

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3583	Date: August 12, 2016
	Change Request 9727

NOTE: This Transmittal is no longer sensitive and is being re-communicated November 04, 2016. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.

SUBJECT: Payment Reduction for X-Rays Taken Using Film

I. SUMMARY OF CHANGES: Effective for services furnished beginning January 1, 2017, section 1848(b)(9) of the Act reduces by 20 percent the payment amounts under the PFS for the technical component (TC) (including the TC portion of a global service) of imaging services that are X-rays taken using film.

EFFECTIVE DATE: January 1, 2017

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

IMPLEMENTATION DATE: January 3, 2017

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	12/20/20.4.8 Special Rule to Incentivize Transition from Traditional X-Ray Imaging to Digital Radiography
N	12/20/20.4.8.1 Remittance Advice Remark Codes (RARCs), Claim Adjustment Reason Codes (CARCs)

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

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SUBJECT: Payment Reduction for X-Rays Taken Using Film

EFFECTIVE DATE: January 1, 2017

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

IMPLEMENTATION DATE: January 3, 2017

I. GENERAL INFORMATION

A. Background: Section 502(a)(1) of the Consolidated Appropriations Act of 2016 is titled "Medicare Payment Incentive for the Transition from Traditional X-Ray Imaging to Digital Radiography and Other Medicare Imaging Payment Provision." It amends the Social Security Act (SSA) by reducing the payment amounts under the Medicare Physician Fee Schedule (MPFS) by 20 percent for the technical component (and the technical component of the global fee) of imaging services that are X-rays taken using film, effective January 1, 2017, and after.

To implement this provision, the Centers for Medicare and Medicaid Services (CMS) has created modifier FX (X ray taken using film). Beginning in 2017, claims for X-rays using film must include modifier FX that will result in the applicable payment reduction.

B. Policy: Beginning January 1, 2017, claims for X-rays using film must include modifier FX. A payment reduction of 20 percent applies to the technical component (and the technical component of the global fee) for X-ray services furnished using film for which payment is made under the Medicare Physician Fee Schedule.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility									
		A/B MAC			D M E	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
9727.1	Contractors shall accept new modifier FX (X ray taken using film) in their systems. (NOTE: The FX modifier will be included in the 2017 HCPCS update.)		X								
9727.2	Contractors shall apply a 20 percent reduction to the MPFS amount for services billed with the FX modifier.		X				X				
9727.2.1	Effective for claims with dates of service on and after January 1, 2017, a 20 percent reduction applies to the		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	
	technical component (and the technical component of the global fee) of the MPFS amount when the FX modifier is billed with an X-ray procedure. Contractors shall apply the FX modifier reduction immediately following the application of the OPPS cap to the MPFSDB. (The MPFSDB amount cannot be greater than the OPPS amount. Contractors compare the OPPS Facility and Non-Facility Payment fields to the MPFSDB Facility and Non-Facility amounts and use the lower amount.) The FX modifier will reduce whichever of these two amounts applies.									
9727.2.1.1	For a global procedure billed with modifier FX, contractors shall reduce the global fee schedule amount by an amount equal to 20 percent of the fee schedule amount for the TC only code.		X				X			
9727.2.1.2	For codes billed with both modifier TC and FX, contractors shall reduce the fee schedule amount by 20 percent.		X				X			
9727.3	Contractors shall note that the beneficiary is not liable for the FX modifier payment reduction.		X							
9727.4	Beginning January 1, 2017, for claims in which the FX modifier reduction has been applied, the contractors shall use group code CO and the following messages: CARC 237 – Legislated/Regulatory Penalty. 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.) RARC N775 - Payment adjusted based on x-ray radiograph on film. MSN 30.1 – The approved amount is based on a special payment method.		X							

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility
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		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
9727.5	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/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 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 provider education article shall be included in the contractor's 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			

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): Tom Dorsey, 410-786-7434 or thomas.dorsey@cms.hhs.gov (contact for practitioner claims processing questions) , Roberta Epps, 410-786-4503 or roberta.epps@cms.hhs.gov (Payment 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

Medicare Claims Processing Manual

Chapter 12 - Physicians/Nonphysician Practitioners

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(Rev. 3583, Issued 08-12-16)

Transmittals for Chapter 12

20.4.8 - Special Rule to Incentivize Transition from Traditional X-Ray Imaging to Digital Radiography

20.4.8.1 - Remittance Advice Remark Codes (RARCs), Claim Adjustment Reason Codes (CARCs), and Medicare Summary Notice (MSN)

20.4.8 - Special Rule to Incentivize Transition from Traditional X-Ray Imaging to Digital Radiography

(Rev. 3583, Issued: 08-12-16, Effective: 01-01-17, Implementation: 01-03-17)

Section 502(a)(1) of the Consolidated Appropriations Act of 2016 is titled "Medicare Payment Incentive for the Transition from Traditional X-Ray Imaging to Digital Radiography and Other Medicare Imaging Payment Provision." It amends the Social Security Act (SSA) by reducing the payment amounts under the Physician Fee Schedule by 20 percent for the technical component (and the technical component of the global fee) of imaging services that are X-rays taken using film, effective January 1, 2017, and after.

Modifier FX (X ray taken using film) was created to implement this provision. Beginning January 1, 2017, claims for X-rays using film must include modifier FX, which will result in the applicable payment reduction.

20.4.8.1 - Remittance Advice Remark Codes (RARCs), Claim Adjustment Reason Codes (CARCs), and Medicare Summary Notice (MSN)

(Rev. 3583, Issued: 08-12-16, Effective: 01-01-17, Implementation: 01-03-17)

Contractors shall use the following messages when adjusting x-ray radiograph claim lines that have been reported with the FX modifier:

CARC 237 – Legislated/Regulatory Penalty. 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.)

RARC N775 - Payment adjusted based on x-ray radiograph on film.

MSN 30.1 - The approved amount is based on a special payment method.