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| <b>CMS Manual System</b>                | <b>Department of Health &amp; Human Services (DHHS)</b>   |
| <b>Pub 100-20 One-Time Notification</b> | <b>Centers for Medicare &amp; Medicaid Services (CMS)</b> |
| <b>Transmittal 741</b>                  | <b>Date: July 30, 2010</b>                                |
|   | <b>Change Request 7014</b>                                |

**SUBJECT: Home Health Agencies (HHAs) Providing Durable Medical Equipment (DME) in Competitive Bidding Areas**

**I. SUMMARY OF CHANGES:** This Change Request prevents the inappropriate payment of competitively bid DME items to HHAs.

**EFFECTIVE DATE: January 1, 2011**

**IMPLEMENTATION DATE: January 3, 2011**

*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/revise 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> |
|--------------|---|
| N/A          |   |

**III. FUNDING:**

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

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

|             |                  |                     |                      |
|-------------|------------------|---------------------|----------------------|
| Pub. 100-20 | Transmittal: 741 | Date: July 30, 2010 | Change Request: 7014 |
|-------------|------------------|---------------------|----------------------|

**SUBJECT (Change Request Title): Home Health Agencies (HHAs) Providing Durable Medical Equipment (DME) in Competitive Bidding Areas**

**Effective Date:** January 1, 2011

**Implementation Date:** January 3, 2011

## I. GENERAL INFORMATION

**A. Background:** Pursuant to section 1847 of the Social Security Act, competitive bidding will be conducted for certain DME. In February 2008, CMS issued Change Request (CR) 5868 which provided instructions regarding editing of claims for HHAs providing DME in competitive bidding areas. Those instructions were to be effective July 1, 2008. Then in September 2008, CMS issued CR 6203 which delayed the competitive bidding program to allow for new bidding of the Round One Competition (the “Round One Rebid”) in 2009 as required by the Medicare Improvements for Patients and Providers Act of 2008. CMS has conducted this bidding process in the interim and established a new implementation date for the DME competitive bidding program.

Beginning January 1, 2011, in a competitive bidding area, a supplier must be awarded a contract by Medicare in order to bill Medicare for competitively bid DME. Therefore, HHAs that furnish DME and are located in an area where DME items are subject to a competitive bidding program must either be awarded a contract to furnish the items in this area or use a contract supplier in the community to furnish these items. The competitive bidding items will be identified by HCPCS codes and the competitive bidding areas will be identified based on zip codes where beneficiaries receiving these items maintain their permanent residence. The DME MACs will have edits in place indicating which entities are eligible to bill for competitive bid items and the appropriate competitive bid payment amount.

**B. Policy:** All suppliers of competitively bid DME must bill the DME MAC for these items and will no longer be allowed to bill for competitive bid items to Medicare contractors processing home health claims. Home health claims submitted for HCPCS codes subject to a competitive bidding program will be returned to the provider to remove the affected DME line items and the providers will be advised to submit those charges to the DME MACs, who will have jurisdiction over all claims for competitively bid items. Claims for DME furnished by HHAs that are not subject to competitive bidding would still be submitted to the appropriate home health claims processing contractor.

## II. BUSINESS REQUIREMENTS TABLE

| Number | Requirement | Responsibility (place an “X” in each applicable column) |   |   |   |   |                           |   |   |   |       |
|--------|-------------|---|---|---|---|---|---------------------------|---|---|---|-------|
|        |             | A   | D | F | C | R | Shared-System Maintainers |   |   |   | OTHER |
|        |             | /   | M | I | A | H | F                         | M | V | C |       |
|        |             | B   | E |   | R | H | I                         | S | S | W |       |
|        |             | M   | M |   | E |   | S                         |   | S | F |       |
|        |             | A   | A |   | R |   |                           |   |   |   |       |
|        |             | C   | C |   |   |   |                           |   |   |   |       |

| Number | Requirement   | Responsibility (place an "X" in each applicable column) |                                |        |                                 |                  |                           |             |             |             |                        |
|--------|---|---|--------------------------------|--------|---------------------------------|------------------|---------------------------|-------------|-------------|-------------|------------------------|
|        |   | A<br>/<br>B<br><br>M<br>A<br>C                          | D<br>M<br>E<br><br>M<br>A<br>C | F<br>I | C<br>A<br>R<br>R<br>I<br>E<br>R | R<br>H<br>H<br>I | Shared-System Maintainers |             |             |             | OTHER                  |
|        |   |   |                                |        |                                 |                  | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |                        |
| 7014.1 | Medicare contractors shall return HH claims (types of bill 32x, 33x and 34x) to the provider when HCPCS codes are present that are identified as being provided to a beneficiary residing in a competitive bidding area.<br><br><b>NOTE:</b> The CMS download files shall be used to identify the applicable HCPCS codes and zip codes.   |   |                                |        |                                 | X                | X                         |             |             |             | HH & H MAC (J14)       |
| 7014.2 | Medicare contractors shall download the HCPCS and zip code files quarterly upon receipt of the data set names contained in the DMEPOS Competitive Bidding Quarterly File Update change requests, beginning in January 2011.<br><br><b>NOTE:</b> For your reference, the applicable HCPCS codes and Zip Codes for the competitive bidding areas can be found on the "Supplier" page of the following Competitive Bid Implementation Contractor (CBIC) Web site:<br><a href="http://www.dmecompetitivebid.com/Palmetto/Cbic.nsf/DocsCat/Home">http://www.dmecompetitivebid.com/Palmetto/Cbic.nsf/DocsCat/Home</a> |   |                                |        |                                 | X                |                           |             |             |             | HH & H MAC (J14), EDCs |
| 7014.3 | When a claim has been returned for the presence of HCPCS codes that fall within a competitive bidding area, Medicare contractors shall instruct providers to remove the affected DME lines. The HHA may arrange for an approved supplier to submit those charges to the DME MAC for processing.   |   |                                |        |                                 | X                |                           |             |             |             | HH & H MAC (J14)       |

### III. PROVIDER EDUCATION TABLE

| Number | Requirement   | Responsibility (place an "X" in each applicable column) |                                |        |                                 |                  |                           |             |             |             |                  |
|--------|---|---|--------------------------------|--------|---------------------------------|------------------|---------------------------|-------------|-------------|-------------|------------------|
|        |   | A<br>/<br>B<br><br>M<br>A<br>C                          | D<br>M<br>E<br><br>M<br>A<br>C | F<br>I | C<br>A<br>R<br>R<br>I<br>E<br>R | R<br>H<br>H<br>I | Shared-System Maintainers |             |             |             | OTHER            |
|        |   |   |                                |        |                                 |                  | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |                  |
| 7014.4 | A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.<br>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it |   |                                |        |                                 | X                |                           |             |             |             | HH & H MAC (J14) |

| Number | Requirement   | Responsibility (place an "X" in each applicable column) |                                |        |                                 |                  |                           |             |             |             |       |
|--------|---|---|--------------------------------|--------|---------------------------------|------------------|---------------------------|-------------|-------------|-------------|-------|
|        |   | A<br>/<br>B<br><br>M<br>A<br>C                          | D<br>M<br>E<br><br>M<br>A<br>C | F<br>I | C<br>A<br>R<br>R<br>I<br>E<br>R | R<br>H<br>H<br>I | Shared-System Maintainers |             |             |             | OTHER |
|        |   |   |                                |        |                                 |                  | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
|        | 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. |   |                                |        |                                 |                  |                           |             |             |             |       |

#### IV. SUPPORTING INFORMATION

**Section A:** For any recommendations and supporting information associated with listed requirements, use the box below:

| X-Ref Requirement Number | Recommendations or other supporting information: |
|--------------------------|--|
|                          | N/A  |

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

#### V. CONTACTS

**Pre-Implementation Contact(s):** Wil Gehne, 410-786-6148, [Wilfried.Gehne@cms.hhs.gov](mailto:Wilfried.Gehne@cms.hhs.gov) or Yvonne Young, 410-786-1886, [Yvonne.young@cms.hhs.gov](mailto:Yvonne.young@cms.hhs.gov), (for questions regarding HH Claims Processing) or Karen Jacobs, 410-786-2173, [Karen.Jacobs@cms.hhs.gov](mailto:Karen.Jacobs@cms.hhs.gov) (for questions regarding DME Policy)

**Post-Implementation Contact(s):** Appropriate Regional Office

#### 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.