CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 11917	Date: March 21, 2023
	Change Request 13014

Transmittal 11834 issued February 16, 2023, is being rescinded and replaced by Transmittal 11917, dated, March 21, 2023 to add business requirement 13014.9.1 for VMS. All other information remains the same.

NOTE: This Transmittal is no longer sensitive and is being re-communicated February 16, 2023. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.

SUBJECT: Inflation Reduction Act Section 11407: Limitations on Monthly Coinsurance and Adjustments to Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment (DME) – IMPLEMENTATION

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to implement the Medicare Part B deductible, which is waived for insulin furnished through an item of durable medical equipment, and limits the beneficiary coinsurance for a month's supply of insulin not to exceed \$35. The supplier payment is to be adjusted as necessary so that Medicare pays for the rest of the amount for the month's supply of insulin.

EFFECTIVE DATE: July 1, 2023

*Unless otherwise specified, the effective date is the date of service. IMPLEMENTATION DATE: July 3, 2023

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
Ν	17/80/80.13/ Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment
N	20/140/140.1.1/ Billing of Insulin Furnished through DME

III. FUNDING:

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:

Business Requirements Manual Instruction

Attachment - Business Requirements

Pub. 100-04	Transmittal: 11917	Date: March 21, 2023	Change Request: 13014
1 up. 100-0 4		Datt. Martin 21, 2025	Change Request. 13014

Transmittal 11834 issued February 16, 2023, is being rescinded and replaced by Transmittal 11917, dated, March 21, 2023 to add business requirement 13014.9.1 for VMS. All other information remains the same.

NOTE: This Transmittal is no longer sensitive and is being re-communicated February 16, 2023. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.

SUBJECT: Inflation Reduction Act Section 11407: Limitations on Monthly Coinsurance and Adjustments to Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment (DME) – IMPLEMENTATION

EFFECTIVE DATE: July 1, 2023 *Unless otherwise specified, the effective date is the date of service. **IMPLEMENTATION DATE: July 3, 2023**

I. GENERAL INFORMATION

A. Background: On August, 16, 2022, the Inflation Reduction Act (IRA) Became Public Law No: 117-169. Section 11407, implemented the Limitations on Monthly Coinsurance and Adjustments to Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment (DME), which requires that, beginning on July 1, 2023, the Medicare Part B deductible is waived for insulin furnished through an item of durable medical equipment. Also, beginning on July 1, 2023, beneficiary coinsurance for a month's supply of insulin is not to exceed \$35. The supplier payment is to be adjusted as necessary so that the supplier continues to receive the Average Sales Price (ASP) rate minus any applicable coinsurance. Thus, the supplier is not responsible for the balance of the reduced coinsurance.

B. Policy: Section 1833(b) of the Social Security Act (the Act) is amended by Section 11407 of the Inflation Reduction Act, which waives the Medicare Part B deductible beginning July 1, 2023 for insulin furnished through an item of DME covered under section 1861(n) of the Act. Also, Section 1833(a) of the Act is amended by Section 11407 of the Inflation Reduction Act, which requires that beneficiary coinsurance for a month's supply of insulin furnished through an item of durable medical equipment is not to exceed \$35 beginning July 1, 2023. The supplier payment is to be adjusted as necessary so that Medicare pays for the rest of the amount for the month's supply of insulin.

The Shared Systems Maintainers (SSMs) shall implement necessary changes to their respective systems in order to ensure their systems are programmed to adjudicate Medicare Part B claims containing HCPCS for insulin administered via DME pump, ensuring the beneficiary coinsurance for a month's supply of insulin is not to exceed \$35. The supplier payment is to be adjusted as necessary, so that Medicare pays for the rest of the amount for the month's supply of insulin.

The following modifiers are effective April 1, 2023:

JK - Short Descriptor: Drug supply 1 month or less; Long Descriptor: One month supply or less of drug or biological

JL - Short Descriptor: Drug 3-month supply; Long Descriptor: Three-month supply of drug or biological

These new modifiers will be provided in the April 2023 Healthcare Common Procedure Coding System (HCPCS) quarterly update file:

Important Billing Message to Suppliers: The system updates necessary to implement this provision will be completed by the implementation date of this instruction. In order to ensure Medicare beneficiaries are not charged more than the \$35 maximum allowed for the month of July, **suppliers shall not bill for supplies of insulin for July or subsequent months before July 1, 2023**.

If the from date of service is in May or June 2023, suppliers must only bill a one-month supply and append the JK modifier. If the JL modifier is billed with a date of service of May or June the claim will be returned as unprocessable. For the transition into July implementation, suppliers must wait to bill the supply for July until on or after July 1, 2023 or the claim will be returned as unprocessable.

Additional billing instructions for this transition period will be provided by the Durable Medical Equipment Medicare Administrative Contractors.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility																						
		A/B MAC																	D M E		Sys	red- tem		Other
		A	В	H H H	M A C		M C S		C W F															
13014.1	The contractors shall be aware of the new modifiers below for tracking of claims for insulin administered through a DME pump:				Х			X		BCRC, CEDI, IDR, MSPSC, PDAC														
	JK - Short Descriptor: Drug supply 1 month or less; Long Descriptor: One month supply or less of drug or biological																							
	JL - Short Descriptor: Drug 3 month supply; Long Descriptor: Three month supply of drug or biological																							
	NOTE: These modifiers will be included in the April HCPCS file.																							
13014.2	The contractors shall establish an updatable parameter or table with user controls to allow for adding new insulin Healthcare Common Procedure Coding System (HCPCS) to enforce the modifier requirements.				Х			X																
13014.3	VMS shall add editing in the VMS online claims system for the combination of the insulin HCPCS and							X																

Number	Requirement	Re	espo	nsi	bilit	y				
			A/B		D	· ·	Sha	red-	Other	
		MAC		AC	Μ		Sys	tem		
					Е	Μ	aint	aine	ers	
		Α	В	Η		F	M	V	С	
				Н	Μ	Ι	С	Μ	W	
				Η	А	S	S	S	F	
					С	S				
	the new modifiers.									
13014.3.1	The contractors shall return the claim as un-				Х					
	processable when a claim is received for insulin									
	administered through a DME pump and the modifier									
	JK or JL is not present.									
					_					
13014.3.1	The contractors shall use the following Claims				Х					
.1	Adjustment Reason Code/Remittance Advice Remark									
	Codes (CARC/RARC) when returning claims:									
	CARC 4 - The procedure code is inconsistent with the									
	modifier used, or a required modifier is missing.									
	mounter used, of a required mounter is missing.									
	RARC N519 - Invalid combination of HCPCS									
	modifiers.									
	Group Code – CO									
13014.3.1	The contractors shall use the following Medicare				Х					
.1.1	Summary Notice (MSN) and ANSI message for									
	denying beneficiaries claims:									
	MSN 09.04 - This item or service was denied because									
	information required to make payment was incorrect.									
	CARC 4 - The procedure code is inconsistent with the									
	modifier used, or a required modifier is missing.									
	mounter used, of a required mounter is missing.									
	RARC N519 - Invalid combination of HCPCS									
	modifiers.									
	Group Code - CO									
13014.4	The contractors shall waive the Part B deductible for							Х		
	insulin administered through a DME pump.									
12014 5	The contractors shall see the form 1 to 0 is t								v	
13014.5	The contractors shall use the from date of service to								Х	
	establish the month the coinsurance is paid. The contractors shall use the from date of service and new									
	modifier(s) to establish the month or months the									
	coinsurance is applied.									
	comsurance is appried.									
		I	I						1	

Number	Requirement	Responsibility														
			A/B MA(D M			red- tem		Other						
											Е	-		aine		
		A	В	H H H	M A C	F I S S	M C S	V M S	C W F							
	Note: In the event more than one claim is received for the same month, the coinsurance cap is applied on the first in basis.															
13014.6	The contractors shall ensure that coinsurance not exceed \$35 per month / or \$105 for a 3-month supply for claims billing for insulin administered through a DME pump.								Х							
13014.7	The contractor shall reject claims containing HCPCS code J1817, and any additional new HCPCS that may be developed for insulin administered through DME in the future, with coinsurance that exceeds the \$35 per month or \$105 per three-month supply.							X	X							
13014.8	The contractor shall return a trailer identifying the line item and the allowable coinsurance balance for insulin administered through a DME pump.						Х	Х	Х							
13014.8.1	The contractors shall perform integrated testing with the CWF maintainer for the new CWF trailer.						Х	Х	X							
13014.9	The contractor shall adjust the coinsurance applied to the claim based on the Common Working File (CWF) allowed balance.							Х								
13014.9.1	The contractor shall ensure CWF is notified on the CWF claim query when the coinsurance applied on the line equals zero, based on the CWF allowed balance.							Х								
13014.10	The contractor shall ensure the supplier continues to get paid the ASP rate minus the applicable coinsurance on the claim (i.e., if the coinsurance cap has been met for the month on a prior claim submission and a subsequent claim for the same month is received, no coinsurance is applied to the incoming claim and the supplier would receive the full ASP rate).							X								
13014.11	The contractor shall establish or update an existing screen to display at a minimum the claim date of service, Claim Control Number (CCN) and copayment applied for a rolling one-year history.								X							

Number	Requirement	Responsibility								
			A/B		D	Shared-			-	Other
		1	MAC		Μ	I System				
					Е	Maintaine		ers		
		Α	В	Η		F	Μ	V	С	
				Η	Μ	Ι	С	Μ	W	
				Η	Α	S	S	S	F	
					С	S				

III. PROVIDER EDUCATION TABLE

Number	Requirement	Re	spo	nsib	ility	
			A/B MAC		D M E	C E D
		A	В	H H H	M A C	Ι
13014.12	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the "MLN Connects" listserv to get MLN content notifications. You don't need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.		X		X	X

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref	Recommendations or other supporting information:
Requirement	
Number	

Section B: All other recommendations and supporting information: NA

V. CONTACTS

Pre-Implementation Contact(s): Adam Brooks, Adam.Brooks@cms.hhs.gov (Policy Contact), Bobbett Plummer, bobbett.plummer@cms.hhs.gov, Diana Motsiopoulos, diana.motsiopoulos@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 0

Medicare Claims Processing Manual Chapter 17 - Drugs and Biologicals

Table of Contents (*Rev. 11917; Issued: 03-21-23*)

Transmittals for Chapter 17

80 - Claims Processing for Special Drug Categories 80.13 - Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment

80 – Claims Processing for Special Drug Categories

80.13 - Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment (Rev. 11917; Issued: 03-21-23; Effective: 07-01-23; Implementation: 07-03-23)

For insulin administered through an item of DME see Pub. 100-04 Chapter 20, – Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS), Section 140.1.1 for further instruction.

Medicare Claims Processing Manual Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

Table of Contents (*Rev. 11917; Issued: 03-21-23*)

Transmittals for Chapter 20

140 - Billing for Supplies

140.1.1 - Billing of Insulin Furnished through DME

140 - Billing for Supplies

140.1.1 - Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment (Rev. 11917; Issued: 03-21-23; Effective: 07-01-23; Implementation: 07-03-23)

Section 1833(b) of the Social Security Act (the Act) is amended by Section 11407 of the Inflation Reduction Act, which waives the Medicare Part B deductible beginning July 1, 2023 for insulin furnished through an item of durable medical equipment covered under section 1861(n) of the Act. Also, Section 1833(a) of the Act is amended by Section 11407 of the Inflation Reduction Act, which requires that beneficiary coinsurance for a month's supply of insulin furnished through an item of durable medical equipment is not to exceed \$35 beginning July 1, 2023. The supplier payment is to be adjusted as necessary so that Medicare pays for the rest of the amount for the month's supply of insulin.

Effective July 1, 2023, to ensure the appropriate coinsurance is applied all claims billing for insulin administered through an item of DME must have a modifier appended to identify if the supply is for one month or a three month supply. Claims submitted for insulin administered through an item of DME that do not include one of the modifiers listed below will be returned to the supplier as un-processable.

JK - Short Descriptor: Drug supply 1 month or less; Long Descriptor: One month supply or less of drug or biological or JL- Short Descriptor: Drug 3 month supply; Long Descriptor: Three month supply of drug or biological