

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 12013	Date: May 2, 2023
	Change Request 13014

Transmittal 11917 issued March 21, 2023, is being rescinded and replaced by Transmittal 12013, dated, May 2, 2023, year to add new ASP insulin administered by DME pump effective July 1, 2023 to business requirements 13014.2 and 13014.7. All other information remains the same.

NOTE: This Transmittal is no longer sensitive and is being re-communicated May 2, 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
N	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: 12013	Date: May 2, 2023	Change Request: 13014
-------------	--------------------	-------------------	-----------------------

Transmittal 11917 issued March 21, 2023, is being rescinded and replaced by Transmittal 12013, dated, May 2, 2023, year to add new ASP insulin administered by DME pump effective July 1, 2023 to business requirements 13014.2 and 13014.7. All other information remains the same.

NOTE: This Transmittal is no longer sensitive and is being re-communicated May 2, 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 un-processable. 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 un-processable.

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	Shared- System Maintainers				Other	
		A	B	H H H		M A C	F I S S	M C S	V M S		C W F
13014.1	<p>The contractors shall be aware of the new modifiers below for tracking of claims for insulin administered through a DME pump:</p> <p>JK - Short Descriptor: Drug supply 1 month or less; Long Descriptor: One month supply or less of drug or biological</p> <p>JL - Short Descriptor: Drug 3 month supply; Long Descriptor: Three month supply of drug or biological</p> <p>NOTE: These modifiers will be included in the April HCPCS file.</p>				X			X			BCRC, CEDI, IDR, MSPSC, PDAC
13014.2	<p>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.</p> <p>NOTE: Current HCPCS required to bill with either the JK or JL Modifier are:</p>				X			X			

Number	Requirement	Responsibility								Other
		A/B MAC			D M E M A C	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
	insulin administered through a DME pump.									
13014.5	The contractors shall use the from date of service to 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. Note:In the event more than one claim is received for the same month, the coinsurance cap is applied on the first in basis.								X	
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.									X
13014.7	The contractor shall reject claims containing HCPCS code J1811, J1813, 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.						X	X	X	
13014.8.1	The contractors shall perform integrated testing with the CWF maintainer for the new CWF trailer.						X	X	X	
13014.9	The contractor shall adjust the coinsurance applied to the claim based on the Common Working File (CWF) allowed balance.							X		
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.							X		
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							X		

Number	Requirement	Responsibility							
		A/B MAC		D M E M A C	Shared- System Maintainers				Other
		A	B		H H H	F I S S	M C S	V M S	
	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).								
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

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
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 Requirement Number	Recommendations or other supporting information:

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. 12013; Issued: 05-02-23)

Transmittals for Chapter 17

80.13 - Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment

80.13 - Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment

(Rev. 12013; Issued: 05-02-23; 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.12013; Issued:05-02-23)

Transmittals for Chapter 20

140.1.1 - Billing of Insulin Furnished through DME

140.1.1 - Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment

(Rev. 12013; Issued: 05-02-23; 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