u> A4653 A4671 A4672 A4673 A4674 A4680 A4690 A4706 A4707 A4708 A4709 A4714 A4719 A4720 A4721 A4722 A4723 A4724 A4725 A4726 A4728 A4730 A4736 A4737 A4740 A4750 A4755 A4760 A4765 A4766 A4770 A4771 A4772 A4773 A4774 A4802 A4860 A4870 A4890 A4911 A4918 A4929 E1634 <u>Dialysis Equipment Billed With AX Modifier</u> E0210NU E1632 E1637 E1639 <u>Dialysis Equipment Billed Without AX Modifier</u> E1500 E1510 E1520 E1530 E1540 E1550 E1560 E1570 E1575 E1580 E1590 E1592 E1594 E1600 E1610 E1615 E1620 E1625 E1630 E1635 E1636		X			X				X	
5382.3	Carriers shall compute 2007 Inflation-Indexed Charge (IIC) amounts for the codes identified in requirement 5382.1 that were not paid using gap-filled payment amounts in 2006.	X			X						
5382.4	DMERCs and DME MACs shall compute 2007 IIC amounts for the codes identified in requirement 5382.2 that were not paid using gap-filled amounts in 2006.		X			X				X	
5382.5	Contractors shall make payment for splints and casts furnished in 2007 based on the lower of the actual charge or the payment limits established for these codes. Refer to Attachment A for a detailed list of the applicable HCPCS codes and 2007 payment limits.	X		X	X						
5382.6	Contractors, DMERCs and DME MACs shall use the 2007 reasonable charges or payment limits in Attachment A to pay claims for items furnished from January 1, 2007 through December 31, 2007.	X	X	X	X	X				X	

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B  M A C	D M E  M A C	F I  I  C	C A R R I E R	D M E R C	R E H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
5382.7	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles">www.cms.hhs.gov/MLNMattersArticles</a> 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 site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your 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	X	X	X	X	X					

#### IV. SUPPORTING INFORMATION

**A. For any recommendations and supporting information associated with listed requirements, use the box below:**

*Use "Should" to denote a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:
5382.1 through 5382.4	Instructions for calculating reasonable charges are located in section 80 of chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04).
5382.1, 5382.2	Instructions for calculating customary and prevailing charge are locate in section 80.2 and 80.4 of chapter 23 of the Medicare Claims Processing Manual (Pub 100-04).
5382.3, 5382.4	Instructions for calculating the IIC are located in section 80.6 of chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04). The IIC update factor for 2007 is 4.3 percent.

**B. For all other recommendations and supporting information, use the space below: N/A**

#### V. CONTACTS

**Pre-Implementation Contact(s):** Karen Jacobs 410-786-2173; Joel Kaiser 410-786-4499

**Post-Implementation Contact(s):** Karen Jacobs 410-786-2173; Joel Kaiser 410-786- 4499

## **VI. FUNDING**

### **A. For TITLE XVIII Contractors:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

### **B. For Medicare Administrative Contractors (MAC):**

The contractor is hereby advised that this constitutes technical direction as defined in your contract. We do not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts specified 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.

Attachment

## Attachment A

### 2007 Payment Limits for Splints and Casts

A4565	\$7.19
Q4001	\$40.91
Q4002	\$154.63
Q4003	\$29.39
Q4004	\$101.74
Q4005	\$10.83
Q4006	\$24.42
Q4007	\$5.43
Q4008	\$12.21
Q4009	\$7.23
Q4010	\$16.28
Q4011	\$3.61
Q4012	\$8.14
Q4013	\$13.16
Q4014	\$22.21
Q4015	\$6.58
Q4016	\$11.10
Q4017	\$7.61
Q4018	\$12.14
Q4019	\$3.81
Q4020	\$6.08
Q4021	\$5.63
Q4022	\$10.17
Q4023	\$2.83
Q4024	\$5.08
Q4025	\$31.60
Q4026	\$98.64
Q4027	\$15.80
Q4028	\$49.33
Q4029	\$24.16
Q4030	\$63.59
Q4031	\$12.08
Q4032	\$31.79
Q4033	\$22.53
Q4034	\$56.05
Q4035	\$11.27
Q4036	\$28.03
Q4037	\$13.75
Q4038	\$34.44
Q4039	\$6.89
Q4040	\$17.22
Q4041	\$16.71
Q4042	\$28.53
Q4043	\$8.36
Q4044	\$14.27
Q4045	\$9.70
Q4046	\$15.61
Q4047	\$4.84
Q4048	\$7.81
Q4049	\$1.77