

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1263	Date: JUNE 8, 2007
	Change Request 5641

Subject: July Quarterly Update for 2007 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: The DMEPOS fee schedule are updated on a quarterly basis in order to implement fee schedule amounts for new codes and to revise any fee schedule amounts for existing codes that were calculated in error.

New / Revised Material

Effective Date: January 1, 2007 for implementation of fee schedule amounts for codes in effect on January 1, 2007; July 1, 2007 for all other changes

Implementation Date: July 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: 1263	Date: June 8, 2007	Change Request: 5641
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SUBJECT: July Quarterly Update for 2007 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

Effective Date: January 1, 2007 for implementation of fee schedule amounts for codes in effect on January 1, 2007; July 1, 2007 for all other changes

Implementation Date: July 2, 2007

I. GENERAL INFORMATION

A. Background: The DMEPOS fee schedules are updated on a quarterly basis in order to implement fee schedule amounts for new codes and to revise any fee schedule amounts for existing codes that were calculated in error. The quarterly updates process for the DMEPOS fee schedule is located in §60, Chapter 23, of the Medicare Claims Processing Manual (Pub. 100-04).

B. Policy: This Recurring Update Notification provides specific instructions regarding the July quarterly update for the 2007 DMEPOS fee schedule. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, and surgical dressings by §1834(a), (h), and (i) of the Social Security Act. Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained in 42 CFR 414.102.

The fee schedule amounts for HCPCS code E0762 (Transcutaneous electrical joint stimulation device system, includes all accessories) are added to the fee schedule file on July 1, 2007, and are effective for claims submitted with dates of service on or after January 1, 2007.

The following codes are being added to the HCPCS on July 1, 2007, and are effective for claims with dates of service on or after July 1, 2007:

K0553 Combination Oral/Nasal Mask, Used With Continuous Positive Airway Pressure Device, Each
K0554 Oral Cushion For Combination Oral/Nasal Mask, Replacement Only, Each
K0555 Nasal Pillows For Combination Oral/Nasal Mask, Replacement Only, Pair

CMS has calculated fee schedule amounts for the above codes and these amounts are being added to the fee schedule as part of this update.

The following KL modifier was added to the HCPCS, effective July 1, 2007:

KL DMEPOS Item Delivered Via Mail

Contractors shall instruct suppliers to use the “KL” modifier on claims for diabetic supplies that are delivered via mail with dates of service on or after July 1, 2007, with the following codes: A4233, A4234, A4235, A4236, A4253, A4256, A4258 and A4259. The KL modifier shall be used with diabetic supplies identified by the codes above that are ordered remotely (i.e., by phone, email, internet, or mail) and delivered to the beneficiary’s residence by common carriers (e.g., U.S. postal service, Federal

Express, United Parcel Service) and not with items obtained by beneficiaries from local supplier storefronts.

As part of this update, the fee schedule amounts for HCPCS code E2374 (Power Wheelchair Accessory, Hand or Chin Control Interface, Standard Remote Joystick (Not Including Controller), Proportional, Including all Related Electronics and Fixed Mounting Hardware, Replacement Only) are being revised to correct errors in the fee schedule calculation.

As part of the fee schedule power mobility device (PMD) changes noted in Change Request (CR) 5537, this update revises the dates for which contractors must adjust previously processed claims for HCPCS code K0864 (Power Wheelchair, Group 3 Extra Heavy Duty, Multiple Power Option, Sling/Solid Seat/Back, Patient Weight Capacity 601 Pounds or More) in Puerto Rico.

Lastly, after consulting with the Food and Drug Administration, we have determined that ultraviolet light therapy systems are classified as class II devices and are not class III devices. Suppliers should be instructed not to submit the class III KF modifier on any claims for codes E0691, E0692, E0693, and E0694 with dates of service on or after January 1, 2005. We are removing HCPCS codes E0691, E0692, E0693, and E0694, billed with the KF modifier, from the fee schedule, effective July 1, 2007.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER (COBA/ COBC)
								F I S S	M C S	V M S	C W F	
5641.1	The DME MACs, DMERCs, and local carriers shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T070101.V0611) on or after June 11, 2007.		X		X	X						
5641.1.1	Notification of successful receipt shall be sent via e-mail to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity for which they were received (e.g., DME MAC name and number).		X		X	X						
5641.2	A/B MACs, FIs and RHHIs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T070101.V0611.FI) on or after June 11, 2007.	X		X			X					
5641.2.1	Notification of successful receipt shall be sent via e-mail to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity for which they were received (e.g., FI name and number).	X		X			X					
5641.3	For diabetic supplies delivered through the mail on or after July 1, 2007, the DME		X			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	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER (COBA/ COBC)
								F I S S	M C S	V M S	C W F	
	MACs, DMERCs and RHHIs shall instruct suppliers to use the informational "KL" modifier when billing the HCPCS codes identified below: A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259.											
5641.4	Contractors shall adjust previously processed claims for code K0864 in Puerto Rico with dates of service from November 15, 2006 through March 31, 2007, if they are resubmitted as adjustments.	X	X	X		X	X					
5641.5	Suppliers should be instructed not to submit the KF modifier with claims for HCPCS codes E0691, E0692, E0693 and E0694 with dates of service on or after January 1, 2005.		X			X	X					
5641.6	Contractors shall reject any claims for codes E0691, E0692, E0693, and E0694 with dates of service on or after January 1, 2005, if they are submitted with the KF modifier.		X			X	X					
5641.7	Contractors shall adjust previously processed claims for codes E0691, E0692, E0693, and E0694 with dates of service on or after January 1, 2007, if they are resubmitted as adjustments.		X			X	X					
5641.8	Contractors shall add the following HCPCS codes to their systems for processing, effective for dates of service on or after July 1, 2007: K0553 Combination Oral/Nasal Mask, Used With Continuous Positive Airway Pressure Device, Each K0554 Oral Cushion For Combination Oral/Nasal Mask, Replacement Only, Each K0555 Nasal Pillows For Combination Oral/Nasal Mask, Replacement Only, Pair Refer to Change Request 5525, issued March 2007, for the codes' administrative fields.	X		X	X		X	X	X			X
5641.9	The DME MACs, DMERCs, and RHHIs shall adjust previously processed claims for E2374 with dates of service on or after January 1, 2007, if they are resubmitted as adjustments.		X			X	X					
5641.10	Contractors shall use the 2007 DMEPOS fee	X	X	X	X	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	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER (COBA/ COBC)	
								F I S S	M C S	V M S	C W F		
	schedule amounts from the DMEPOS fee schedule to pay claims with dates of service on or after January 1, 2007.												
5641.11	The HCPCS Quarterly Update public use file, containing the long and short descriptors for all new codes, is available for downloading at www.cms.hhs.gov/HCPCSReleaseCodeSets/02_HCPCS_Quarterly_Update.asp .	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	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER	
								F I S S	M C S	V M S	C W F		
5641.12	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/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 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: N/A

Use "Should" to denote a recommendation.

X-Ref Requireme nt Number	Recommendations or other supporting information:

B. For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Karen Jacobs (410)786-2173

Post-Implementation Contact(s): Karen Jacobs (410)786-2173

VI. FUNDING

A. For Fiscal Intermediaries, Carriers, and the Durable Medical Equipment Regional Carrier (DMERC), use only one of the following statements:

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), use the following statement:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does 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 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.