

Program Memorandum Intermediaries/Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal AB-01-53

Date: APRIL 10, 2001

CHANGE REQUEST 1619

SUBJECT: July Updates for 2001 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

This Program Memorandum (PM) provides specific instructions regarding the July quarterly update for the 2001 DMEPOS fee schedule. You must submit the base year fee amounts for the July 2001 quarterly update to central office by April 10, 2001. In addition, §§425 and 426 of the Benefits Improvement and Protection Act (BIPA) of 2000 mandates an increase in all DMEPOS fee schedules, except oxygen and oxygen equipment, effective for items furnished from July 1, 2001, through December 31, 2001. This update was addressed in Transmittal AB-01-40, dated March 9, 2001, Change Request 1577. As a result, there will be separate files containing the fee schedules effective for items furnished from January 1, 2001, through June 30, 2001, and for the fee schedules effective for items furnished from July 1, 2001, through December 31, 2001. These files will be made available to carriers and intermediaries by May 4, 2001.

The names of the files containing the fee schedules effective for items furnished from January 1, 2001, through June 30, 2001, are:

Carriers - MU00.@BF12393.DMEPOS01.EF0101.V0504

Intermediaries - MU00.@BF12393.DMEPOS01.EF0101.Q3.V0504.FIRHHI

The names of the files containing the fee schedules effective for items furnished from July 1, 2001, through December 31, 2001, are:

Carriers - MU00.@BF12393.DMEPOS01.EF0701.V0504

Intermediaries - MU00.@BF12393.DMEPOS01.EF0701.Q3.V0504.FIRHHI

Durable Medical Equipment Regional Carriers (DMERCs) are to gap-fill base fee schedule amounts for the HCFA Common Procedure Coding System (HCPCS) codes E1340, K0551, L4205, L7520, and L8049 in accordance with instructions located in §5102.2 of the Medicare Carriers Manual. Code E1340 is the repair code for DME, and codes L4205, L7520, and L8049 are repair codes for orthotics, prosthetics, and prosthetic devices. Code K0551 is located in the payment category for inexpensive or routinely purchased items. The base fees submitted to central office are not to be updated by any covered item update factors other than the 1.7 percent (1989) update factor for base fees for DME, orthotics, prosthetics, and prosthetic devices. Update factors that are applicable subsequent to 1989 will be added by central office as part of the fee schedule calculation process.

In addition, effective for claims with dates of service on or after January 1, 2001, DMERCs are to begin covering HCPCS codes E0188 and E0189 as DME in accordance with §60-9 of the Coverage Issues Manual. These items were not covered in the past because of confusion that resulted from two conflicting carrier instructions. We have now determined that these items are covered as DME and are located in the payment category for inexpensive or routinely purchased items. DMERCs should revise their supplier manuals to reflect this change; however, do not adjust any previously processed claims unless they are resubmitted by the supplier. In no case should you adjust claims with dates of service prior to January 1, 2001.

HCFA-Pub. 60AB

The effective date for this PM is January 1, 2001, for the fee schedules for items with dates of service January 1, 2001, through June 30, 2001, and July 1, 2001, for the fee schedules for items with dates of service July 1, 2001 through December 31, 2001.

The implementation date for this PM is July 1, 2001.

Any questions regarding these instructions should be directed to Joel Kaiser on (410) 786-4499. Questions regarding the transmission of the file, the file layout, and submission of base fees to central office should be directed to Mary Anne Stevenson on (410) 786-1818.

These instructions should be implemented within your current operating budget.

This PM may be discarded March 31, 2002.