

<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 3768</b>	<b>Date: May 5, 2017</b>
	<b>Change Request 9988</b>

**Transmittal 3729, dated March 3, 2017, is being rescinded and replaced by Transmittal 3768 dated, May 5, 2017, to delete example text in the policy section. All other information remains the same.**

**SUBJECT: April Quarterly Update for 2017 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule**

**I. SUMMARY OF CHANGES:** The DMEPOS fee schedule is updated on a quarterly basis, when necessary, to implement fee schedule amounts for new codes and correct any fee schedule amounts for existing codes. The quarterly update process for the DMEPOS fee schedule is located in Pub. 100-04, Medicare Claims Processing Manual, chapter 23, section 60.

**EFFECTIVE DATE: April 1, 2017**

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

**IMPLEMENTATION DATE: April 3, 2017**

*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>
N/A	N/A

**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:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 3768	Date: May 5, 2017	Change Request: 9988
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**EFFECTIVE DATE: April 1, 2017**

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**IMPLEMENTATION DATE: April 3, 2017**

## **I. GENERAL INFORMATION**

**A. Background:** The DMEPOS fee schedules are updated on a quarterly basis, when necessary, in order to implement fee schedule amounts for new and existing codes, as applicable, and apply changes in payment policies. The quarterly update process for the DMEPOS fee schedule is located in Pub.100-04, Medicare Claims Processing Manual, chapter 23, section 60.

Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics and surgical dressings by §1834(a), (h), and (i) of the Social Security Act. Also, payment on a fee schedule basis is a regulatory requirement at 42 CFR §414.102 for parenteral and enteral nutrition (PEN), splints and casts, and intraocular lenses (IOLs) inserted in a physician's office.

Additionally, section 1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for certain items furnished on or after January 1, 2016, in areas that are not competitive bid areas, based on information from competitive bidding programs (CBPs) for DME. Section 1842(s)(3)(B) of the Act provides authority for making adjustments to the fee schedule amount for enteral nutrients, equipment and supplies (enteral nutrition) based on information from CBPs. Also, the adjusted fees apply a rural payment rule. The DMEPOS and PEN fee schedule files contain HCPCS codes that are subject to the adjustments as well as codes that are not subject to the fee schedule adjustments. Additional information on adjustments to the fee schedule amounts based on information from CBPs is available in Transmittal 3551, Change Request (CR) 9642, dated June 23, 2016.

The ZIP code associated with the address used for pricing a DMEPOS claim determines the rural fee schedule payment applicability for codes with rural and non-rural adjusted fee schedule amounts. ZIP codes for non-continental Metropolitan Statistical Areas (MSA) are not included in the DMEPOS Rural ZIP code file. The DMEPOS Rural ZIP code file is updated on a quarterly basis as necessary.

**B. Policy:** This recurring update notification provides instructions regarding the April quarterly update for the 2017 DMEPOS and PEN fee schedules and the April 2017 DMEPOS Rural ZIP code file containing the Quarter 2 2017 Rural ZIP code changes.

The CY 2017 DMEPOS and PEN fee schedules and the April 2017 DMEPOS Rural ZIP code file public use files (PUFs) will be available for State Medicaid Agencies, managed care organizations, and other interested parties shortly after the release of the data files on the CMS Website at [www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched)

## **KU Modifier for Complex Rehabilitative Power Wheelchair Accessories & Seat and Back Cushions**

Section 16005 of the 21st Century Cures Act extends the effective date through June 30, 2017 to exclude adjustments to fees using information from CBPs for certain wheelchair accessories (including seating

systems) and seat and back cushions furnished in connection with Group 3 complex rehabilitative power wheelchairs (codes K0848 through K0864). As a result, the KU modifier fees have been added back to the DMEPOS fee schedule file effective January 1, 2017 and are effective for dates of service through June 30, 2017. The fees for items denoted with the HCPCS modifier 'KU' represent the unadjusted fee schedule amounts (i.e, the CY 2015 fee schedule amount updated by the 2016 and 2017 DMEPOS covered item update factor of 0.7 percent). The applicable complex rehabilitative wheelchair accessory codes are listed in Transmittal 3535, Change Request (CR) 9520, dated June 7, 2016.

#### Provider Education Note for Change Request 8822 Reclassification of Certain DME to the Capped Rental Payment Category

For dates of service on or after January 1, 2017, payment for the following HCPCS codes in all geographic areas is made on a capped rental basis: E0197 E0140 E0149 E0985 E1020 E1028 E2228 E2368 E2369 E2370 E2375 K0015 K0070 E0955. For dates of service on or after July 1, 2016 through December 31, 2016, these HCPCS codes were reclassified from the payment category for inexpensive and routinely purchased DME to payment on a capped rental basis in all areas except the nine Round 1 Recompete (Round 1 2014) CBAs. Program instructions on these changes were issued in Transmittal 1626, CR 8822, dated February 19, 2016 and Transmittal 1332, CR 8566, dated January 2, 2014.

When submitting claims, suppliers that submit claims with more than four modifiers including when the claim is being billed with both the RT (right) and the LT (left) modifiers shall include the NU or RR modifier as appropriate, the RT and LT modifiers and then the 99 modifier to signify that there are additional modifiers in use. On the narrative line, the supplier shall include all applicable modifiers including the NU or RR, RT and LT modifiers.

#### Payment for Oxygen Volume Adjustments and Portable Oxygen Equipment

Transmittal 3679, Change Request 9848, dated December 16, 2016 titled Payment for Oxygen Volume Adjustments and Portable Oxygen Equipment, updated section 130.6 of chapter 20 of the Medicare Claims Processing Manual (Pub.100-04) to clarify billing when the prescribed amount of stationary oxygen exceeds 4 liters per minute (LPM) and portable oxygen is prescribed. The QF modifier is used to denote when the oxygen flow exceeds 4 LPM and portable oxygen is prescribed.

Section 1834(a)(5)(C) and (D) of the Act requires that when there is an oxygen flow rate that exceeds 4 LPM that the Medicare payment amount be the higher of 50 percent of the stationary payment amount (codes E0424, E0439, E1390 or E1392) or the portable oxygen add-on amount (E0431, E0433, E0434, E1392 or K0738), and never both. To facilitate this payment calculation, the QF modifier is added to the DMEPOS fee schedule file effective April 1, 2017 for both stationary and portable oxygen. The stationary oxygen QF modifier fee schedule amounts represent 100 percent of the stationary oxygen fee schedule amount. The portable oxygen QF fee schedule amounts represent the higher of 1) 50 percent of the monthly stationary oxygen payment amount or 2) the fee schedule amount for the portable oxygen add-on amount.

Effective April 1, 2017, the modifier "QF" should be used in conjunction with claims submitted for stationary oxygen (codes E0424, E0439, E1390, or E1391) and portable oxygen (codes E0431, E0433, E0434, E1392, or K0738) when the prescribed amount of oxygen is greater than 4 liters per minute (LPM) .

## **II. BUSINESS REQUIREMENTS TABLE**

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

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
9988.1	The DME MACs, A/B MACs Part B and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T170101.V0223). The file is available for download on or after February 23, 2017.		X		X						VDC
9988.1.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).		X		X						VDC
9988.2	The A/B MACs Part A, A/B MACs HHH and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T170101.V0223.FI). The file is available for download on or after February 23, 2017.	X			X						VDC
9988.2.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).	X			X						VDC
9988.3	The DME MACs and/or VDCs shall retrieve the PEN fee schedule file (filename: MU00.@BF12393.PEN.CY17.V0223). The file is available for download on or after February 23, 2017.				X						VDC
9988.3.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).				X						VDC
9988.4	The DME MACs, A/B MACs Part B, A/B MACs Part A, A/B MACs HHH and/or VDCs shall retrieve the CY 2017 DMEPOS Rural ZIP code file (filename: MU00.@DMECBIC.RURZIP.C17Q02.V0223) on or after February 23, 2017.	X	X	X	X						VDC
9988.4.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).	X	X	X	X						VDC
9988.5	Contractors shall process claims for DMEPOS items using the fee schedules and Rural ZIP code file	X	X	X	X						

Number	Requirement	Responsibility							
		A/B MAC		D M E	Shared- System Maintainers			Other	
		A	B		H H H	F I S S	M C S		V M S
	specified in business requirements 1-4 for dates of service on or after April 1, 2017.								

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC			D M E	C E D I	
		A	B	H H H			M A C
9988.6	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 5 business days after receipt of the notification from CMS announcing the availability of the 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	X	X		

### IV. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

<b>X-Ref Requirement Number</b>	<b>Recommendations or other supporting information: N/A</b>
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#### Section B: All other recommendations and supporting information: N/A

### V. CONTACTS

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

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

## **VI. FUNDING**

### **Section A: For Medicare Administrative Contractors (MACs):**

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**ATTACHMENTS: 0**