

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1493	Date: APRIL 18, 2008
	Change Request 5929

THIS CHANGE REQUEST RESCINDS AND FULLY REPLACES TRANSMITTAL 1378, CHANGE REQUEST 5471, And DATED NOVEMBER 23, 2007.

SUBJECT: Establish Pre-Payment Autodenial Edits in Applicable States for DMEPOS Suppliers of Oxygen and Oxygen Equipment (DME MACs only).

I. SUMMARY OF CHANGES: Medicare DMEPOS suppliers who submit claims for Medicare payment for oxygen and/or oxygen related equipment must properly enroll with the National Supplier Clearinghouse (NSC). Presently, 38 states require licensure and/or certification to provide oxygen and/or oxygen related equipment. This instruction requires the NSC to assign an oxygen specialty code to all suppliers who have indicated they will be providing oxygen and/or oxygen related services on their CMS 855S enrollment application and also requires DME MACs to edit claims to look for the oxygen specialty code and submit a quarterly report of oxygen and/or oxygen related equipment DMEPOS supplier false claim submission attempts to CMS. The NSC shall research the reported DMEPOS suppliers using their current procedures outlined in the Scope of Work and/or Pub. 100-04, section 20.

NEW / REVISED MATERIAL

EFFECTIVE DATE: APRIL 1, 2008

IMPLEMENTATION DATE: APRIL 7, 2008

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	20/130.6/Billing for Oxygen and Oxygen Equipment

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

Not Applicable.

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.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

Pub. 100-04	Transmittal: 1493	Date: April 18, 2008	Change Request: 5929
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THIS CHANGE REQUEST RESCINDS AND FULLY REPLACES TRANSMITTAL 1378, CHANGE REQUEST 5471, And DATED NOVEMBER 23, 2007.

SUBJECT: Establish Pre-Payment Auto-denial Edit in Applicable States for DMEPOS Suppliers of Oxygen and Oxygen Equipment (DME MACs Only).

Effective Date: April 1, 2008

Implementation Date: April 7, 2008

I. GENERAL INFORMATION

A. Background: In the absence of national Medicare policy regarding who may bill and be paid for oxygen and/or oxygen related equipment, the National Supplier Clearinghouse (NSC) looks to state requirements. Currently, 38 states require licenses and/or certifications to provide oxygen and/or oxygen related equipment. This change request (CR) directs the NSC to assign an oxygen specialty code to all DMEPOS suppliers who have indicated they will be providing oxygen and/or oxygen related equipment on their Form CMS-855S enrollment application. In addition, this CR directs the DME MACs to establish a claims processing pre-payment auto-denial edit in place to make sure that in those states where oxygen and/or oxygen related equipment must be provided by a supplier with oxygen specific licensure and/or certification, the proper editing of that Medicare claim will occur. CMS regulations (see 42 CFR 424.57(c)) require all suppliers of durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) wishing to bill Medicare meet all supplier standards. The standard in 42 CFR 424.57(c)(1) requires DMEPOS suppliers to operate their business and furnish Medicare-covered items in compliance with all applicable Federal and State licensure and regulatory requirements. This claims processing edit will ensure that DMEPOS suppliers in the (currently) 38 states are in compliance with this requirement.

B. Policy: The NSC will review its files and assign an oxygen specific specialty code to all DMEPOS suppliers who have indicated on their Form CMS-855S their intention to supply and submit claims for oxygen and/or oxygen related equipment in those 38 states that require licensing and/or certification to supply oxygen and/or oxygen related equipment.

In States that have indicated that oxygen and/or oxygen related equipment must be supplied by a DMEPOS supplier licensed and/or certified to dispense oxygen and/or oxygen related equipment, Medicare payment may only be made for oxygen and/or oxygen related equipment when furnished by a licensed and/or certified oxygen supplier. If a DMEPOS supplier is located in one of the applicable states and wishes to bill Medicare for oxygen and/or oxygen related equipment, it must properly enroll with the NSC to ensure the correct specialty code is on file. A copy of the state license and/or certification should be sent to the NSC. If a supplier should need to update its' file with its' intention of supplying oxygen and/or oxygen related equipment, the supplier must submit a "Change of Information" on the Medicare enrollment application (CMS-855S) application to the NSC along with any applicable licenses and/or certifications. The NSC is responsible for maintaining a central data repository for information regarding DMEPOS suppliers, which is transmitted to the 4 DME MACs. The effective date for the specialty code annotation in the supplier's files will be the date that the NSC assigns the new or revised specialty code for newly enrolled DMEPOS suppliers or the date a DMEPOS supplier initially adds the specialty to their file via a CMS 855S Change of Information submission providing all required licensure/certification is valid. The effective date of the specialty code for existing DMEPOS suppliers will be

the date the DMEPOS supplier added or enrolled the specialty with the NSC, providing all required licensure/certification was and is valid.

The DME MACs will report to CMS (Division of Provider and Supplier Enrollment) on a quarterly basis, all DMEPOS suppliers whose claims were denied because of the oxygen and/or oxygen related equipment edit beginning with the implementation of this CR. The report shall contain the DMEPOS supplier's Legal Business Name, DMEPOS Medicare billing number, National Provider Identifier (NPI) and the state where the supplier is located. CMS shall send the DME MACs quarterly reports to the NSC. The NSC shall research the reported DMEPOS suppliers using their current procedures outlined in the Scope of Work and/or Pub. 100-04, section 20.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

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 I	Shared-System Maintainers				OTHER
						F I S S	M C S	V M S	C W F		
5929.1	The CMS shall provide the NSC with an oxygen specific specialty code.										CMS
5929.2	The NSC shall assign the new oxygen specialty code to all DMEPOS suppliers located in one of the states identified as requiring licensure and/or certification to provide oxygen and/or oxygen related products and have provided valid copies of pertinent state licensure/certification.										NSC
5929.2.1	The NSC shall allow the new oxygen specialty code to be assigned as a primary or secondary specialty code to applicable DMEPOS suppliers.										NSC
5929.3	The NSC shall not add the B1 specialty code as a primary specialty for any supplier records added/updated prior to the VMS April 2008 implementation. Through the daily transmission to the DME MACs, the NSC will send B1 updates on March 14, 2008 for a DME MAC load to production on March 17, 2008.		X								NSC
5929.4	The NSC shall publish and keep updated a listing of the states that require licensure and/or certification for furnishing oxygen and/or oxygen related products on its website.										NSC
5929.5	The DME MACs shall obtain a listing of the states that currently require licensure/certification for oxygen and/or oxygen related products as an attachment to this change request.		X								
5929.6	The NSC shall provide the DME MACs with updates to this listing, as necessary.										NSC
5929.7	The VIPS shall make system changes in the VMS system to recognize specialty code B1 as a valid primary and secondary specialty code for DMEPOS suppliers.							X			

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	
	Specialty code B1 identifies suppliers of oxygen and/or oxygen related equipment.										
5929.8	The VIPS shall note the specific oxygen and oxygen related product HCPCS Codes maintained by the SADMERC and shall edit claims from DMEPOS suppliers identified by the NSC in business requirement 5929.2, above. The oxygen HCPCS codes can be found at the SADMERC Web site at www3.palmettogba.com/dmecs .								X		
5929.9	The DME MACs shall perform the updates to the oxygen HCPCS listed in Attachment B to include the new oxygen specialty code B1 on the VMS APPL/4 MPR screen as part of this implementation.		X								
5929.10	The DME MACs shall perform updates to existing VMS VMAP Specialty Table to add the new B1 specialty code for the pertinent 38 states as part of this implementation.		X								
5929.11	The DME MACs will update the oxygen specialty on the VMS APPL/4 MPR screen ongoing for all new/updated oxygen HCPCS maintained by the SADMERC after the implementation of this Change Request.		X								
5929.12	The DME MACs shall automatically deny oxygen line items submitted on a supplier's claim (as supplier liable) for the HCPCS Codes identified in business requirement 5929.8, above, if the rendering supplier's address is located in one of the states identified by the NSC in business requirement 5929.3, above and that does not have the oxygen specialty code. This supplier is not eligible to bill for oxygen and/or oxygen related equipment. NOTE: The oxygen specialty code requires that a copy of the state licensure and/or certification be on file at the NSC.		X								
5929.13	For the oxygen claim denials referenced in 5929.12, DME MACs shall use Remittance Advice Remark Code MSN 21.18 (This item or service is not covered when performed or ordered by this provider) and Claim Adjustment Reason Code 172 (Payment is adjusted when performed/billed by a provider of this specialty).		X						X		
5929.14	The effective date for a new or revised specialty code for oxygen and/or oxygen related product claims shall be the date the NSC assigns this specialty code to the DMEPOS supplier with the exception of the existing DMEPOS										NSC

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 I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	suppliers referred to in Business Requirement 5929.2.										
5929.15	The VMS system changes will be made to add two new reports (detail and summary) that will detail the DMEPOS suppliers who had denied oxygen claims due to this editing. The report shall contain the DMEPOS supplier's legal business name, DMEPOS Medicare billing number, National Provider Identifier (NPI) and the state where the supplier is located and number of denied oxygen claims submissions.									X	
5929.16	The DME MACs shall report to CMS (to the DME MAC's project officer) on a quarterly basis, all DMEPOS suppliers whose submitted oxygen charges were denied because of the oxygen and/or oxygen related equipment edit beginning with the implementation of this CR. The report shall contain the DMEPOS supplier's legal business name, DMEPOS Medicare billing number, NPI and the State where the supplier is located and number of denied oxygen claims submissions. The report shall be mailed to CMS on a CD.		X								
5929.17	The CMS shall send the DME MACs quarterly reports identified in BR 5929.16, above, to the NSC.										CMS
5929.17.1	The NSC shall research (for possible fraudulent activity) the reported DMEPOS suppliers using the instructions found in the NSC Scope of Work and/or the Pub. 100-04, section 20.										NSC

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	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
5929.18	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. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it		X								NSC

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 I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W 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

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

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
5929.2	Attachment A - Summary of State Licensure Requirements for Oxygen and Oxygen Related Equipment
5929.8	Attachment B – Summary of Current Oxygen HCPCS Codes Maintained by SADMERC

B. For all other recommendations and supporting information, use this space:

Change Request 5563 establishes a CMS specialty code for DMEPOS suppliers of oxygen and/or oxygen related equipment.

V. CONTACTS

Pre-Implementation Contact(s): Kimberly McPhillips, kimberly.mcphillips@cms.hhs.gov or 410-786-5374

Alternate contact - Barry Bromberg, barry.bromberg@cms.hhs.gov or 410-786-9953

Post-Implementation Contact(s): Kimberly McPhillips, kimberly.mcphillips@cms.hhs.gov or 410-786-5374

Alternate contact - Barry Bromberg, barry.bromberg@cms.hhs.gov or 410-786-9953

VI. FUNDING

A. For *Fiscal Intermediaries and Carriers*, use only one of the following statements:

Not applicable

B. For *Medicare Administrative Contractors (MACs)*, use the following statement:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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:

Attachment A - Summary of State Licensure Requirements for Oxygen and Oxygen Related Equipment

Attachment B – Summary of Current Oxygen HCPCS Codes Maintained by SADMERC

Attachment A

Summary of State Licensure Requirements for Oxygen and Oxygen Related Equipment

State	DME Supplier License	Oxygen License	Other	Notes
AK				
AL		X		
AR	X			
AZ		X		
CA	X		X	“Drug Manufacturing License” issued by CA Department of Health; if wholesaler, permit from Board of Pharmacy is required
CO				
CT		X		
DC	X			"Certificate of Occupancy" issued by the Dept. of Consumer and Regulatory Affairs, Building and Land Regulation Administration Zoning Division, and if operating business from a principal residence, a "Home Occupation Permit" is also required, issued by the Dept. of Consumer and Regulatory Affairs, Building and Land Regulation Administration Zoning Division
DE				
FL	X	X		
GA				
HI		X		Pharmacy license – HI Dept. of Commerce and Consumer Affairs
IA		X		
ID	X			
IL	X			
IN				
KS		X	X	Distributor License required if supplying item/drug classified by FDA as a prescription device, issued by KS Board of Pharmacy
KY		X		
LA		X		
MA			X	“Controlled Substances” license, issued by MA Dept. of Public Health, Division of Food and Drugs
MD	X	X		
ME		X		
MI				
MN		X		
MO	X			
MS	X			
MT				
NC	X			
ND		X		
NE	X	X		
NH		X	X	“Home Health Care Provider” license if respiratory therapy or services provided in patient’s residence, issued by NH DHHS, Division of Public Health Services
NJ				

Summary of State Licensure Requirements for Oxygen and Oxygen Related Equipment (cont.)

State	DME Supplier License	Oxygen License	Other	Notes
NM				
NV	X	X	X	Must have physician or respiratory therapist on staff, with "Medical License" or respiratory therapist license, both issued by NV State Board of Medical Examiners
NY				
OH	X	X		
OK		X	X	If transfilling oxygen, company must be registered and listed with the FDA and have validated registration letter on file
OR		X		
PA	X			
PR		X		
RI		X		
SC		X		Oxygen license not needed if supplier has "SC Pharmacy Permit"
SD				
TN		X		
TX	X	X		
UT			X	"Retail Pharmacy" license required if supplying oxygen
VA	X	X		
VT				
WA				
WI		X		
WV				
WY		X		

Attachment B

Summary of Current Oxygen HCPCS Codes Maintained by SADMERC

<u>HCPCS Code</u>	<u>Short Description</u>
A4575	Hyperbaric o2 chamber disps
A4606	Oxygen probe used w oximeter
A4608	Transtracheal oxygen cath
A4616	Tubing (oxygen) per foot
E0400	Oxygen and related respirato
E0405	Oxygen gaseous per 100 cubic
E0410	Oxygen liquid per pound
E0415	Oxygen liquid per 100 pounds
E0416	Oxygen refill portable gas s
E0424	Stationary compressed gas O2
E0430	Oxygen system gas portable
E0431	Portable gaseous O2
E0434	Portable liquid O2
E0435	Oxygen system liquid portabl
E0439	Stationary liquid O2
E0440	Oxygen system liquid station
E0441	Oxygen contents, gaseous
E0442	Oxygen contents, liquid
E0443	Portable O2 contents, gas
E0444	Portable O2 contents, liquid
E0445	Oximeter non-invasive
E0455	Oxygen tent excl croup/ped t
E1353	Oxygen supplies regulator
E1355	Oxygen supplies stand/rack
E1375	Oxygen suppl nebulizer porta
E1377	Oxygen concentrator to 244 c
E1378	Oxygen concentrator to 488 c
E1379	Oxygen concentrator to 732 c
E1380	Oxygen concentrator to 976 c
E1381	Oxygen concentrat to 1220 cu
E1382	Oxygen concentrat to 1464 cu
E1383	Oxygen concentrat to 1708 cu
E1384	Oxygen concentrat to 1952 cu
E1385	Oxygen concentrator > 1952 c
E1388	Oxygen concentrator to 244 c
E1389	Oxygen concentrator to 488 c
E1390	Oxygen concentrator

HCPCS Code	<u>Short Description</u>
E1391	Oxygen concentrator, dual
E1392	Portable oxygen concentrator
E1393	Oxygen concentrat to 1464 cu
E1394	Oxygen concentrat to 1708 cu
E1395	Oxygen concentrat to 1952 cu
E1396	Oxygen concentrator > 1952 c
E1400	Oxygen concentrator < 2 lite
E1401	Oxygen concentrator 2-3 lite
E1402	Oxygen concentrator 3-4 lite
E1403	Oxygen concentrator 4-5 lite
E1404	Oxygen concentrator > 5 lite
E1405	O2/water vapor enrich w/heat
E1406	O2/water vapor enrich w/o he
K0671	Portable oxygen concentrator
K0738	Portable gas oxygen system
Q0036	Oxygen concentrat high humid
Q0038	Oxygen contents gaseous
Q0039	Oxygen contents liquid
Q0040	Portable oxygen contents gas
Q0041	Portable oxygen contents liq
Q0043	Stationary liquid oxygen sys
Q0046	Portable liquio oxygen sys r
ZZ009	Oxygen supply or accessory,
ZZ010	Transtracheal oxygen cathete
ZZ011	Transtracheal oxygen cathete

130.6 - Billing for Oxygen and Oxygen Equipment

(Rev. 1493; Issued: 04-18-08; Effective Date: 04-01-08; Implementation Date: 04-07-08)

The following instructions apply to all claims from providers and suppliers to whom payment may be made for oxygen. The chart in §130.6.1 indicates what is payable under which situation.

A. Monthly Billing

Fee schedule payments for stationary oxygen system rentals are all inclusive and represent a monthly allowance per beneficiary. Accordingly, a supplier must bill on a monthly basis for stationary oxygen equipment and contents furnished during a rental month.

A portable equipment add-on is also payable when portable oxygen is prescribed and it is determined to be medically necessary in accordance with Medicare coverage requirements. The portable add-on must be claimed in order to be paid. (See §30.6.)

B. HCPCS Codes

The HCPCS codes must be used to report the service. One month of service equals one unit.

C. Use of Payment Modifiers and Revenue Codes for Payment Adjustments

The monthly payment amount for stationary oxygen is subject to adjustment depending on the amount of oxygen prescribed (liters per minute (LPM)), and whether or not portable oxygen is also prescribed. (See §30.6.) HHAs billing the FI for stationary equipment, supplies, or contents, which are not eligible for payment adjustment, bill under revenue code 0601. Claims must indicate the appropriate HCPCS modifier described below, if applicable.

- If the prescribed amount of oxygen is less than 1 LPM, suppliers use the modifier "QE"; HHAs use revenue code 0602. The monthly payment amount for stationary oxygen is reduced by 50 percent.
- If the prescribed amount of oxygen is greater than 4 LPM, suppliers use the modifier "QG"; HHAs use revenue code 0603. The monthly payment amount for stationary oxygen is reduced by 50 percent.
- If the prescribed amount of oxygen exceeds 4 LPM and portable oxygen is prescribed, suppliers use the modifier "QF"; HHAs use revenue code 0604. The monthly payment for stationary oxygen is increased by the higher of 50 percent of the monthly stationary oxygen payment amount, or, the fee schedule amount

for the portable oxygen add-on. (A separate monthly payment is not allowed for the portable equipment.)

D. Conserving Device Modifier

The HHA's and suppliers must indicate if an oxygen conserving device is being used with an oxygen delivery system by using HCPCS modifier “QH”

E. DME MACs Only

For all States that have licensure/certification requirements for the provision of oxygen and/or oxygen related products, DME MACs shall process claims for oxygen and oxygen related products only when an oxygen specialty code is assigned to the DMEPOS supplier by the NSC and is forwarded to the DME MACs from the NSC.

This specialty shall be licensed and/or certified by the State when applicable. This specialty shall bill for Medicare-covered services and/or products when State law permits such entity to furnish oxygen and/or oxygen related products.