CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 1967	**Date: May 7, 2010**
	Change Request 6945

SUBJECT: July Quarterly Update for 2010 Durable Medical Equipment, Prosthetics, Orthotics, and Suppliers (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: The DMEPOS fee schedule is updated on a quarterly basis, when necessary, in order to implement fee schedule amounts for new codes and correct any fee schedule amounts for existing codes. The attached Recurring Update Notification applies to Chapter 23, Section 60.

EFFECTIVE DATE: *January 1, 2010, for implementation of fee schedule amounts for codes in effect on January 1, 2010; April 1, 2010, for the revisions to the RA and RB modifier descriptors which became effective April 1, 2010; July 1, 2010, for all other changes.

IMPLEMENTATION DATE: July 6, 2010

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-

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:
For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

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. ATTACHMENT:

Recurring Update Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1967	Date: May 7, 2010	Change Request: 6945

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Effective Date: January 1, 2010, for implementation of fee schedule amounts for codes in effect on January 1, 2010; April 1, 2010, for the revisions to the RA & RB modifier descriptors which became effective April 1, 2010; July 1, 2010, for all other changes.

Implementation Date: July 6, 2010

I. GENERAL INFORMATION

A. Background: The Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) fee schedules are updated on a quarterly basis, when necessary, in order to implement fee schedule amounts for new codes and to correct any fee schedule amounts for existing codes. The quarterly update process for the DMEPOS fee schedule is located in the Pub. 100-04 Medicare Claims Processing Manual, Chapter 23, §60.

B. Policy: This recurring update notification provides specific instructions regarding the July quarterly update for the 2010 fee schedule. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics and surgical dressings by Sections 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.

Healthcare Common Procedure Coding System (HCPCS) codes A4336, E1036, L8031, L8032, L8629 and Q0506 were added to the HCPCS file effective January 1, 2010. The fee schedule amounts for the aforementioned HCPCS codes are established as part of this update and are effective for claims with dates of service on or after January 1, 2010. These items were paid on a local fee schedule basis prior to implementation of the fee schedule amounts established in accordance with this update. Claims for codes with A4336, E1036, L8031, L8032, L8629 and Q0506 with dates of service on or after January 1, 2010 that have already been processed will not be adjusted to reflect the newly established fees if they are resubmitted for adjustment.

We have received questions requesting clarification concerning what items and services a supplier must furnish when billing HCPCS code A4221 Supplies for Maintenance of Drug Infusion Catheter, Per Week. Per the DME MAC policy article for external infusion pumps, all supplies (including dressings) used in conjunction with a durable infusion pump are billed with codes A4221 and A4222 or codes A4221 and K0552. Other codes should not be used for the separate billing of these supplies. Code A4221 includes dressings for the catheter site and flush solutions not directly related to drug infusion. Code A4221 also includes all cannulas, needles, dressings and infusion supplies (excluding the insulin reservoir) related to continuous subcutaneous insulin infusion via an external insulin infusion pump and the infusion sets and dressings related to subcutaneous immune globulin administration. The payment amount for code A4221 includes all necessary supplies for one week in whatever quantity is needed by the beneficiary for that week. Suppliers that bill HCPCS code A4221 are required to furnish the items and services described by the code in the quantities needed by the beneficiary for the entire week.

Two modifiers for repair and replacement of an item, added to the HCPCS code set on January 1, 2009, are now also available for use with prosthetic and orthotic items because the descriptors are revised effective April 1, 2010, to specify orthotic and prosthetic item as follows:

RA- Replacement of a DME, Orthotic or Prosthetic Item
RB- Replacement of a Part of a DME, Orthotic or Prosthetic Item Furnished as Part of a Repair

Suppliers should continue to use the RA modifier on DMEPOS claims to denote instances where an item is furnished as a replacement for the same item which has been lost, stolen or irreparably damaged. Likewise, the RB modifier should continue to be used on DMEPOS claims to indicate replacement parts of a DMEPOS item (base equipment/device) furnished as part of the service of repairing the DMEPOS item (base equipment/device.)

Under the regulations at 42 CFR 414.210(f), the reasonable useful lifetime of durable medical equipment, prosthetic and orthotic devices is 5 years unless program instructions authorize a specific reasonable useful lifetime of less than 5 years for an item. After a review of product information and in consultation with the DME MAC medical officers, we have determined that a period shorter than 5 years more accurately reflects the useful lifetime expectancy for a reusable, self-adhesive nipple prosthesis. This program instruction lowers the reasonable useful lifetime period for a reusable, self-adhesive nipple prosthesis to 3 months.

HCPCS code Q0506 Battery, Lithium-Ion, For Use With Electric or Electric/Pneumatic Ventricular Assist Device, Replacement Only was added to the HCPCS effective January 1, 2010. Based on information furnished by ventricular assist device (VAD) manufacturers, we have determined that the reasonable useful lifetime of the lithium ion battery described by HCPCS code Q0506 is 12 months. Therefore, as part of this update, we are establishing CWF edits to deny claims that are submitted for code Q0506 prior to the expiration of the batteries' reasonable useful lifetime. The reasonable useful lifetime of VAD batteries other than lithium ion – HCPCS codes Q0496 and Q0503 – remains at 6 months as described in Change Request (CR) 3931, Transmittal 613, issued July 22, 2005. Additionally, suppliers and providers will need to add HCPCS modifier RA (Replacement of a DME, Orthotic or Prosthetic Item) to claims for code Q0506 in cases where the battery is being replaced because it was lost, stolen, or irreparably damaged. Per the VAD replacement policy outlined in CR 3931, if the A/B MAC, local carrier, or intermediary determines that the replacement of the lost, stolen, or irreparably damaged item is reasonable and necessary, then payment for replacement of the item can be made at any time, irrespective of the item's reasonable useful lifetime.

II. BUSINESS REQUIREMENTS TABLE

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6945.1	The DME MACs, A/B MACs and local carriers shall receive the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T100101.V0506) as soon as possible. The file is available for download after May 6, 2010.	X	X		X						Data Centers
6945.1.1	Notification of successful receipt shall be sent via e-mail to price_file_receipt@cms.hhs.gov stating the name of the	X	X		X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	file received and the entity for which they were received (e.g., DME MAC name and number).										
6945.2	The A/B MACs, FIs and RHHIs shall receive the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T100101.V0513.FI) as soon as possible. The file is available for download after May 13, 2010.	X		X		X					Data Centers
6945.2.1	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					
6945.3	Contractors shall use the 2010 DMEPOS fee schedule amounts from the DMEPOS fee schedule file(s) of the above business requirements to pay claims with dates of service on or after January 1, 2010.	X	X	X	X	X					
6945.4	Common Working File (CWF) edits shall be established to reject claims for HCPCS code Q0506 Battery, Lithium-Ion, For Use With Electric or Electric/Pneumatic Ventricular Assist Device, Replacement Only, without corresponding modifier RA, with dates of service within 12 months of date of discharge from the hospital stay in which a ventricular assist device is implanted, as identified by ICD-9 code 37.66 (insertion of implantable heart assist system) or 37.63 (repair/replacement of implantable heart assist system). CWF edits shall also reject claims for HCPCS code Q0506, without corresponding modifier RA, with dates of service within 12 months of the date of the service for a previous paid claim for replacement of the battery under Part B. The shared system maintainers shall adjust the A/B MAC, FI and Carrier systems to accommodate these edits.				X		X			X	
6945.4.1	Contractors shall use the following messages: MSN 16.29 – Payment is included in another service you have received Reason 97 –The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated. This change to be effective	X		X	X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	7/1/2010: The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated. Group Code: CO										
6945.4.2	A/B MACs, FIs and Carriers shall instruct suppliers and providers to add HCPCS modifier RA to the claim for HCPCS code Q0506 if the battery being replaced was lost, stolen or irreparably damaged.	X		X	X						
6945.5	CWF shall establish an edit to reject claims for HCPCS code Q0506 and there is no hospital stay in which a VAD is implanted as identified by ICD-9 code 37.66 or 37.63, has been received in CWF.									X	
6945.5.1	Contractors shall use the following messages: MSN 8.60 – Payment is denied because there is no hospital stay/surgery on file for implantation of the durable medical equipment or prosthetic device Reason 107 – The related or qualifying claim/service was not identified on this claim. This change to be effective 7/1/2010: The related or qualifying claim/service was not identified on this claim. Group Code: CO	X		X	X						
6945.6	CWF shall send an Informational Unsolicited Response to the contractors when the Part B or outpatient claim is in CWF as denied with HCPCS code Q0506 and a hospital stay is received with date of discharge that is not within 12 months in which a VAD is implanted as identified by ICD-9 code 37.66 or 37.63.	X		X	X					X	
6945.6.1	Contractors shall adjust previously denied claims as appropriate based on the unsolicited response of BR 6945.6.				X						
6945.7	CWF shall send an Informational Unsolicited Response to the contractors when the Part B or outpatient claim is in CWF as denied with HCPCS code Q0506 with modifier RA and a hospital stay is received with date of discharge that is within 12 months in which a VAD is implanted as identified by ICD-9 code 37.66 or 37.63.	X		X	X					X	
6945.7.1	Contractors shall adjust previously denied claims as appropriate based on this unsolicited response of BR 6945.7.1				X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6945.8	Claims for codes A4336, E1036, L8031, L8032, L8629 and Q0506 with dates of service on or after January 1, 2010 that have already been processed shall not be adjusted. This applies to resubmitted claims.	X	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6945.9	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 one 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					

IV. SUPPORTING INFORMATION

Section 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 Requirement Number	Recommendations or other supporting information:
6945.4-6945.7	For more information on ventricular assist device supply and accessory code processing, see Change Request (CR) 3931, Transmittal 613, issued July 22, 2005

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Karen Jacobs, karen.jacobs@cms.hhs.gov, Anita Greenberg, anita.greenberg@cms.hhs.gov

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs),* and/or *Carriers,* use only one of the following statements:

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

Section B: *For Medicare Administrative Contractors (MACs)*, include the following statement:

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.