

<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 2837</b>	<b>Date: December 13, 2013</b>
	<b>Change Request 8523</b>

**SUBJECT: Change to the Reasonable Charge Update for 2014 for Splints, Casts and Certain Intraocular Lenses**

**I. SUMMARY OF CHANGES:** This transmittal provides instructions regarding the change in payment basis for splints, casts, and certain intraocular lenses (IOLs) furnished in calendar year 2014. Effective April 1, 2014, payment will no longer be made on a reasonable charge basis for splints and casts, and IOLs inserted in a physician's office. This Recurring Update Notification applies to Chapter 23, Section 80.

**EFFECTIVE DATE: January 1, 2014 - for payment on a reasonable charge basis; April 1, 2014 for payment on a national fee schedule basis**

**IMPLEMENTATION DATE: January 6, 2014 - for payment on a reasonable charge basis; April 7, 2014 for payment on a national fee schedule basis**

*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	23/80.6/ Inflation Indexed Charge (IIC) for Nonphysician Services

**III. FUNDING:**

**For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:**  
No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

**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 obliged 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:**

**Recurring Update Notification  
Manual Instruction**

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

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 2837	Date: December 13, 2013	Change Request: 8523
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## **I. GENERAL INFORMATION**

### **A. Background:**

Payment continues to be made on a reasonable charge basis for splints and casts, and intraocular lenses (IOLs) inserted in a physician's office with the criteria for determining reasonable charges set forth at 42 CFR part 405, subpart E of our regulations. However, section 1842(s) of the Social Security Act provides the authority for replacing the reasonable charge payment methodology with statewide or other area wide fee schedules to be used for payment for these items. The final rule implementing fee schedules for splints and casts, and IOLs inserted in a physician's office was published in the **Federal Register** on December 2, 2013, (78 FR 72156). Effective for dates of service on or after April 1, 2014, payment for splints and casts, and IOLs inserted in a physician's office will be made using national fee schedule amounts, and reasonable charges will no longer be calculated for these items.

For payment of splints and casts furnished from April 1, 2014 through December 31, 2014, regulations at 42 CFR 414.106 require national fee schedules be established based on 2013 reasonable charges updated by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending with June 2013. For subsequent years, the fee schedule amounts will be updated by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending with June of the preceding year, reduced by the productivity adjustment as described in section 1886(b)(3)(B)(xi)(II) of the Act. The splints and cast Q-codes are to be used when supplies are indicated for cast and splint purposes. This payment is in addition to the payment made under the physician fee schedule for the procedure for applying the splint or cast.

For payment of IOLs inserted in a physician's office furnished from April 1, 2014 through December 31, 2014, regulations at 42 CFR 414.108 require national fee schedules be established based on the national average allowed charge for the item from January 1, 2012 through December 31, 2012, updated by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 24-month period ending with June 2013. For subsequent years, the fee schedule amounts will be updated by the percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending with June of the preceding year, reduced by the productivity adjustment as described in section 1886(b)(3)(B)(xi)(II) of the Act.

**B. Policy:** This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts and intraocular lenses furnished for dates of service January 1, 2014 through March 31, 2014. Payment on a reasonable charge basis is required for these items by regulations contained in 42 CFR 405.501. The inflation Indexed Charge (IIC) is calculated using the lowest of the reasonable charge screens from the previous year updated by an inflation adjustment factor or the percentage change in the consumer price index for all urban consumers (CP-U) for the 12-month period ending June 30 of each year. The IIC update factor for 2014 is 1.8 percent. The 2014 payment limits for splints and casts furnished for dates of service January 1, 2014 through March 31, 2014, will be based on the 2013 limits that were announced in CR 8051 last year, increased by 1.8 percent, the percentage change in the CPI-U for the



Number	Requirement	Responsibility											
		A/B MAC			D M E M A C	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		A	B	H H H					F I S S	M C S	V M S	C W F	
	casts with dates of service from January 1, 2014 through March 31, 2014, based on the lower of the actual charge or the reasonable charge payment limits established for these codes. Refer to Attachment A for a detailed list of the applicable HCPCS codes and 2014 payment limits.												
8523.5	Effective for dates of service on or after April 1, 2014, contractors shall not make payment on a reasonable charge basis for intraocular lenses inserted in a physician's office that are identified by the HCPCS codes below:  V2630, V2631 and V2632		X										
8523.6	Effective for dates of service on or after April 1, 2014, contractors shall not make payment for splints and casts using the 2014 reasonable charge payment limits identified in Attachment A.	X	X										
8523.7	Contractors shall use the 2014 national fee schedule amounts in Attachment B to pay claims for splints and casts and IOLs inserted in a physician's office for dates of service from April 1, 2014 through December 31, 2014.	X	X										
8523.8	Beginning April 1, 2014, the national fee schedule amounts for the codes contained in Attachment B will be included in the DMEPOS fee schedule file. For subsequent calendar years, contractors shall make payment for splints, casts and IOLs inserted in a physician's office using the fee schedule amounts included in the DMEPOS fee schedule file. Contractors should consult the Change Request for the Quarterly or Annual DMEPOS Fee Schedule Update for instructions on downloading the fee schedule file.	X	X										
8523.9	Beginning April 1, 2014, contractors shall pay claims for IOL codes V2630 and V2631 using the fee schedule amounts for comparable code V2632.		X										

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility							
		A/B MAC			D M E	F I	C A R R I E R	R H H I	Other
		A	B	H H H	M A C				
8523.10	MLN Article : A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> 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 one week of the availability of the provider education 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	X						

#### IV. SUPPORTING INFORMATION

##### Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
8523.7-8523.9	For future Medicare payment information on splints, casts and IOLs inserted in a physician's office, please consult the annual and quarterly DMEPOS fee schedule update change requests.

##### Section B: All other recommendations and supporting information: N/A

#### V. CONTACTS

**Pre-Implementation Contact(s):** Hafsa Vahora, Hafsa.Vahora@cms.hhs.gov , Karen Jacobs, Karen.Jacobs@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

#### VI. FUNDING

**Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:**

No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

**Section B: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS do 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.

**Attachment (2)**

## Attachment A

2014 Payment Limits for Splints and Casts, effective January 1, 2014 through March 31, 2014

A4565	\$8.41
Q4001	\$47.85
Q4002	\$180.82
Q4003	\$34.36
Q4004	\$118.96
Q4005	\$12.67
Q4006	\$28.55
Q4007	\$6.34
Q4008	\$14.27
Q4009	\$8.46
Q4010	\$19.04
Q4011	\$4.22
Q4012	\$9.53
Q4013	\$15.40
Q4014	\$25.97
Q4015	\$7.71
Q4016	\$12.98
Q4017	\$8.91
Q4018	\$14.19
Q4019	\$4.46
Q4020	\$7.11
Q4021	\$6.59
Q4022	\$11.89
Q4023	\$3.31
Q4024	\$5.95
Q4025	\$36.94
Q4026	\$115.34
Q4027	\$18.48
Q4028	\$57.69
Q4029	\$28.25
Q4030	\$74.36
Q4031	\$14.12
Q4032	\$37.18
Q4033	\$26.35
Q4034	\$65.54
Q4035	\$13.17
Q4036	\$32.78
Q4037	\$16.07
Q4038	\$40.27
Q4039	\$8.05
Q4040	\$20.13
Q4041	\$19.55
Q4042	\$33.37
Q4043	\$9.78
Q4044	\$16.69
Q4045	\$11.35
Q4046	\$18.25
Q4047	\$5.66
Q4048	\$9.13
Q4049	\$2.07

**Attachment B**

2014 National Fee Schedule Amounts for Splints, Casts and Certain IOLs, effective April 1, 2014

A4565	\$8.41
Q4001	\$47.85
Q4002	\$180.82
Q4003	\$34.36
Q4004	\$118.96
Q4005	\$12.67
Q4006	\$28.55
Q4007	\$6.34
Q4008	\$14.27
Q4009	\$8.46
Q4010	\$19.04
Q4011	\$4.22
Q4012	\$9.53
Q4013	\$15.40
Q4014	\$25.97
Q4015	\$7.71
Q4016	\$12.98
Q4017	\$8.91
Q4018	\$14.19
Q4019	\$4.46
Q4020	\$7.11
Q4021	\$6.59
Q4022	\$11.89
Q4023	\$3.31
Q4024	\$5.95
Q4025	\$36.94
Q4026	\$115.34
Q4027	\$18.48
Q4028	\$57.69
Q4029	\$28.25
Q4030	\$74.36
Q4031	\$14.12
Q4032	\$37.18
Q4033	\$26.35
Q4034	\$65.54
Q4035	\$13.17
Q4036	\$32.78
Q4037	\$16.07
Q4038	\$40.27
Q4039	\$8.05
Q4040	\$20.13
Q4041	\$19.55
Q4042	\$33.37
Q4043	\$9.78
Q4044	\$16.69
Q4045	\$11.35
Q4046	\$18.25
Q4047	\$5.66
Q4048	\$9.13
Q4049	\$2.07
V2630	\$111.81
V2631	\$111.81
V2632	\$111.81

# Medicare Claims Processing Manual

## Chapter 23 - Fee Schedule Administration and Coding Requirements

### 80.6 - Inflation Indexed Charge (IIC) for Non-physician Services

(Rev.2837, Issued: 12-13-13, Effective: 01-01-14 – payment reasonable charge basis/04-01-14 – payment national fee schedule basis, Implementation: 01-06-14 – payment reasonable charge basis/04-07-14 – payment national fee schedule basis)

#### A General

Effective for services rendered on or after October 1, 1985, an additional factor - the inflation indexed charge (IIC), is added to the factors taken into consideration in determining reasonable charges for non-physician services. Non-physician services are defined as those Part B medical services, supplies, and equipment reimbursed on a reasonable charge basis and not subject to the application of the Medicare Economic Index (MEI).

Examples of items affected by the IIC are:

- Prosthetic and orthotic devices not subject to the fee schedules [Therapeutic Shoes (*2005 and prior*), Intraocular Lenses (*2014 and prior*)];
- Blood products and transfusion medicine;
- Certain medical supplies used in connection with home dialysis (*2011 and prior*); and
- Ambulance services (2001 and prior)