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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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Department of Health & Human Services (DHHS)  
Centers for Medicare & Medicaid Services (CMS)

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Transmittal 863

Date: FEBRUARY 17, 2006

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CHANGE REQUEST 4271

**SUBJECT: Update to Chapter 20, "Billing for Oxygen and Oxygen Equipment," Section 130.6**

**I. SUMMARY OF CHANGES:** This transmittal amends Section 130.6 of the Claims Processing Manual in order to clarify oxygen billing practices. This revision removes the outdated oxygen billing language referring to units of service of cubic feet for gaseous oxygen and pounds for liquid oxygen and replaces it with the current unit equal to one month of service.

### NEW/REVISED MATERIAL

**EFFECTIVE DATE: January 01, 2006**

**IMPLEMENTATION DATE: March 17, 2006**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)**  
**(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)**

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	20/130.6/Billing for Oxygen and Oxygen Equipment

**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:

	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
X	Recurring Update Notification

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

# Attachment - Business Requirements

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**SUBJECT: Update to Chapter 20, “Billing for Oxygen and Oxygen Equipment,” Section 130.6**

## I. GENERAL INFORMATION

**A. Background:** This transmittal amends Section 130.6 of the Claims Processing Manual in order to clarify oxygen billing practices. The revision removes the outdated oxygen billing language referring to units of service of cubic feet for gaseous oxygen and pounds for liquid oxygen and replaces it with the current unit equal to one month of service.

**B. Policy:** The oxygen billing requirements listed in Chapter 20, Section 130.6 do not align with the units of service found in the HCPCS code descriptors for oxygen. This Change Request changes the oxygen billing manual instructions from actual oxygen units to one unit equal to one month of service. In this update, Subsection D, entitled “Units Required,” was removed from the manual and the appropriate billing units were added to Subsection B.

## 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			
					F I S S	M C S	V M S	C W F	
4271.1	Contractors shall ensure that the billing units for oxygen continue to be one unit is equal to one month of service [this manualizes instructions previously given in the descriptors for HCPCS codes E0441 through E0444].		X		X				

## III. PROVIDER EDUCATION

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			
					F I S S	M C S	V M S	C W F	

			H I	r r i e r	E R C	F I S S	M C S	V M S	C W F	
	N/A									

**IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS**

**A. Other Instructions: N/A**

<b>X-Ref Requirement #</b>	<b>Instructions</b>

**B. Design Considerations: N/A**

<b>X-Ref Requirement #</b>	<b>Recommendation for Medicare System Requirements</b>

**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><b>Effective Date*:</b> January 01, 2006</p> <p><b>Implementation Date:</b> March 17, 2006</p> <p><b>Pre-Implementation Contact(s):</b> Karen Jacobs 410-786-2173; Joel Kaiser 410-786-4499</p> <p><b>Post-Implementation Contact(s):</b> Karen Jacobs 410-786-2173; Joel Kaiser 410-786-4499</p>	<p><b>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</b></p>
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## 130.6 - Billing for Oxygen and Oxygen Equipment

*(Rev. 863, Issued: 02-17-06; Effective: 01-01-06; Implementation: 03-17-06)*

The following instructions apply to all claims from providers and suppliers to whom payment may be made for oxygen. The chart in §130.6.1 indicates what is payable under which situation.

### A. Monthly Billing

Fee schedule payments for stationary oxygen system rentals are all inclusive and represent a monthly allowance per beneficiary. Accordingly, a supplier must bill on a monthly basis for stationary oxygen equipment and contents furnished during a rental month.

A portable equipment add-on is also payable when portable oxygen is prescribed and it is determined to be medically necessary in accordance with Medicare coverage requirements. The portable add-on must be claimed in order to be paid. (See §30.6.)

### B. HCPCS Codes

The HCPCS codes must be used to report the service. *One month of service equals one unit.*

### C. Use of Payment Modifiers and Revenue Codes for Payment Adjustments

The monthly payment amount for stationary oxygen is subject to adjustment depending on the amount of oxygen prescribed (liters per minute (LPM)), and whether or not portable oxygen is also prescribed. (See §30.6.) HHAs billing the FI for stationary equipment, supplies, or contents, which are not eligible for payment adjustment, bill under revenue code 0601. Claims must indicate the appropriate HCPCS modifier described below, if applicable.

- If the prescribed amount of oxygen is less than 1 LPM, suppliers use the modifier "QE"; HHAs use revenue code 0602. The monthly payment amount for stationary oxygen is reduced by 50 percent.
- If the prescribed amount of oxygen is greater than 4 LPM, suppliers use the modifier "QG"; HHAs use revenue code 0603. The monthly payment amount for stationary oxygen is reduced by 50 percent.
- If the prescribed amount of oxygen exceeds 4 LPM and portable oxygen is prescribed, suppliers use the modifier "QF"; HHAs use revenue code 0604. The monthly payment for stationary oxygen is increased by the higher of 50 percent of the monthly stationary oxygen payment amount, or, the fee schedule amount for the portable oxygen add-on. (A separate monthly payment is not allowed for the portable equipment.)

#### **D. Conserving Device Modifier**

The HHA's and suppliers must indicate if an oxygen conserving device is being used with an oxygen delivery system by using HCPCS modifier "QH".