

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 749

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Date: NOVEMBER 8, 2005

Change Request 4131

SUBJECT: Reasonable Charge Update for 2006 for Splints, Casts, Dialysis Supplies, Dialysis Equipment, and Certain Intraocular Lenses

I. SUMMARY OF CHANGES: This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment and intraocular lenses furnished in calendar year 2006

NEW/REVISED MATERIAL

EFFECTIVE DATE: January 01, 2006

IMPLEMENTATION DATE: January 03, 2006

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 2006 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: 749 | Date: November 8, 2005 | Change Request 4131 |
|-------------|------------------|------------------------|---------------------|

SUBJECT: Reasonable Charge Update for 2006 for Splints, Casts, Dialysis Supplies, Dialysis Equipment, Certain Intraocular Lenses and Certain HCPCS Coding Issues

I. GENERAL INFORMATION

A. Background: Payment continues to be made on a reasonable charge basis for splints, casts, dialysis supplies, dialysis equipment, and intraocular lenses. For intraocular lenses, payment is only made on a reasonable charge basis for lenses implanted in a physician's office. For splints and casts, the Q-codes are to be used when supplies are indicated for cast and splint purposes. The CPT codes should be used as indicated in the CPT section "Application of Casts and Strapping" for the specified CPT procedure codes in the 29XXX series. This payment is in addition to the payment made under the physician fee schedule for the procedure for applying the splint or cast.

B. Policy: This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment, and intraocular lenses furnished in calendar year 2006. Payment on a reasonable charge basis is required for these items by regulations contained in 42 CFR 405.501. The 2006 payment limits for splints and casts will be based on the 2005 limits that were announced in CR 3430 last year, increased by 2.5 percent, the percentage change in the consumer price index for all urban consumers for the 12-month period ending June 30, 2005.

HCPCS codes A4215, A6216 and A6402 have been added to the dialysis supplies that require an AX modifier for payment. Therefore, suppliers must attach the AX modifier to these codes when they are used to bill for dialysis supplies. The CWF and carriers shall add Type of Service (TOS) L for HCPCS codes A4215, A6216 and A6402 when billed with the HCPCS modifier AX. HCPCS codes A4215, A6216 and A6402, billed without the HCPCS modifier AX, should be reported as TOS S.

CMS has decided to further evaluate several unique issues associated with the classification of sodium hyaluronan products. Therefore, CMS will not implement its decision to establish a single new code - J7318 "Hyaluronan (Sodium Hyaluronate) or Derivative, Intra-Articular Injection, 1mg" – to describe all sodium hyalurnate/hyaluronans. The codes used in 2005 will still apply.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

| Requirement Number | Requirements | Responsibility (“X” indicates the columns that apply) | | | | | | | | |
|--------------------|--|---|-------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
| | | F I | R H I | C a r r i e r | D M E R C | Shared System Maintainers | | | | Other |
| | | | | | | F I S S | M C S | V M S | C W F | |
| 4131.1 | Carriers shall compute 2006 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2004, through June 30, 2005. <u>Intraocular Lenses Implanted in a Physician’s Office</u> V2630 V2631 V2632 | | | X | | | X | | | |
| 4131.2 | DMERCs shall compute 2006 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2004, through June 30, 2005. <u>Dialysis Supplies Billed With AX Modifier</u> A4215 A4216 A4217 A4248 A4244 A4245 A4246 A4247 A4450 A4452 A6250 A6260 A4651 A4652 A4656 A4657 A4660 A4663 A4670 A4927 A4928 A4930 A4931 A6216 A6402 <u>Dialysis Supplies Billed Without AX Modifier</u> A4653 A4671 A4672 A4673 A4674 A4680 A4690 A4706 A4707 A4708 A4709 A4714 A4719 A4720 A4721 A4722 A4723 A4724 A4725 A4726 A4728 A4730 A4736 A4737 A4740 A4750 A4755 A4760 A4765 A4766 A4770 A4771 A4772 A4773 A4774 A4802 A4860 A4870 A4890 A4911 A4918 A4929 E1634 <u>Dialysis Equipment Billed With AX Modifier</u> E0210NU E1632 E1637 E1639 <u>Dialysis Equipment Billed Without AX Modifier</u> E1500 E1510 E1520 E1530 E1540 E1550 E1560 E1570 E1575 E1580 E1590 E1592 E1594 E1600 E1610 E1615 E1620 E1625 E1630 E1635 E1636 | | | | X | | | X | | |
| 4131.3 | Carriers shall compute 2006 Inflation-Indexed Charge (IIC) amounts for the codes identified in requirement 4131.1 that were not paid using gap-filled payment amounts in 2005. | | | X | | | X | | | |

| Requirement Number | Requirements | Responsibility (“X” indicates the columns that apply) | | | | | | | | |
|--------------------|---|---|-------------|---------------------------------|-----------------------|---------------------------|-------------|--|--|-------|
| | | F I | R H I | C a r r i e r | D M E R C | Shared System Maintainers | | | | Other |
| F I S S | M C S | | | | | V M S | C W F | | | |
| 4131.9 | A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn 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 and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. <i>The carriers are not required to post the actual reasonable charge amounts on their websites or in their bulletins.</i> | X | X | X | X | | | | | |

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

| X-Ref Requirement # | Instructions |
|-----------------------|--|
| 4131.1 through 4131.4 | Instructions for calculating reasonable charges are located in section 80 of chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04). |
| 4131.1, 4131.2 | Instructions for calculating customary and prevailing charge are located in section 80.2 and 80.4 of chapter 23 of the Medicare Claims Processing Manual (Pub 100-04). |

| | |
|----------------|---|
| 4131.3, 4131.4 | Instructions for calculating the IIC are located in section 80.6 of chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04). The IIC update factor for 2006 is 2.5 percent. |
|----------------|---|

B. Design Considerations: N/A

| X-Ref Requirement # | Recommendation for Medicare System Requirements |
|---------------------|---|
| | |

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

| | |
|--|---|
| <p>Effective Date*: January 1, 2006</p> <p>Implementation Date: January 3, 2006</p> <p>Pre-Implementation Contact(s): Karen Jacobs at 410-786-2173 Joel Kaiser at 410-786-4499</p> <p>Post-Implementation Contact(s): Karen Jacobs at 410-786-2173 Joel Kaiser at 410-786-4499</p> | <p>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets</p> |
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Attachment A

2006 Payment Limits for Splints and Casts

| | |
|-------|----------|
| A4565 | \$6.89 |
| Q4001 | \$39.23 |
| Q4002 | \$148.26 |
| Q4003 | \$28.18 |
| Q4004 | \$97.55 |
| Q4005 | \$10.38 |
| Q4006 | \$23.41 |
| Q4007 | \$5.20 |
| Q4008 | \$11.71 |
| Q4009 | \$6.93 |
| Q4010 | \$15.61 |
| Q4011 | \$3.46 |
| Q4012 | \$7.80 |
| Q4013 | \$12.61 |
| Q4014 | \$21.29 |
| Q4015 | \$6.31 |
| Q4016 | \$10.65 |
| Q4017 | \$7.30 |
| Q4018 | \$11.64 |
| Q4019 | \$3.65 |
| Q4020 | \$5.83 |
| Q4021 | \$5.40 |
| Q4022 | \$9.75 |
| Q4023 | \$2.71 |
| Q4024 | \$4.87 |
| Q4025 | \$30.30 |
| Q4026 | \$94.57 |
| Q4027 | \$15.15 |
| Q4028 | \$47.29 |
| Q4029 | \$23.16 |
| Q4030 | \$60.96 |
| Q4031 | \$11.59 |
| Q4032 | \$30.48 |
| Q4033 | \$21.60 |
| Q4034 | \$53.74 |
| Q4035 | \$10.81 |
| Q4036 | \$26.88 |
| Q4037 | \$13.18 |
| Q4038 | \$33.02 |
| Q4039 | \$6.60 |
| Q4040 | \$16.51 |
| Q4041 | \$16.02 |
| Q4042 | \$27.36 |
| Q4043 | \$8.01 |
| Q4044 | \$13.68 |

| | |
|-------|---------|
| Q4045 | \$9.30 |
| Q4046 | \$14.96 |
| Q4047 | \$4.65 |
| Q4048 | \$7.49 |
| Q4049 | \$1.69 |