

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2088	Date: November 5, 2010
	Change Request 7181

SUBJECT: January 2011 Quarterly Update for the DMEPOS Competitive Bidding Program

I. SUMMARY OF CHANGES: The DMEPOS Competitive Bidding Program files are updated on a quarterly basis in order to implement necessary changes to the HCPCS, Zip Code, Single Payment Amount and Supplier Files. These requirements provide specific instructions for implementing the 2011 DMEPOS Round One Rebid competitive bidding program files. In subsection 100.2, Chapter 23 of the Medicare Claims Processing Manual, CBA 41980 was removed from the CBA area section of the record layout. These instructions will be located in Chapter 23, Section 100 of the Medicare Claims Processing Manual.

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

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	23/100/Competitive Bidding Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Single Payment Amounts
R	23/100/100.1/Record Layout for Competitive Bidding HCPCS Category File
R	23/100/100.2/Record Layout for Competitive Bidding Pricing File
R	23/100/100.3/Record Layout for Competitive Bidding ZIP Code File
R	23/100/100.4/Record Layout for Competitive Bidding Contract Supplier File

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:

Business Requirements

Manual Instruction

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

Attachment – Business Requirements

Pub. 100-04	Transmittal: 2088	Date: November 5, 2010	Change Request: 7181
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SUBJECT: January 2011 Quarterly Update for the DMEPOS Competitive Bidding Program

Effective Date: January 1, 2011

Implementation Date: January 3, 2011

I. GENERAL INFORMATION

A. Background: The Medicare durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) competitive bidding program was mandated by the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The program's objectives include:

- Assuring beneficiary access to quality DMEPOS items;
- Reducing the amount Medicare pays for DMEPOS items; and
- Reducing the financial burden on beneficiaries by reducing the coinsurance they pay for DMEPOS items.

The competitive bidding program changes the way that Medicare determines the payment amounts for certain items under Part B of the Medicare program by replacing the current DMEPOS fee schedule payment amounts for selected items in certain areas with payment amounts based on bids submitted by DMEPOS suppliers.

Round One of the DMEPOS Competitive Bidding Program was implemented on July 1, 2008, in 10 competitive bidding areas, as mandated by the MMA. As part of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), Congress enacted a temporary delay in the competitive bidding program for Round One Competitive Bidding Areas. The law required CMS to terminate the existing contracts that were awarded in Round One and re-compete the contracts in 2009 (the Round One Rebid). The MIPPA also excluded certain DMEPOS items and areas from competitive bidding and provided an exemption to the program for hospitals that furnish certain types of DMEPOS items to their own patients.

The Round One Rebid Competitive Bidding Program will be implemented on January 1, 2011, in competitive bidding areas (CBAs) defined by zip codes within nine of the largest Metropolitan Statistical Areas. The CBAs in the Round One Rebid include: Charlotte-Gastonia-Concord, NC-SC; Cincinnati-Middletown, OH-KY-IN; Cleveland-Elyria-Mentor, OH; Dallas-Fort Worth-Arlington, TX; Kansas City, MO-KS; Miami-Fort Lauderdale-Pompano Beach, FL; Orlando- Kissimmee, FL; Pittsburgh, PA; and Riverside-San Bernardino-Ontario, CA.

The Round One Rebid competitive bidding product categories are: Oxygen Supplies and Equipment; Standard Power Wheelchairs, Scooters, and Related Accessories; Group 2 Complex Rehabilitative Power Wheelchairs and Related Accessories; Mail-Order Diabetic Supplies; Enteral Nutrients, Equipment and Supplies; Continuous Positive Airway Pressure Devices, Respiratory Assist Devices, and Related Supplies and Accessories; Hospital Beds and Related Accessories; Walkers and Related Accessories; and, in the Miami-Fort Lauderdale-Pompano Beach CBA only, Support Surfaces (Group 2 Mattresses and Overlays). A list of the HCPCS codes that are included in each of the Round One Rebid product categories can be accessed by visiting the Competitive Bidding Implementation Contractor's (CBIC) Website at www.dmecompetitivebid.com/palmetto/cbic.nsf.

B. Policy: This recurring update notification provides specific instructions for implementing and updating the 2011 DMEPOS Competitive bidding files. The single payment rates for the Round One Rebid of the

DMEPOS Competitive Bidding Program will be implemented through this update notification and are effective January 1, 2011.

CB File Layouts

The DMEPOS competitive bidding files are provided to the DME MACs and RHHIs via CMS' mainframe telecommunication system. There are four competitive bidding files –a CBA zip code file, a HCPCS file, a CBA pricing file and a supplier record file. Unlike the separate parenteral and enteral (PEN) file provided under the DMEPOS fee schedule, the competitive bidding enteral nutrition files will be included as part of the competitive bidding HCPCS and CBA pricing files. The four competitive bidding record file layouts are detailed in Pub.100-04, Medicare Claims Processing Manual, section 100, chapter 23. As part of this update, revisions to section 100 are being made to reflect the Round One Rebid changes which include revisions to the HCPCS Category Record Layout to accommodate the MIPPA hospital exception.

For competitive bidding, zip codes designated as mail order only are assigned a separate CBA number from the standard CBA. The competitive bidding CBA numbers and associated names are as follows:

16740 = Charlotte-Gastonia-Concord, NC-SC (non-mail order and mail order)
16741 = Charlotte-Gastonia-Concord, NC-SC (mail order only)
17140 = Cincinnati-Middletown, OH-KY-IN (non-mail order and mail order)
17141 = Cincinnati-Middletown, OH-KY-IN (mail order only)
17460 = Cleveland-Elyria-Mentor, OH (non-mail order and mail order)
17461 = Cleveland-Elyria-Mentor, OH (mail order only)
19100 = Dallas-Fort Worth-Arlington, TX (non-mail order and mail order)
19101 = Dallas-Fort Worth-Arlington, TX (mail order only)
28140 = Kansas City, MO-KS (non-mail order and mail order)
28141 = Kansas City, MO-KS (mail order only)
33100 = Miami-Fort Lauderdale-Pompano Beach, FL (non-mail order and mail order)
33101 = Miami-Fort Lauderdale-Pompano Beach, FL (mail order only)
36740 = Orlando- Kissimme, FL (non-mail order and mail order)
36741 = Orlando- Kissimme, FL (mail order only)
38300 = Pittsburgh, PA (non-mail order and mail order)
38301 = Pittsburgh, PA (mail order only)
40140 = Riverside-San Bernardino-Ontario, CA (non-mail order and mail order)
40141 = Riverside-San Bernardino-Ontario, CA (mail order only)

The DME MACs must manually enter the CBA numbers in the VMAP/4D CBA Pricing Period Table.

File Updates

In implementing the DMEPOS competitive bidding program, CMS will be issuing recurring update notifications on a quarterly basis. Instructions for updating the DMEPOS competitive bidding files will be included in these transmittals. The competitive bidding files will be provided to the DME MACs and the Pricing, Data Analysis & Coding (PDAC) contractor via CMS' mainframe telecommunication system on a quarterly basis. At the start of a competitive bidding round, the DME MACs will load all four of the aforementioned files using a load request job. Manual entry of the file additions, updates or deletions will be done on a quarterly basis by the DME MACs using files containing only that quarter's changes, for the following three files: the CBA zip code file, the HCPCS file, and the CBA pricing file. These quarterly change files will be provided by CMS through program instruction.

Following the start of a competitive bidding round, updates to the supplier record file will be accomplished on an as needed basis using an Excel file that is emailed directly from the Competitive Bidding Implementation Contractor (CBIC) to each of the DME MACs. As needed, the DME MACs will manually enter the additions or deletions found in the Excel file into the supplier record file. The DME MACs shall provide the names of two contacts and their email addresses for the receipt of the emailed supplier record Excel file by November 30, 2010. The names and addresses should be emailed to Iffat Fatima at Iffat.Fatima@cms.hhs.gov. Upon successful receipt of the Excel file, contractors shall send notification of receipt via e-mail stating their contractor name and the name of the file received to the following CBIC e-mail address: CBIC.DMEMAC@PalmettoGBA.com

Public Use Files

The competitive bidding zip codes and single payment amounts per product category and CBA are also available on the Competitive Bidding Implementation Contract (CBIC) Website for interested parties like DMEPOS suppliers, State Medicaid agencies and managed care organizations. The CBIC Website can be accessed at www.dmecompetitivebid.com/palmetto/cbic.nsf or by visiting the following Website: www.cms.gov/DMEPOSCompetitiveBid/01_overview.asp. These files can be used to identify when a specific item furnished to a beneficiary is subject to the DMEPOS competitive bidding program.

Single Payment Amount

Currently, Medicare payment for most DMEPOS items is based on fee schedules. However, section 1847 of the Act mandates that competitive bidding single payment amounts replace the current DMEPOS fee schedule payment amounts for competitive bidding items in CBAs. Under the program, the single payment amount will become the Medicare allowed payment amount for competitive bidding items for beneficiaries who reside in CBAs. Consistent with current CMS practice, Medicare will pay contract suppliers 80 percent of the single payment amount for each competitively bid item. The beneficiaries will be responsible for the remaining 20 percent of the single payment amount. Payment for all claims is on an assignment-related basis. In no case can a beneficiary be charged more than the 20 percent coinsurance payment for medically necessary items.

In the CBA pricing file and the single payment amount public use file, the rental single payment amounts for capped rental DME and rented enteral nutrition equipment are 10 percent of the purchase single payment amount. This payment amount is for rental months one through three. The rental single payment amounts for months 4 through 13 for capped rental DME and for months 4 through 15 for rented enteral nutrition equipment are equal to 75 percent of the single payment amounts paid in the first three rental months. The changes to the power wheelchair payment rules made by section 3136 of the Affordable care Act of 2010 (ACA) do not apply to payment made for items furnished pursuant to competitive bidding contracts entered into prior to January 1, 2011 or for power wheelchairs in which the first rental month occurred before January 1, 2011. Therefore, under the Round One Rebid Competitive Bidding Program, contract and grandfathered suppliers furnishing rented power wheelchairs will continue to be paid under the capped rental payment methodology using 10 percent of the single payment amount for the first three months and 75 percent of the single payment amounts paid in the first three rental months for months 4 through 13. Similarly, the elimination of the lump sum purchase option for standard power wheelchairs, as required by the section 3136 of the ACA, does not apply to standard power wheelchairs furnished by contract suppliers under the Round One Rebid Program. Payment for standard power wheelchairs will continue to be made to Round One Rebid contract suppliers on either a lump sum purchase or rental basis.

For inexpensive and/or routinely purchased DME items, the recorded single payment amount for rental is 10 percent of the purchase single payment amount.

For all equipment furnished on a purchase basis, the recorded single payment amount for purchased used equipment is 75 percent of the purchase single payment amount.

Also included in the CBA pricing file and the single payment amount file is the maintenance and servicing single payment amounts for rented enteral nutrition infusion pumps described by HCPCS code B9000 and B9002, made in accordance with Pub.100-04, Medicare Claims Processing Manual, section 40.3, chapter 20. The maintenance and servicing single payment amounts are equal to 5 percent of the single payment amount purchase price for the infusion pump.

HCPCS Code Changes

The following HCPCS codes are changing from “K” codes to “E” codes in the HCPCS file, effective January 1, 2011:

K0734 is crosswalked to E2622
K0735 is crosswalked to E2623
K0736 is crosswalked to E2624
K0737 is crosswalked to E2625

This change to “E” codes for the aforementioned codes will be reflected in the competitive bidding files and public use files as part of this update.

Instructions for Competitive Bidding Modifiers

HCPCS modifiers were developed to facilitate implementation of various policies that apply to certain competitive bidding items. The HCPCS modifiers used in conjunction with claims for items subject to competitive bidding, along with their corresponding effective dates, are defined below:

KG – DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 1; effective 7/1/2007

KK – DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 2; effective 7/1/2007

KU – DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 3; effective 7/1/2007

KW – DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 4; effective 1/1/2008

KY – DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 5; effective 1/1/2008

KL – DMEPOS Item Delivered via Mail; effective 7/1/2007

KV – DMEPOS Item Subject to DMEPOS Competitive Bidding Program that is furnished as part of a Professional Service;
effective 1/1/2008

KT – Beneficiary Resides in a Competitive Bidding Area and Travels Outside that Competitive Bidding Areas and Receives a
Competitive Bidding Item; effective 4/1/2008

J4 – DMEPOS Item Subject to DMEPOS Competitive Bidding Program that is furnished by a Hospital upon Discharge;
effective 1/1/2010

The KG, KK, KU, KW, and KY modifiers are modifiers that suppliers must use on claims for beneficiaries residing in CBAs to identify when the same supply or accessory HCPCS code is furnished in multiple competitive bidding product categories. For example, HCPCS code E0981 Wheelchair Accessory, Seat upholstery, Replacement Only, Each is found in both the standard and complex rehabilitative power wheelchair competitive bidding product categories. Contract suppliers for the standard power wheelchair product category shall submit E0981 claims using the KG modifier, whereas contract suppliers for the complex rehabilitative power wheelchair product category shall use the KK modifier. All suppliers, including grandfathered suppliers, shall submit claims for competitive bid items using the aforementioned competitive bidding modifiers. The KG and KK modifiers are treated as pricing modifiers in the Round One Rebid of the competitive bidding program and the KU, KW and KY modifiers are reserved for future program use.

Suppliers began using the KL modifier as an informational modifier to identify diabetic supplies (HCPCS codes A4233-A4236, A4253, A4256 A4258 and A4259) furnished on or after July 1, 2007 (See Change Request 5641, Transmittal 1263). Effective January 1, 2009, the KL modifier changed from an informational modifier to a pricing modifier in the HCPCS file. Suppliers must use the KL modifiers on all claims for the aforementioned diabetic supply codes that are furnished via mail order to beneficiaries. The KL modifier is not used with diabetic supply codes that are not delivered to the beneficiary's residence and are obtained from local supplier storefronts. Contract suppliers must use the KL modifier on all claims for the diabetic supply codes identified above that are furnished via mail order.

The KV modifier shall be used to identify claims for items subject to the exceptions provided in regulations at 42 CFR 414.404(b) for certain competitive bid items that can be furnished by physicians and other practitioners who are not contract suppliers in a competitive bidding area. Physicians and treating practitioners who are not contract suppliers and who furnish walkers and related accessories to beneficiaries residing in a CBA must submit the informational KV modifier with claims for items/HCPCS codes in competitive bidding product category 9 [Walkers and Related Accessories], that are appropriately furnished in accordance with this exception to receive payment for these items at the applicable single payment amount. Physicians and practitioners located outside a CBA, who furnish walkers and/or related accessories as part of a professional service to traveling beneficiaries residing in a CBA must also affix the KV modifier to claims submitted for these items. The KV modifier shall not be used by contract suppliers for the Walkers and Related Accessories competitive bidding product category when submitting competitive bidding claims for this category.

The J4 modifier is used under the DMEPOS Competitive Bidding Program to denote certain competitively bid items that a hospital can furnish to their patients on the date of discharge without submitting a bid and being awarded a competitive bidding contract. Section 154 of the Medicare Improvements for Patients and Providers Act of 2008 amended the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 to establish an exception for hospitals from the competitive bidding program when they are furnishing certain items to their own patients on the date of discharge. The DME items that a hospital may furnish as part of this exception are limited to: crutches, canes, walkers, folding manual wheelchairs, blood glucose monitors, and infusion pumps. For the Competitive Bidding Program Round One Rebid, the DME competitive bid items that a hospital may furnish as part of this exception are limited to walkers and related accessories. For additional information on this exception, see Change Request 6677, Transmittal 590). Hospitals located outside a CBA, who provide walkers and/or related accessories on the date of discharge to traveling beneficiaries residing in a CBA, must also affix the J4 modifier to claims submitted for these items. The J4 modifier shall not be used by contract suppliers for the Walkers and Related Accessories competitive bidding product category when submitting competitive bidding claims for this category.

Suppliers shall be instructed to submit claims with the KT modifier for non-mail order DMEPOS competitive bidding items that are furnished to beneficiaries that have traveled outside of the CBA in which they reside. This travel modifier must be affixed to competitive bidding claims submitted by non-contract suppliers for traveling beneficiaries residing in CBAs and by contract suppliers in CBAs that are different from the CBA where the traveling beneficiary resides. Non-contract skilled nursing facilities (SNFs) and nursing facilities (NFs) that are not located in a CBA are also required to use the KT modifier on claims for residents with a permanent home address in a CBA. SNF or NF claims that meet the above requirement and are submitted without the KT modifier will be denied. Claims for mail order competitive bidding diabetic supplies submitted with the KT modifier will be denied. Contract suppliers shall be instructed to submit mail-order diabetic supply claims for traveling beneficiaries using the beneficiary's permanent home address.

The KE modifier (Bid Under Round One of the DMEPOS Competitive Bidding Program for Use With Non-Competitive Bid Base Equipment) was added to the HCPCS file effective January 1, 2009, as a pricing modifier that suppliers must use on all Part B fee-for-service claims to identify when the same accessory item can be furnished in multiple DMEPOS Competitive Bidding Program and non-Competitive Bidding Program product categories. The KE modifier should not be used with competitive bid accessory HCPCS codes that are used

with any competitive bid base item that was included in the initial Round One of the Competitive Bidding Program prior to July 1, 2008. For additional information on the use of the KE modifier, please refer to the instructions contained in Change Request 6270, Transmittal 1630. For beneficiaries residing in competitive bid areas, suppliers should not use the KE modifier to identify competitively bid accessories used with competitively bid base equipment. Rather, such claims should be submitted using the appropriate KG or KK modifier.

Suppliers shall be educated that claims for competitive bidding items are reported using the appropriate HCPCS code and corresponding competitive bidding modifier in effect during that contract period. The competitive bidding modifiers should be used with the specific, appropriate competitive bidding HCPCS code when one is available. The competitive bidding HCPCS codes and their corresponding competitive bidding modifiers are denoted in the single payment amount public use charts found under the supplier page on the CBIC Website: www.dmecompetitivebid.com/Palmetto/Cbic.nsf

Dropping or inappropriate use of a competitive bidding modifier on a competitive bidding claim leads to claims denial. The use of a competitive bidding modifier does not supersede existing Medicare modifier use requirements for a particular HCPCS code, but rather should be used in addition, as required.

II. BUSINESS REQUIREMENTS 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 H I	Shared-System Maintainers				OTHER
						F I S S	M C S	V M S	C W F		
7181.1	<p>The DME MACs and PDAC shall retrieve the following four DMEPOS Round One Rebid competitive bidding files as soon as possible:</p> <ul style="list-style-type: none"> - Filename: MU00.@BF12393.DMECBID.CBAZIP.CY11JAN.T1104 - Filename: MU00.@BF12393.DMECBID.HCATG.CY11JAN.T1104 - Filename: MU00.@BF12393.DMECBID.PRICE.CY11JAN.T1104 - Filename: MU00.@BF12393.DMECBID.SUPL.CY11JAN.T1104 <p>CMS will notify contractors when the files are available for downloading.</p>		X								PDAC
7181.1.1	Notification of successful receipt shall be sent via e-mail to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity for which they were received (e.g. DME MAC name and number).		X								PDAC
7181.2	The RHHIs shall retrieve the following two DMEPOS Round One Rebid competitive bidding files as soon as possible:					X					HH & H MAC (J14),

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 H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	denoted in the public use file at www.dmecompetitivebid.com/palmetto/CBIC.nsf/docsCat/CBIC~Suppliers~Single%20Payment%20Amounts?open&cat=CBIC~Suppliers~Single%20Payment%20Amounts .										
7181.7	For diabetic supplies delivered through the mail, the DME MACs shall instruct contract suppliers to use the pricing KL modifier when billing the HCPCS codes identified below for beneficiaries with a permanent residence in a competitive bidding area: A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259.		X								
7181.8	The DME MACs shall instruct contract suppliers that the KV modifier is not to be used when submitting competitive bidding claims for items in product category 9 (Walkers and Related Accessories).		X								
7181.9	The DME MACs shall instruct contract suppliers that the J4 modifier is not be used when submitting competitive bidding claims for items in product category 9 (Walkers and Related Accessories).		X								
7181.10	The DME MACs shall instruct suppliers to submit claims with the KT modifier for non-mail order DMEPOS competitive bidding items that are furnished to beneficiaries that have traveled outside the competitive bidding area (CBAs) in which they reside. The KT modifier must be affixed to competitive bidding claims submitted by non-contract suppliers for traveling beneficiaries residing in CBAs and by contract suppliers in CBAs that are different from the CBA where the traveling beneficiary resides.		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 R I E R	C A R R I E R	R H I S S	Shared-System Maintainers			
						F I S S	M C S	V M S	C W F	
7181.11	<p>A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ 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			X				

IV. SUPPORTING INFORMATION

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

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

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

V. CONTACTS

Pre-Implementation Contact(s): Iffat Fatima, (410) 786-6709

Post-Implementation Contact(s): Iffat Fatima, (410) 786-6709

VI. FUNDING

Section A: 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.

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.

Medicare Claims Processing Manual

Chapter 23 - Fee Schedule Administration and Coding Requirements

100 – Competitive Bidding Durable Medical Equipment Prosthetics, Orthotics and Supplies (DMEPOS) Single Payment Amounts

(Rev. 2088, Issued: 11-05-10, Effective: 01-01-11, Implementation: 01-03-11)

Section 1847 (b)(5) of the Social Security Act mandates that a single payment amount be established for each item in each competitive bid area based on the bids submitted and accepted for that item. Section 1847(a)(6) of the Act requires that this payment basis be substituted for the fee schedule payment basis otherwise applied under section 1834(a) of the Act for DME, section 1834(h) of the Act for off-the-shelf orthotics, or section 1842(s) of the Act for enteral nutrients, equipment and supplies, as appropriate.

For the Round One Rebid, the DME MACs will make payment based on the new competitive bidding single payment amounts effective for claims with dates of service on or after *January 1, 2011*. The CMS issues instructions for implementing the single payment amounts and/or updating the payment amounts quarterly for competitive bidding items. The following files will be provided to the DME MACs and the *Pricing, Data Analysis and Coding (PDAC) Contractor* via CMS' mainframe telecommunication system in order to implement a competitive bidding round: a Healthcare Common Procedure Coding System (HCPCS) category file, a bid pricing file, a ZIP Code file, and a contract supplier file. All four files will contain data only for the current competitive bidding round.

The DME MACs will make manual updates to the competitive bidding files, as instructed through quarterly update change requests. The following files will be provided on a quarterly basis to the DME MACs and the *Pricing, Data Analysis and Coding (PDAC) Contractor* via CMS' mainframe telecommunication system: HCPCS category file, bid pricing file, and ZIP Code file. These files will only contain the changes for that quarter.

Upon successful receipt of the mainframe files, contractors will send notification of receipt via e-mail to price_file_receipt@cms.hhs.gov, stating the name of the files received and the entities for which they were received (e.g., contractor name).

Following program implementation and on an as needed basis, updates to the contract supplier file will be accomplished via an Excel file emailed directly from the Competitive Bidding Implementation Contractor (CBIC) to the DME MACs. Upon successful receipt of the files, the DME MACs will send notification of receipt via email stating the name of the file received and the entities for which they were received (e.g., contractor name) to the CBIC. E-mails should be sent to cbic.dmemac@palmettoGBA.com at the CBIC. The DME MACs shall manually update the contract supplier file with the changes by adding and/or end dating each supplier record.

Public use files containing the competitive bidding HCPCS categories, single payment amounts and ZIP Codes are available on the CBIC website at <http://www.dmecompetitivebid.com/palmetto/cbic.nsf>.

100.1 - Record Layout for Competitive Bidding HCPCS Category File

(Rev. 2088, Issued: 11-05-10, Effective: 01-01-11, Implementation: 01-03-11)

Field Name	Pic	Position	Comment
CBA Bid Category Effective Date	X(8)	1 – 8	
Bid Product Category Effective Date- CC	9(2)	1 – 2	
Bid Product Category Effective Date-Year	9(2)	3 – 4	
Bid Product Category Effective Date – Month	9(2)	5 – 6	
Bid Product Category Effective-Day	9(2)	7 – 8	
Bid Category Expiration Date	X(8)	9 – 16	
Bid Product Category Expiration Date -CC	9(2)	9 – 10	
Bid Product Category Expiration Date – Year	9(2)	11 – 12	
Bid Product Category Expiration Date- Month	9(2)	13 – 14	
Bid Product Category Expiration Date - Day	9(2)	15 – 16	
HCPCS Procedure Codes	X(13)_	17 – 29	
HCPCS Procedure Code	X(5)	17 – 21	All Competitive Bidding Active Codes.

Field Name	Pic	Position	Comment
Modifier 1	X(2)	22 – 23	
Modifier 2	X(2)	24 – 25	
Modifier 3	X(2)	26 – 27	
Modifier 4	X(2)	28 – 29	
CBA Area	X(5)	30 – 34	16740 = Charlotte NC-SC 16741 = Charlotte NC-SC Mail Order 17140 = Cincinnati OH 17141 = Cincinnati OH Mail Order 17460 = Cleveland OH 17461 = Cleveland OH Mail Order 19100 = Dallas TX 19101 = Dallas TX Mail Order 28140 = Kansas MO-KS 28141 = Kansas MO- KS Mail Order 33100 = Miami FL 33101 = Miami FL Mail Order 36740 = Orlando FL 36741 = Orlando FL Mail Order 38300 = Pittsburgh PA 38301 = Pittsburgh PA Mail Order 40140 = Riverside CA 40141 = Riverside CA Mail Order
Bid Product Category Number	X(3)	35 – 37	001 = Oxygen Supplies & Equipment 002 = Standard Power Wheelchairs 003 = Complex Rehab Power Wheelchairs 004 = Mail Order Diabetic Supplies 005 = Enteral Nutrients, Equipment 006 = CPAPs, RADs and Related

Field Name	Pic	Position	Comment
			Supplies 007 = Hospital Beds & Related Supplies 009 = Walkers & Related Supplies 010 = Support Surfaces
Bid Business Rule 1	X(1)	38 – 38	When field contains “S”, permits non-contract physicians to bill selected CB items <i>or “H”, permits Hospitals to bill selected CB items</i>
<i>Bid Business Rule 2</i>	<i>X(1)</i>	<i>39 - 39</i>	<i>When field contains “S”, permits non-contract physicians to bill selected CB items or “H”, permits Hospitals to bill selected CB items.</i>
<i>Bid Business Rule 3</i>	<i>X(1)</i>	<i>40 - 40</i>	<i>For future use</i>
<i>Bid Business Rule 4</i>	<i>X(1)</i>	<i>41- 41</i>	<i>For future use</i>
<i>Bid Business Rule 5</i>	<i>X(1)</i>	<i>42 - 42</i>	<i>For future use</i>
Filler	X(8)	43 – 50	

100.2 - Record Layout for Competitive Bidding Pricing File
(Rev. 2088, Issued: 11-05-10, Effective: 01-01-11, Implementation: 01-03-11)

Field Name	Pic	Position	Comment
CBA Bid Round Effective Date	X(8)	1-8	
Bid Round Effective Date – CC	9(2)	1 –2	
Bid Round Effective Date –Year	9(2)	3-4	
Bid Round Effective Date – Month	9(2)	5 – 6	

Field Name	Pic	Position	Comment
Bid Round Effective Date – Day	9(2)	7 – 8	
Bid Round Expiration	X(8)	9-16	
Bid Round Expiration Date –CC	9(2)	9 – 10	
Bid Round Expiration Date – Year	9(2)	11 – 12	
Bid Round Expiration Date- Month	9(2)	13 – 14	
Bid Round Expiration Date – Day	9(2)	15 – 16	
HCPCS Procedure Code	X(5)	17 – 21	
Modifier 1	X(2)	22 – 23	
Modifier 2	X(2)	24 – 25	
Modifier 3	X(2)	26 – 27	
Modifier 4	X(2)	28 – 29	
DMEPOS Category	X(2)	30 – 31	IN = Inexpensive/Routinely Purchased FS = Frequently Serviced CR = Capped Rental OX = Oxygen & Oxygen Equipment OS = Ostomy, Tracheostomy & Urologicals SD = Surgical Dressings PO = Prosthetics & Orthotics SU = Supplies TE = TENS
CBA Area	X(5)	32 – 36	16740 = Charlotte NC-SC 16741 = Charlotte NC-SC Mail Order

Field Name	Pic	Position	Comment
			17140 = Cincinnati OH
			17141 = Cincinnati OH Mail Order
			17460 = Cleveland OH
			17461 = Cleveland OH Mail Order
			19100 = Dallas TX
			19101 = Dallas TX Mail Order
			28140 = Kansas MO-KS
			28141 = Kansas MO- KS Mail Order
			33100 = Miami FL
			33101 = Miami FL Mail Order
			36740 = Orlando FL
			36741 = Orlando FL Mail Order
			38300 = Pittsburgh PA
			38301 = Pittsburgh PA Mail Order
			40140 = Riverside CA
			40141 = Riverside CA Mail Order
Bid Price	9(6)V99.	37 – 44	Competitive Bidding Single Payment Amount for HCPCS code
Bid Price Effective Date	X(8)	45 - 52	
Bid Price Effective Date – CC	9(2)	45 – 46	
Bid Price Effective Date –Year	9(2)	47 – 48	
Bid Price Effective Date – Month	9(2)	49 – 50	
Bid Price Effective Date – Day	9(2)	51 – 52	
Bid Price Expiration Date	X(8)	53 - 60	
Bid Price Expiration	9(2)	53 – 54	

Field Name	Pic	Position	Comment
Date –CC			
Bid Price Expiration Date – Year	9(2)	55 – 56	
Bid Price Expiration Date- Month	9(2)	57 – 58	
Bid Price Expiration Date – Day	9(2)	59 – 60	
Price Change Indicator	X(1)	61 – 61	
Bid Product Category	X(3)	62 – 64	001 = Oxygen Supplies & Equipment 002 = Standard Power Wheelchairs 003 = Complex Rehab Power Wheelchairs 004 = Mail Order Diabetic Supplies 005 = Enteral Nutrients, Equipment 006 = CPAPs, RADs and Related Supplies 007 = Hospital Beds & Related Supplies 009 = Walkers & Related Supplies 010 = Support Surfaces
Filler	X(12)	65 – 76	

100.3 - Record Layout for Competitive Bidding ZIP Code File
(Rev. 2088, Issued: 11-05-10, Effective: 01-01-11, Implementation: 01-03-11)

Field Name	Pic	Position	Comment
CBA ZIP Code Effective Date	X(8)	1- 8	
Bid ZIP Code Effective Date- CC	9(2)	1 - 2	

Field Name	Pic	Position	Comment
Bid ZIP Code Effective Date-Year	9(2)	3-4	
Bid ZIP Code Effective Date – Month	9(2)	5 – 6	
Bid ZIP Code Effective <i>Date</i> - Day	9(2)	7– 8	
Bid ZIP Code Expiration Date	X(8)	9-16	
Bid ZIP Code Expiration Date -CC	9(2)	9 – 10	
Bid ZIP Code Expiration Date – Year	9(2)	11 – 12	
Bid ZIP Code Expiration Date- Month	9(2)	13 – 14	
Bid ZIP Code Expiration Date - Day	9(2)	15 – 16	
CBA ZIP Code	X(5)	17 – 21	ZIP Code for the CBA
CBA State	X(2)	22 – 23	
CBA Area	X(5)	24- 28	16740 = Charlotte NC-SC 16741 = Charlotte NC-SC Mail Order 17140 = Cincinnati OH 17141 = Cincinnati OH Mail Order 17460 = Cleveland OH 17461 = Cleveland OH Mail Order 19100 = Dallas TX 19101 = Dallas TX Mail Order 28140 = Kansas MO-KS 28141 = Kansas MO- KS Mail Order

Field Name	Pic	Position	Comment
			33100 = Miami FL
			33101 = Miami FL Mail Order
			36740 = Orlando FL
			36741 = Orlando FL Mail Order
			38300 = Pittsburgh PA
			38301 = Pittsburgh PA Mail Order
			40140 = Riverside CA
			40141 = Riverside CA Mail Order
Filler	X(12)	29 – 40	

100.4 - Record Layout for Competitive Bidding Contract Supplier File
(Rev. 2088, Issued: 11-05-10, Effective: 01-01-11, Implementation: 01-03-11)

Field Name	Pic	Position	Comment
Supplier NSC Number	X(10)	1 - 10	
Supplier NPI Number	X(10)	11 - 20	
CBA Area	X(5)	21 - 25	16740 = Charlotte NC-SC
			16741 = Charlotte NC-SC Mail Order
			17140 = Cincinnati OH
			17141 = Cincinnati OH Mail Order
			17460 = Cleveland OH
			17461 = Cleveland OH Mail Order
			19100 = Dallas TX
			19101 = Dallas TX Mail Order
			28140 = Kansas MO-KS
			28141 = Kansas MO- KS Mail Order
			33100 = Miami FL
			33101 = Miami FL Mail Order
			36740 = Orlando FL
			36741 = Orlando FL Mail Order

Field Name	Pic	Position	Comment
			38300 = Pittsburgh PA
			38301 = Pittsburgh PA Mail Order
			40140 = Riverside CA
			40141 = Riverside CA Mail Order
Bid Effective Date	X(8)	26 - 33	
Bid Effective Date- CC	9(2)	26 – 27	
Bid Effective Date- Year	9(2)	28 – 29	
Bid Effective Date – Month	9(2)	30 – 31	
Bid Effective <i>Date</i> - Day	9(2)	32 – 33	
Bid Expiration Date	X(8)	34 – 41	
Bid Expiration Date – CC	9(2)	34 – 35	
Bid Expiration Date – Year	9(2)	36 – 37	
Bid Expiration Date- Month	9(2)	38 – 39	
Bid Expiration Date – Day	9(2)	40 – 41	
Bid Switches Occurs 500 Times	X(500)	42-541	The switch occurrence equates to the <i>500 Times</i> Bid category; i.e., Bid Switch (1) denotes the supplier contract for category 001
Bid Switch (1)	X(1)	42 – 42	
Bid Switch (2)	X(1)	43 – 43	

Field Name	Pic	Position	Comment
Filler	X(59)	542 - 600	