

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 592	Date: November 6, 2009
	Change Request 6678

Subject: Round One Rebid of the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program—Phase 8C of Implementation: Repairs and Replacements

I. SUMMARY OF CHANGES: This Change Request (CR) will provide instructions to the contractors to allow any supplier with a valid Medicare billing number to furnish and bill for services (labor and parts) associated with the repair of durable medical equipment (DME) or enteral nutrition equipment owned by beneficiaries in a competitive bidding area (CBA). It will also require suppliers that replace an item that is subject to the DMEPOS Competitive Bidding Program to be a contract supplier.

New / Revised Material
 Effective Date: April 1, 2010
 Implementation Date: April 5, 2010

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:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within 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 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:

One-Time Notification

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

Attachment – One-Time Notification

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SUBJECT: Round One Rebid of the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program—Phase 8C of Implementation: Repairs and Replacements

Effective Date: April 1, 2010

Implementation Date: April 5, 2010

I. GENERAL INFORMATION

A. Background:

The Medicare DMEPOS Competitive Bidding Program was established by section 302(b)(1) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) (Pub. L. 108-173) which amended section 1847 of the Social Security Act (the Act) to require the Secretary to establish and implement programs under which competitive bidding areas (CBAs) are established throughout the United States for contract award purposes for the furnishing of certain competitively priced items and services for which payment is made under Part B.

This transmittal provides instructions to the Durable Medical Equipment Medicare Administrative Contractors (DME MACs) and the shared system maintainer for the ViPS Medicare System (VMS) for processing claims submitted with the new repair and replacement modifiers under the DMEPOS Competitive Bidding Program Round One Rebid.

The existing modifier for repairs and replacement of DME items, RP, was deleted from the Health care Common Procedure Code Set (HCPCS), effective December 31, 2008. To distinguish between the repair and the replacement of an item, the following two modifiers were added to the HCPCS on January 1, 2009:

RA – Replacement of a DME item

RB – Replacement of a part of DME furnished as part of a repair

The new RA modifier will be used in the DMEPOS Competitive Bidding Program to identify claims for the replacement of an entire competitive bid item. The RB modifier will be used to denote the replacement of a part for repair purposes.

This Change Request (CR) will provide instructions to allow any supplier with a valid Medicare billing number to furnish and bill for services (labor and parts) associated with the repair of durable medical equipment (DME) or enteral nutrition equipment owned by beneficiaries in a Competitive Bidding Area (CBA). It will also require suppliers that replace an item that is subject to the DMEPOS Competitive Bidding Program to be a contract supplier.

B. Policy:

Under the DMEPOS Competitive Bidding Program, any DMEPOS supplier, provided they have a valid Medicare billing number, can furnish and bill for services (labor and parts) associated with the repair of DME or enteral nutrition equipment owned by beneficiaries who reside in a CBA. In these situations, Medicare payment for labor will be made based on the standard payment rules. Medicare payment for replacement parts associated with repairing competitively bid DME or enteral nutrition equipment, that are submitted with the RB modifier, will be based on the single payment amount for the part if the part and equipment being repaired are included in the same competitive bidding product category in the CBA. Otherwise, Medicare payment for replacement parts associated with repairing equipment owned by the beneficiary will be made based on the standard payment rules.

The replacement of an entire item, as opposed to the replacement of a part for repair purposes, which is subject to the DMEPOS Competitive Bidding Program, must be furnished by a contract supplier. Medicare payment for the replacement item would be based on the single payment amount for the item in the beneficiary’s CBA. Claims submitted with the “RA” modifier for replacements will be treated as any other informational modifier under the DMEPOS Competitive Bidding Program logic.

Contractors shall implement the changes specified in this CR in preparation for the DMEPOS Competitive Bidding Program Round One Rebid Implementation. The target implementation date for the Round One Rebid is January 1, 2011 and is subject to change. CMS will notify the contractors of the actual start date for the Round One Rebid in a separate instruction.

II. BUSINESS REQUIREMENTS TABLE

Use “Shall” to denote a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)								
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers			
						F I S S	M C S	V M S	C W F	
6678.1	Contractors shall process and pay claims for the repair of DME or enteral nutrition equipment when submitted by any enrolled DMEPOS supplier (including contract and non-contract suppliers) with the “RB” modifier.		X						X	
6678.1.1	Contractors shall make payment for labor based on the standard payment rules.		X						X	
6678.1.2	Contractors shall pay the single payment amount for replacement parts associated with repairs when the beneficiary resides in a CBA and the part and the equipment being repaired are items that are subject to competitive bidding.		X						X	
6678.1.3	Contractors shall pay the standard payment rate for replacement parts associated with repairs when the beneficiary is not located in a CBA and the items are not subject to competitive bidding.		X						X	
6678.2	Contractors shall process and pay claims for replacement of an item that is subject to the DMEPOS Competitive Bidding Program when submitted by a contract supplier with the “RA” modifier.		X						X	

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6678.2.1	The shared system maintainer shall treat claims submitted with the "RA" modifier for replacements the same as any other claim submitted with an informational modifier under the DMEPOS Competitive Bidding Program logic.								X		
6678.2.2	Contractors shall pay the applicable single payment amount for the beneficiary's CBA for the replacement of the item.		X						X		
6678.3	Contractors shall deny claims for replacement of an item that is subject to the DMEPOS Competitive Bidding Program when submitted by non-contract suppliers, even when submitted with the "RA" modifier.		X						X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6678.4	<p>A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>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 one week of the availability of the provider education article. In addition, the provider education article shall be included in your 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.</p>		X								

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:
 Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
6678.1-3	The business requirements specified in this CR apply to DMEPOS claims with dates of service on or after the start date for the implementation of the Round One Rebid. CMS will announce the start date in a separate instruction.

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): For policy questions, please contact Karen Jacobs at karen.jacobs@cms.hhs.gov or (410) 786-2173. For claims processing questions, please contact Bobbett Plummer at bobbett.plummer@cms.hhs.gov or (410) 786-3321.

Post-Implementation Contact(s): For policy questions, please contact Karen Jacobs at karen.jacobs@cms.hhs.gov or (410) 786-2173. For claims processing questions, please contact Bobbett Plummer at bobbett.plummer@cms.hhs.gov.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs)*, *Regional Home Health Intermediaries (RHHIs)*, and/or *Carriers*, use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: For *Medicare Administrative Contractors (MACs)*, include the following statement:

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.