

<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 3535</b>	<b>Date: June 7, 2016</b>
	<b>Change Request 9520</b>

**NOTE: Transmittal 3493, dated April 14, 2016, is being rescinded and replaced by Transmittal 3535 to add code E1012 to Attachment A. The Manual Instruction has been revised to reflect the July 1, 2016 effective date. All other information remains the same.**

**SUBJECT: Payment Change for Group 3 Complex Rehabilitative Power Wheelchairs Accessories and Seat and Back Cushions under Section 2 of the Patient Access and Medicare Protection Act (PAMPA)**

**I. SUMMARY OF CHANGES:** This Change Request (CR) implements the usage of the KU modifier when submitted with Group 3 complex rehabilitative power wheelchair accessories as instructed per PAMPA legislation.

**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.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	20/30/30.9/Payment of DMEPOS Items Based on Modifiers

**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: 3535	Date: June 7, 2016	Change Request: 9520
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## I. GENERAL INFORMATION

**A. Background:** Transmittal 3416, dated November 23, 2015, provided instructions regarding the 2016 annual update for the DMEPOS fee schedule. Legislation effective January 1, 2016, requires changes to the 2016 fee schedule amounts for certain items. This change request (CR) provides additional instructions regarding implementation of the 2016 fee schedule amounts based on changes mandated by section 2 of the Patient Access and Medicare Protection Act (PAMPA).

The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations. The update process for the DMEPOS fee schedule is located in Pub.100-04, Medicare Claims Processing Manual, chapter 23, section 60. Payment on a fee schedule basis is required for certain durable medical equipment (DME) by §1834(a) of the Social Security Act. Section 1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for certain DME items furnished on or after January 1, 2016, including wheelchair accessories and seat and back cushions, in areas that are not competitive bid areas, based on information from competitive bidding programs (CBPs) for DME. The adjusted fee schedule amounts were issued to contractors in late 2015 for use in paying claims with dates of service on or after January 1, 2016, in accordance with transmittal 3416.

**B. Policy:** Section 2 of PAMPA mandates that the adjusted fee schedule amounts for 2016 described above are not to be applied to wheelchair accessories and seat and back cushions furnished in connection with Group 3 complex rehabilitative power wheelchairs described by codes K0848 through K0864 of the Healthcare Common Procedure Coding System (HCPCS). The codes for wheelchair accessories and seat and back cushions affected by this change are listed in Attachment A. Although this change is effective January 1, 2016, it is not being implemented until July 5, 2016. Until these changes are implemented, payment for these items will be based on the adjusted fee schedule amounts. Suppliers can submit claims for these items with dates of service on or after January 1, 2016, prior to July 5 2016, but payment will be based on the adjusted fee schedule amounts. On or after July 5, 2016, suppliers can adjust previously paid claims with dates of service on or after January 1, 2016, for the corrected fee payment.

The following modifier was added to the HCPCS in 2007 as a placeholder modifier:

KU DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 3

Suppliers must use this modifier for claims submitted on or after July 5 2016, with dates of service on or after January 1, 2016, and before January 1, 2017, for any code listed in Attachment A describing a



Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
	referenced in requirement 9520.3, with dates of service on or after January 1, 2016 through June 30, 2016, using the corrected DMEPOS fee schedule payment amount, when brought to their attention by the supplier.										
9520.5	Contractors shall allow the KU modifier to be reported on the claims with Dates of Service in 2016 for the Attachment A accessories billed for use with a Group 3 complex rehabilitative power wheelchair.				X				X		
9520.6	Contractors shall validate that a Group 3 complex rehabilitative power wheelchair (HCPCS codes K0848 through K0864) is in the beneficiary file and return the claim as unprocessable when the following is true: <ul style="list-style-type: none"> <li>an accessory is billed with the KU modifier; AND</li> <li>the Group 3 complex rehabilitative power wheelchair is NOT on file.</li> </ul>				X				X		
9520.6.1	Contractors shall use the following messages when returning claims as unprocessable or denying an adjustment that is billed with the KU modifier and the Group 3 complex rehabilitative power wheelchair is not on file: <p>Claim Adjustment Reason Code (CARC) 16: Claim/service lacks information or has submission/billing error(s) which is needed for adjudication. Do not use this code for claims attachment(s)/other documentation. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.) Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.</p> <p>Remittance Advice Remark Code (RARC) M124: Missing indication of whether the patient owns the equipment that requires the part or supply.</p> <p>Claim Adjustment Group Code (CAGC) CO: Contractual Obligation</p>				X				X		

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
	<p>Medicare Summary Notice (MSN) MSN 8.24 - The claim doesn't show that you own the equipment requiring these parts or supplies.</p> <p>Medicare Summary Notice (MSN) MSN 8.24: La reclamación no demuestra que usted es dueño del equipo que necesita estas piezas o suministros.</p>										
9520.7	Contractors shall return as unprocessable claims billed with the KU and KE modifier for dates of service in 2016.				X			X			
9520.7.1	<p>Contractors shall use the following messages when returning claims as unprocessable or denying an adjustment when billed with the KU and KE modifier for dates of service in 2016:</p> <p>Claim Adjustment Reason Code (CARC) 4: The procedure code is inconsistent with the modifier used or a required modifier is missing. Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.</p> <p>Remittance Advice Remark Code (RARC) N519: Invalid combination of HCPCS modifiers.</p> <p>Claim Adjustment Group Code (CAGC) CO: Contractual Obligation</p> <p>Medicare Summary Notice (MSN) MSN 9.4: This item or service was denied because information required to make payment was incorrect.</p> <p>Medicare Summary Notice (MSN) MSN 9.4: Este servicio fue denegado debido a que la información requerida para hacer el pago fue incorrecta.</p>				X			X			
9520.8	Contractors shall apply the KU fee schedules for Attachment A codes provided in the July 2016 DMEPOS fee schedule file to the previous quarters Jan and April 2016.				X			X			

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H		
	None					

### 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):** Bobbett Plummer, 410-786-3321 or [bobbett.plummer@cms.hhs.gov](mailto:bobbett.plummer@cms.hhs.gov) (For claims processing instructions) , Karen Jacobs, 410-786-2173 or [karen.jacobs@cms.hhs.gov](mailto: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):**

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: 1**

# Medicare Claims Processing Manual

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

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*(Rev.3535, Issued: 06-07-16)*

[Transmittals for Chapter 20](#)

[\*30.9 – Payment of DMEPOS Items Based on Modifiers\*](#)

**30.9 – Payment of DMEPOS Items Based on Modifiers**  
**(Rev. 3535, Issued: 06-07-16, Effective: 07-01-16, Implementation: 07-05-16)**

The following modifiers were added to the HCPCS to identify supplies and equipment that may be covered under more than one DMEPOS benefit category:

- AU Item furnished in conjunction with a urological, ostomy, or tracheostomy supply;
- AV Item furnished in conjunction with a prosthetic device, prosthetic or orthotic; and
- AW Item furnished in conjunction with a surgical dressing.

Codes A4450 and A4452 are the only codes that have been identified at this time that would require use of all three of the above listed modifiers. Providers must report these modifiers on claims for items identified by codes A4450 and A4452 that are furnished on or after January 1, 2005. Modifier AU may also be applicable to code A4217. Providers must report modifier AU on claims for items identified by code A4217 that are furnished in conjunction with a urological, ostomy, or tracheostomy supply on or after January 1, 2005. Items identified by code A4217 that are furnished in conjunction with durable medical equipment are reported without a modifier. In the future, other codes may be identified as codes that must be submitted with these modifiers. Medicare contractors base payment for the codes A4217, A4450, and A4452 on the presence or absence of these modifiers.

Codes L8040 thru L8047 describe facial prostheses. Providers must report the following modifiers on claims for replacement of these items:

- KM Replacement of facial prosthesis including new impression/moulage; and
- KN Replacement of facial prosthesis using previous master model.

Providers must report these modifiers on claims for replacement of items identified by codes L8040 thru L8047 that are furnished on or after January 1, 2005. Medicare contractors base payment for the codes L8040 thru L8047 on the presence of these modifiers. These modifiers are only used when the prostheses is being replaced.

In accordance with section 302(c) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), the fee schedule update factors for 2004 thru 2008 for durable medical equipment (DME), other than items designated as class III devices by the Food and Drug Administration (FDA), are equal to 0 percent. The HCPCS codes for DME designated as class III devices by the FDA are identified on the DMEPOS fee schedule available on the above mentioned web site by presence of the KF modifier.

Elevating/stair climbing power wheelchairs are class III devices. Suppliers billing the DMERCs must submit claims for the base power wheelchair portion of this device using HCPCS code K0011 (programmable power wheelchair base) with modifier KF for claims submitted on or after April 1, 2004, with dates of service on or after January 1, 2004. For claims with dates of service on or after January 1, 2004, the elevation feature for this device should be billed using HCPCS code E2300 and the stair climbing feature for this device should be billed using HCPCS code A9270.

Regional home health intermediaries (RHHIs) will not be able to implement the KF modifier until January 1, 2005. Therefore, for claims with dates of service prior to January 1, 2005, HHAs must submit claims for the base power wheelchair portion of stair climbing wheelchairs with HCPCS code E1399. For claims with dates of service on or after January 1, 2005, HHAs must submit claims for the base power wheelchair portion of stair climbing wheelchairs with HCPCS code K0011 with modifier KF.

The fee schedule amounts for K0011 with and without the KF modifier appear on the fee schedule file referenced at [www.cms.hhs.gov/providers/pufdownload/default.asp#dme](http://www.cms.hhs.gov/providers/pufdownload/default.asp#dme). For claims with dates of service prior to January 1, 2005, RHHIs should pay claims for stair climbing wheelchair bases billed with code E1399 using the fee schedule amounts for K0011 with the KF modifier. All other claims for programmable power wheelchair bases should be paid using the fee schedule amounts for K0011 without the KF modifier. Effective for claims with dates of service on or after January 1, 2005, HHAs must submit modifier KF along with the applicable HCPCS code for all DME items classified by the FDA as class III devices.

*The following modifier was added to the HCPCS in 2007 as a placeholder modifier:*

- *KU DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 3*

*The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations. The update process for the DMEPOS fee schedule is located in Pub.100-04, Medicare Claims Processing Manual, chapter 23, section 60. Payment on a fee schedule basis is required for certain durable medical equipment (DME) by §1834(a) of the Social Security Act. Section 1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for certain DME items furnished on or after January 1, 2016, including wheelchair accessories and seat and back cushions, in areas that are not competitive bid areas, based on information from competitive bidding programs (CBPs) for DME.*

*Section 2 of the Patient Access and Medicare Protection Act (PAMPA) mandates that the adjusted fee schedule amounts for 2016 described above are not be applied to wheelchair accessories and seat and back cushions furnished in connection with Group 3 complex rehabilitative power wheelchairs described by codes K0848 through K0864 of the Healthcare Common Procedure Coding System (HCPCS). Although this change is effective January 1, 2016, it is not being implemented until July 1, 2016. Until these changes are implemented, payment for these items will be based on the adjusted fee schedule amounts.*

*Providers/suppliers can submit claims for these items with dates of service on or after January 1, 2016, prior to July 1, 2016, but payment will be based on the adjusted fee schedule amounts. On or after July 1, 2016, providers/suppliers can adjust previously paid claims with dates of service on or after January 1, 2016, for the corrected fee payment.*

*Providers/suppliers must use modifier “KU” for claims submitted on or after July 1, 2016, with dates of service on or after January 1, 2016, and before January 1, 2017, for any HCPCS code describing a wheelchair accessory or seat or back cushion when furnished in connection with a Group 3 complex rehabilitative power wheelchair.*

## Attachment A

E0705	Transfer device
E0950	Tray
E0951	Loop heel
E0952	Toe loop/holder, each
E0955	Cushioned headrest
E0956	W/c lateral trunk/hip suppor
E0957	W/c medial thigh support
E0960	W/c shoulder harness/straps
E0973	W/Ch access det adj armrest
E0978	W/C acc,saf belt pelv strap
E0981	Seat upholstery, replacement
E0982	Back upholstery, replacement
E0985	W/c seat lift mechanism
E0990	Wheelchair elevating leg res
E0995	Wheelchair calf rest
E1002	Pwr seat tilt
E1003	Pwr seat recline
E1004	Pwr seat recline mech
E1005	Pwr seat recline pwr
E1006	Pwr seat combo w/o shear
E1007	Pwr seat combo w/shear
E1008	Pwr seat combo pwr shear
E1010	Add pwr leg elevation
E1012	Ctr mount powr elev leg rest
E1016	Shock absorber for power w/c
E1020	Residual limb support system
E1028	W/c manual swingaway
E1029	W/c vent tray fixed
E1030	W/c vent tray gimbaled
E2207	Crutch and cane holder
E2208	Cylinder tank carrier
E2209	Arm trough each
E2210	Wheelchair bearings
E2310	Electro connect btw control
E2311	Electro connect btw 2 sys
E2321	Hand interface joystick
E2322	Mult mech switches
E2323	Special joystick handle
E2324	Chin cup interface
E2325	Sip and puff interface
E2326	Breath tube kit
E2327	Head control interface mech
E2328	Head/extremity control inter
E2329	Head control nonproportional
E2330	Head control proximity switc
E2351	Electronic SGD interface
E2359	Gr34 sealed leadacid battery

## Attachment A

E2360	22nf nonsealed leadacid
E2361	22nf sealed leadacid battery
E2362	Gr24 nonsealed leadacid
E2363	Gr24 sealed leadacid battery
E2364	U1nonsealed leadacid battery
E2365	U1 sealed leadacid battery
E2366	Battery charger, single mode
E2367	Battery charger, dual mode
E2368	Power wc motor replacement
E2369	Pwr wc drivewheel gear repl
E2370	Pwr wc motor/gear box combo
E2371	Gr27 sealed leadacid battery
E2373	Hand/chin ctrl spec joystick
E2374	Hand/chin ctrl std joystick
E2375	Non-expandable controller
E2376	Expandable controller, repl
E2377	Expandable controller, initl
E2381	Pneum drive wheel tire
E2382	Tube, pneum wheel drive tire
E2383	Insert, pneum wheel drive
E2384	Pneumatic caster tire
E2385	Tube, pneumatic caster tire
E2386	Foam filled drive wheel tire
E2387	Foam filled caster tire
E2388	Foam drive wheel tire
E2389	Foam caster tire
E2390	Solid drive wheel tire
E2391	Solid caster tire
E2392	Solid caster tire, integrate
E2394	Drive wheel excludes tire
E2395	Caster wheel excludes tire
E2396	Caster fork
E2397	Pwc acc, lith-based battery
E2601	Gen w/c cushion wdth < 22 in
E2602	Gen w/c cushion wdth >=22 in
E2603	Skin protect wc cus wd <22in
E2604	Skin protect wc cus wd>=22in
E2605	Position wc cush wdth <22 in
E2606	Position wc cush wdth>=22 in
E2607	Skin pro/pos wc cus wd <22in
E2608	Skin pro/pos wc cus wd>=22in
E2611	Gen use back cush wdth <22in
E2612	Gen use back cush wdth>=22in
E2613	Position back cush wd <22in
E2614	Position back cush wd>=22in
E2615	Pos back post/lat wdth <22in
E2616	Pos back post/lat wdth>=22in

## Attachment A

E2619	Replace cover w/c seat cush
E2620	WC planar back cush wd <22in
E2621	WC planar back cush wd>=22in
E2622	Adj skin pro w/c cus wd<22in
E2623	Adj skin pro wc cus wd>=22in
E2624	Adj skin pro/pos cus<22in
E2625	Adj skin pro/pos wc cus>=22
E2626	Seo mobile arm sup att to wc
E2627	Arm supp att to wc rancho ty
E2628	Mobile arm supports reclinin
E2629	Friction dampening arm supp
E2630	Monosuspension arm/hand supp
E2631	Elevat proximal arm support
E2632	Offset/lat rocker arm w/ela
E2633	Mobile arm support supinator
K0015	Detach non-adjus hght armrst
K0017	Detach adjust armrest base
K0018	Detach adjust armrst upper
K0019	Arm pad each
K0020	Fixed adjust armrest pair
K0037	High mount flip-up footrest
K0038	Leg strap each
K0039	Leg strap h style each
K0040	Adjustable angle footplate
K0041	Large size footplate each
K0042	Standard size footplate each
K0043	Ftrst lower extension tube
K0044	Ftrst upper hanger bracket
K0045	Footrest complete assembly
K0046	Elevat legrst low extension
K0047	Elevat legrst up hangr brack
K0051	Cam relese assem ftrst/lgrst
K0052	Swingaway detach footrest
K0053	Elevate footrest articulate
K0056	Seat ht <17 or >=21 ltwt wc
K0065	Spoke protectors
K0069	Rear whl complete solid tire
K0070	Rear whl compl pneum tire
K0071	Front castr compl pneum tire
K0072	Frnt cstr cml sem-pneum tir
K0073	Caster pin lock each
K0077	Front caster assem complete
K0098	Drive belt power wheelchair
K0105	Iv hanger
K0733	12-24hr sealed lead acid

