

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3491	Date: April 5, 2016
	Change Request 9468

Transmittal 3444, dated January 29, 2016, is being rescinded and replaced by Transmittal 3491 to amend business requirement 9468.25. All other information remains the same.

SUBJECT: Payment for Purchased Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Furnished to Medicare Beneficiaries Residing Outside the U.S. - Expatriate Beneficiaries

I. SUMMARY OF CHANGES: In accordance with the Social Security Act, claims for purchased Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) provided to Medicare beneficiaries living outside the U.S. are payable as long as the delivery occurred while the beneficiary was in the U.S. at the time the service was rendered. However, Medicare claims systems are currently not designated to accept and process claims submitted for DMEPOS furnished to eligible beneficiaries living abroad (expatriate beneficiaries).

This transmittal directs the Centers for Medicare & Medicaid Services (CMS) shared systems maintainers to implement claims processing systems changes to allow expatriate beneficiary claims to process and pay for purchased items when certain criteria are met in accordance with Medicare policy.

EFFECTIVE DATE: July 1, 2016

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

IMPLEMENTATION DATE: July 5, 2016

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	20/30.9.1/Processing of Expatriate Beneficiary DMEPOS Claims for Purchased Items with the EX Modifier
R	24/90/Mandatory Electronic Submission of Medicare Claims

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**

Attachment - Business Requirements

Pub. 100-04	Transmittal: 3491	April 5, 2016	Change Request: 9468
-------------	-------------------	---------------	----------------------

Transmittal 3444, dated January 29, 2016, is being rescinded and replaced by Transmittal 3491 to amend business requirement 9468.25. All other information remains the same.

SUBJECT: Payment for Purchased Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Furnished to Medicare Beneficiaries Residing Outside the U.S. - Expatriate Beneficiaries

EFFECTIVE DATE: July 1, 2016

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

IMPLEMENTATION DATE: July 5, 2016

I. GENERAL INFORMATION

A. Background: Section 1862(a)(4) of the Social Security Act (the Act) requires that no payment may be made under Part A or Part B for services "which are not provided within the U.S. (except for inpatient hospital services furnished outside the U.S. under conditions described in section 1814(f) and, subject to such conditions, limitations, and requirements are provided under or pursuant to [title 18 of the Act], physicians' services and ambulance services furnished an individual in conjunction with such inpatient hospital services but only for the period during which such inpatient hospital services were furnished)".

Currently, the Medicare claims processing systems are not designed to accept and process claims submitted for DMEPOS furnished to Medicare beneficiaries whose permanent address is abroad (expatriate beneficiaries) even if the DMEPOS is furnished in the U.S.

The purpose of this transmittal is to require the Centers for Medicare & Medicaid Services (CMS) Medicare shared system maintainers (GDIT, and Acentia), and the Durable Medical Equipment Medicare Administrative Contractors (DME MACs) to allow expatriate beneficiary claims submitted on paper to process and pay when certain criteria are met, according to Medicare policy.

B. Policy: Medicare law (i.e., Section 1862(a)(4) of the Social Security Act (the Act)) prohibits payment for items and services furnished outside the United States except for certain limited services (see section 1814(f) of the Act). The term "United States" means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Northern Mariana Islands, American Samoa and, for purposes of services rendered on a ship, includes the territorial waters adjoining the land areas of the United States.

Currently, Medicare's claims processing systems are not designed to accept and process claims submitted for purchased Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) furnished to a Medicare beneficiary whose address is outside the United States. However, if a purchased DMEPOS item or service is provided to that beneficiary while he or she is in the United States, then that claim is not subject to the payment exclusion at section 1862(a)(4) of the Act and should be processed by Medicare's claims processing systems. The purpose of this CR is to implement the necessary coding changes so that these types of claims are accepted and processed by Medicare.

The Supplier will be required to submit paper claims directly to the DME MAC of its jurisdiction. To meet the needs of processing expatriate claims, CMS has instituted the EX modifier to identify the supplier's attestation on the claim that the beneficiary was in the U.S. at the time the service was rendered.

For beneficiary-submitted claims, submitted using the 1490S form, the beneficiary must also provide the supplier attestation, either in the form of a supplier-written statement or a copy of the supplier 1500 form

including the EX modifier.

Reimbursement checks should not be sent to countries where payment is barred by Treasury Department regulations as is cited in 31 U.S.C. sec. 3329(a) and 31 CFR sec. 211.1. Currently, those countries are Cuba and North Korea.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
9468.1	Contractors shall modify systems to accept and process paper claims submitted by suppliers/vendors for purchased only DMEPOS for expatriate beneficiaries who are present in the U.S., or its territories, when the item/supply is furnished/delivered.				X				X		
9468.2	The contractor shall add a new indicator to the VMS claim record to allow the new expatriate (EX) modifier to be included for claims that require 4 modifiers for processing.								X		
9468.3	VMS shall send the EX modifier with the claim to the CWF as an indicator to ensure accurate processing when the modifiers reported on the claim exceed the modifier limit available on the claim.								X		
9468.3.1	The contractor shall revise the values in the beneficiary state and ZIP code fields that are sent to CWF in the HUDC query for beneficiaries that reside outside of the US.								X		
9468.3.2	The contractor shall send to VMS new edit(s) when the claims does not have the EX modifier/indicator but the CWF has a foreign address, and when the claim has the EX modifier and the beneficiary resides in the U.S. This edit should be overridable.									X	
9468.3.3	The contractor shall accept the new CWF edit and allow it to be overridden.								X		
9468.4	The contractor shall make VMS system changes that will allow the pricing state or ZIP Code to be changed by the operator when it is used for pricing an expatriate claim.								X		

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
9468.5	<p>Contractors shall deny all claims for expatriate beneficiaries which do not contain the EX modifier indicating this is an expatriate claim and attesting that the beneficiary was in the U.S. when the item was supplied. Contractors shall use the following CARC and MSN:</p> <p>CARC 180: Patient has not met the required residency requirements.</p> <p>MSN 41.14: This service/item was billed incorrectly. (Este servicio o artículo fue facturado incorrectamente.)</p> <p>Group Code: CO</p> <p>NOTE: For purchased items only furnished on or after July 1, 2016, contractors shall accept the EX modifier for processing. The EX modifier must be on all claims lines.</p>				X					
9468.6	<p>Contractors shall deny beneficiary-submitted 1490s claim forms for expatriate claims without an attached 1500 supplier form with the EX modifier or when written supplier attestation is not provided. Contractors shall use the following CARC and MSN:</p> <p>CARC 180: Patient has not met the required residency requirements.</p> <p>MSN 41.14: This service/item was billed incorrectly. (Este servicio o artículo fue facturado incorrectamente.)</p> <p>Group Code: PR</p>				X					
9468.7	CEDI shall reject any claim submitted electronically with an EX modifier (indicating the claim is for an expatriate beneficiary) on any claim line(s).								CEDI	
9468.8	Contractors shall relax Administration Simplification Compliance Act (ASCA) requirements for paper expatriate claims (with the EX modifier) by bypassing the ASCA edits for electronic submission requirements.				X		X			

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
9468.9	DME MACs shall only process paper claims submitted for expatriate beneficiaries.				X					
9468.10	Contractors shall deny any mail order claims for expatriates, this includes National Mail Order (NMO) claims. Suppliers should not submit NMO or any mail order claims for expatriate beneficiaries. CARC 180: Patient has not met the required residency requirements. MSN 41.14: This service/item was billed incorrectly. (Este servicio o artículo fue facturado incorrectamente.) Group Code: CO NOTE: There is no way to determine if the beneficiary was present in the U.S. at the time of the delivery of any mail order supplies, therefore these claims will not be accepted for expatriate beneficiaries.				X			X		
9468.11	Contractors shall deny an expatriate claim if a paper claim is received with a U.S. address (this includes P.O. Box or Lock Box) and an EX modifier for invalid use of a modifier.				X					
9468.12	Contractors shall apply Competitive Bid Program rules to expatriate claims. NOTE: An exception for the submission of paper claims and CBP is being granted for expatriate claims.							X		
9468.13	Contractors shall not allow expatriate claims to use the CBP traveling modifier (KT) when the EX modifier is used for an expatriate beneficiary.							X		
9468.14	The contractor shall allow APO/FPO addresses on CWF trailer 12 and on CWF HUAD unsolicited address update transactions to update the VMS Beneficiary Master file.							X		
9468.15	Contractors shall apply all existing claims/consistency edits to expatriate beneficiary claims.				X			X		
9468.16	Contractors shall apply all existing policy limits for				X			X		

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	the allowed number/months for any item.									
9468.17	Contractors shall pay claims with the EX modifier for Expatriate beneficiaries based on supplier locality.				X			X		
9468.18	The contractors shall reject a DMEPOS item if the claim is submitted with a foreign address, and no 'EX' indicator is present on the line item and the beneficiary has a foreign address in CWF. This edit shall have override capabilities in the detail line. CARC 180 - Patient has not met the required residency requirements.				X			X	X	
9468.19	The contractors shall reject a DMEPOS item if the claim is submitted with a foreign address, and the 'EX' indicator is present on the line item and the beneficiary does not have a foreign address in CWF. This edit shall have override capabilities in the detail line. CARC 180 - Patient has not met the required residency requirements.				X			X	X	
9468.20	The contractor shall create a separate file for Medicare Summary Notice (MSN) correspondence for expatriate beneficiaries and deliver it to the DME MACs. Standard format MSNs for expatriate beneficiaries shall be created in English or Spanish, depending on the beneficiary preference and will be in separate files from other MSNs.							X		
9468.20.1	The contractor shall separate MSN files that are to be created for expatriate beneficiary claims from the existing weekly process. The expatriate MSNs will generate weekly rather than on the rotating 12-week cycle.							X		
9468.21	Contractors shall not hold beneficiary MSNs for expatriate claims, and should send the MSN as soon as the claim comes off of the payment floor.				X					
9468.22	DME MACs shall manually label and mail MSNs to beneficiaries using the file provided by VMS.				X					
9468.23	Contractors shall not allow payment for HCPCS codes in the following categories for expatriate beneficiaries				X			X		

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	(with the EX modifier appended): - Oxygen Equipment and Supplies - Parenteral and Enteral Nutrition Equipment and Supplies - Rentals - capped or inexpensive, routinely purchased (IRP).									
9468.24	Contractors shall use the following messages when denying claims with modifier EX and HCPCS for Oxygen and supplies, PEN, and rentals (capped or IRP) for expatriates. CARC 180: Patient has not met the required residency requirements. MSN 41.14: This service/item was billed incorrectly. (Este servicio o artículo fue facturado incorrectamente.) Group Code: CO				X			X		
9468.25	The contractor shall accept the new 'EX' indicator, and shall also modify consistency edits to bypass when the claim is for an expatriate beneficiary.								X	
9468.26	The CWF contractor shall create a new two-byte field in the detail line for the DMEPOS claim.							X	X	FPS, NCH, PDAC
9468.27	The contractor shall modify existing consistency edits that read "Bene State Codes" including UR 5291 to bypass when the new 'EX' indicator is present.								X	
9468.28	The contractors shall issue a beneficiary reimbursement check if the beneficiary has paid for the DMEPOS to the most current address, with the exception of checks should not be sent to countries where payment is barred by Treasury Department regulations. (See 31 U.S.C. sec. 3329(a) and 31 CFR sec. 211.1 - Currently, those countries are Cuba and North Korea.)				X			X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
9468.29	CR as Provider Education: Contractors shall post this entire instruction, or a direct link to this instruction, 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 entire instruction must be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement it with localized information that would benefit their provider community in billing and administering the Medicare program correctly.				X	X

IV. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

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

V. CONTACTS

Pre-Implementation Contact(s): Diana Motsiopoulos, diana.motsiopoulos@cms.hhs.gov, Teira Canty, teira.canty@cms.hhs.gov, Frederick Grabau, frederick.grabau@cms.hhs.gov (Policy Contact)

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

VI. FUNDING

Section A: 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.

ATTACHMENTS: 0

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

Table of Contents
(Rev. 3491, Issued: 04-05-16)

Transmittals for Chapter 20

30.9.1 – Processing of Expatriate Beneficiary DMEPOS Claims for Purchased Items Submitted with the EX Modifier

30.9.1 – Processing of Expatriate Beneficiary DMEPOS Claims for Purchased Items Submitted with the EX Modifier

(Rev.3491, Issued: 04-05-16, Effective: 07-01-16, Implementation: 07-05-16)

In accordance with section 1862(a)(4) of the Social Security Act, claims for DMEPOS provided to Medicare beneficiaries living outside of the U.S. are payable as long as the delivery occurred while the beneficiary was in the U.S. and the item is delivered to a U.S. address.

Effective July 1, 2016, the modifier EX was developed to allow suppliers to bill Medicare for purchased only DMEPOS items that are furnished to expatriate beneficiaries. Suppliers should submit these claims based on their supplier locality, not based on the beneficiary address. By attaching the EX modifier, the supplier is attesting that the beneficiary is an expatriate beneficiary, and that the item was delivered/furnished while the beneficiary is present in the U.S., and all other billing criteria has been met.

For purchased items only furnished on or after July 1, 2016, contractors shall accept the EX modifier for processing. Contractors shall pay claims with the EX modifier for Expatriate beneficiaries based on supplier locality.

Suppliers shall append modifier EX on all lines with a line item date of service. Contractors shall automatically deny the claim(s), when all line(s) items have not been submitted with an EX modifier. If a beneficiary-submitted claim (1490S) is received, written attestation from the supplier must also be included. Contractors shall deny the 1490S claim form with or without an EX modifier if a supplier 1500 claim form including the EX modifier or a written supplier attestation that the beneficiary was in the U.S. when the service was rendered is not included with the 1490S.

The following items for expatriate beneficiary claims are not payable and should be denied:

- Oxygen Equipment and Supplies*
- Parenteral and Enteral Nutrition Equipment and Supplies*
- Rentals - capped or inexpensive, routinely purchased (IRP)*

Contractors will apply National Mail Order (NMO) rules to expatriate claims.

NOTE: *P.O. Boxes and Lock Boxes are not allowed for NMO or any delivery of supplies for expatriate claims, and must be delivered to the beneficiary residence.*

National Competitive Bid Program (CBP) rules shall apply to expatriate claims.

NOTE: *An exception for the submission of paper claims for CBP is being granted for expatriate claims.*

The supplier must send paper claims to the supplier's jurisdiction for processing. If this attestation is determined to be inaccurate, the supplier is subject to sanctions resulting from providing inaccurate information on a claim.

Medicare Claims Processing Manual

Chapter 24 – General EDI and EDI Support Requirements, Electronic Claims, and Mandatory Electronic Filing of Medicare Claims

Table of Contents *(Rev.3491, Issued: 04-05-16)*

[Transmittals for Chapter 24](#)

90 – Mandatory Electronic Submission of Medicare Claims

(Rev.3491, Issued: 04-05-16, Effective: 07-01-16, Implementation: 07-05-16)

Section 3 of the Administrative Simplification Compliance Act (ASCA), Pub.L. 107-105, and the implementing regulation at 42 CFR 424.32 require that all initial claims for reimbursement under Medicare, except from small providers, be submitted electronically as of October 16, 2003, with limited exceptions. Initial claims are those claims submitted to a A/B MAC or DME MAC for the first time, including resubmitted previously rejected claims, claims with paper attachments, demand bills, claims where Medicare is the secondary payer, and non-payment claims. Initial claims do not include adjustments or claim corrections submitted A/B MAC or DME MAC on previously submitted claims or appeal requests.

Medicare is prohibited from payment of claims submitted in a non-electronic manner that do not meet the limited exception criteria. Claims required to be submitted electronically effective October 16, 2003, and later must comply with the appropriate claim standards adopted for national use under HIPAA (see section 70 of this chapter). The mandatory electronic claim submission requirement does not apply to claims submitted by beneficiaries or by providers that only furnish services outside of the United States, claims submitted to Medicare managed care plans, to health plans other than Medicare, *or for purchased only Expatriate beneficiary Durable Medical Equipment Prosthetics Orthotics Supplies (DMEPOS) claims.*