

<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 2236</b>	<b>Date: June 3, 2011</b>
	<b>Change Request 7416</b>

**SUBJECT: July Quarterly Update for 2011 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, in order to implement fee schedule amounts for new codes and correct any fee schedule amounts for existing codes. The attached Recurring Update Notification applies to Chapter 23, Section 60.

**EFFECTIVE DATE: January 1, 2011 for implementation of fee schedule amounts for codes in effect on January 1, 2011; July 1, 2011 for all other changes**

**IMPLEMENTATION DATE: July 5, 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/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-

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	23/Table of Contents
R	23/60.3/Gap-filling DMEPOS Fees
N	23/60.3/60.3.1/Payment Concerns While Updating Codes

**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:**

**Manual Instruction**

**Recurring Update Notification**

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

# Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 2236	Date: June 3, 2011	Change Request: 7416
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**SUBJECT: July Quarterly Update for 2011 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule**

**Effective Date: January 1, 2011 for implementation of fee schedule amounts for codes in effect on January 1, 2011; July 1, 2011 for all other changes.**

**Implementation Date: July 5, 2011**

## **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 the Pub. 100-04 Medicare Claims Processing Manual, Chapter 23, §60. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics and surgical dressings by Sections 1834(a), (h), and (i) of the Social Security Act. Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained in 42 CFR 414.102.

**B. Policy:** This recurring update notification provides instructions regarding the July quarterly update for the 2011 fee schedule. Also, it updates section 60.3 of chapter 23 of the Medicare Claims Processing Manual, (Pub. 100-04).

### **Fees Added**

As described in Business Requirements (BR) 7416.1-7416.2, the CMS Division of Data Systems (DDS) is scheduled to electronically release the July Quarterly Update for the 2011 DMEPOS Fee Schedule Part B files. Healthcare Common Procedure Coding System (HCPCS) codes A7020, E1831, and L5961 were added to the HCPCS file effective January 1, 2011. The fee schedule amounts for the aforementioned HCPCS codes are established as part of this update and are effective for claims with dates of service on or after January 1, 2011. These items were paid on a local fee schedule basis prior to implementation of the fee schedule amounts established with this update. Claims for codes A7020, E1831, and L5961 with dates of service on or after January 1, 2011, that have already been processed may be adjusted to reflect the newly established fees if brought to the contractor's attention.

The following temporary "K" codes have been established, effective July 1, 2011, to describe suction pumps and associated dressings used on wounds:

K0743 – SUCTION PUMP, HOME MODEL, PORTABLE, FOR USE ON WOUNDS

K0744 – ABSORPTIVE WOUND DRESSING FOR USE WITH SUCTION PUMP, HOME MODEL, PORTABLE, PAD SIZE 16 SQUARE INCHES OR LESS

K0745 – ABSORPTIVE WOUND DRESSING FOR USE WITH SUCTION PUMP, HOME MODEL, PORTABLE, PAD SIZE MORE THAN 16 SQUARE INCHES BUT LESS THAN OR EQUAL TO 48 SQUARE INCHES

K0746 – ABSORPTIVE WOUND DRESSING FOR USE WITH SUCTION PUMP, HOME MODEL, PORTABLE, PAD SIZE GREATER THAN 48 SQUARE INCHES

**NOTE:** The addition of these codes does not imply any health insurance coverage. Contractors should follow their normal processes in determining whether sufficient evidence exists to determine if these items are reasonable and necessary and covered under Medicare. Additional claims processing instructions for these codes are furnished in Change Request 7411, Transmittal 2206.

## Updates

Per the HCPCS quarterly update, HCPCS code E0571 AEROSOL COMPRESSOR, BATTERY POWERED, FOR USE WITH SMALL VOLUME NEBULIZER will be made invalid for Medicare claims, effective July 1, 2011.

Section 1834(a)(2)(A) of the Social Security Act defines the inexpensive and other routinely purchased durable medical equipment (DME) payment category to include accessories used in conjunction with a nebulizer. To align with this requirement, the payment category for HCPCS code A4619 FACE TENT is being revised as part of this update to move this nebulizer accessory from the DME payment category for oxygen and oxygen equipment to the DME payment category for inexpensive or other routinely purchased items, effective July 1, 2011. The DMEPOS fee schedule file will be updated to reflect this change.

## Payment for Oxygen Contents

Payment for both oxygen contents used with stationary oxygen equipment and oxygen contents used with portable oxygen equipment is included in the monthly payments for oxygen and oxygen equipment (stationary oxygen equipment payment) made for codes E0424, E0439, E1390, or E1391. After the 36-month rental payment period (cap), separate payment may be made for oxygen contents for the remainder of the equipment's reasonable useful lifetime. However, separate payment for oxygen contents ends when replacement stationary oxygen equipment is furnished causing a new 36-month rental payment period to begin. Also, separate oxygen contents payment is allowable for beneficiary-owned stationary or portable gaseous or liquid oxygen equipment. Beginning with dates of service on or after the end date of service for the month representing the 36<sup>th</sup> payment for the stationary oxygen equipment (codes E0424, E0439, E1390 or E1391), a supplier may bill on a monthly basis for furnishing oxygen contents (stationary and/or portable), but only in accordance with the following chart:

Oxygen Equipment Furnished in Month 36	Monthly Contents Payment after the Stationary Cap
Oxygen Concentrator (E1390, E1391, or E1392)	None
Portable Gaseous or Liquid Transfilling Equipment (K0738 or E0433)	None
E0424 Stationary Gaseous System	E0441 Stationary Gaseous Contents
E0439 Stationary Liquid System	E0442 Stationary Liquid Contents
E0431 Portable Gaseous System	E0443 Portable Gaseous Contents
E0434 Portable Liquid System	E0444 Portable Liquid Contents

If the beneficiary began using portable gaseous or liquid oxygen equipment (E0431 or E0434) more than one month after they began using stationary oxygen equipment, monthly payments for portable gaseous or liquid oxygen contents (E0433 or E0444) may begin following the stationary oxygen equipment payment cap AND before the end of the portable equipment cap (E0431 or E0434). As long as the beneficiary is using covered gaseous or liquid portable oxygen equipment, payments for portable oxygen contents may begin following the stationary oxygen equipment payment cap. This will result in a period during which monthly payments for E0431 and E0443, in the case of a beneficiary using portable gaseous oxygen equipment, or E0434 and E0444,

in the case of a beneficiary using portable liquid oxygen equipment, overlap. In these situations, after the 36-month portable equipment cap for E0431 or E0434 is reached, monthly payments for portable oxygen contents (E0443 or E0444) would continue.

If the beneficiary began using portable gaseous or liquid oxygen equipment (E0431 or E0434) following the 36-month stationary oxygen equipment payment period, payments may be made for both the portable equipment (E0431 or E0434) and portable contents (E0443 or E0444).

In all cases, separate payment for oxygen contents (stationary or portable) would end in the event that a beneficiary receives new stationary oxygen equipment and a new 36-month stationary oxygen equipment payment period begins (i.e., in situations where stationary oxygen equipment is replaced because the equipment has been in continuous use by the patient for the equipment’s reasonable useful lifetime or is lost, stolen, or irreparable damaged). Under no circumstances would monthly payment be made for both stationary oxygen equipment and either stationary or portable oxygen contents.

**Proof-of-Delivery Requirements for Oxygen Contents**

Following the oxygen equipment payment cap, oxygen content billing should be made on the anniversary date of the oxygen equipment billing.

At all times, the supplier is responsible for ensuring that the beneficiary has a sufficient quantity of oxygen contents and is never in danger of running out of contents. A maximum of 3 months of oxygen contents can be delivered to the beneficiary at one time and billed on a monthly basis. In these situations, the delivery date of the oxygen contents does not have to equal the date of service (anniversary date) on the claim, but in order to bill for contents for a specific month (i.e. the second or third month in the three month period), the supplier must have delivered quantities of oxygen that are sufficient to last for one month following the date of service on the claim. Suppliers should have proof-of-delivery for each actual delivery of oxygen, which may be less than monthly within the three month period. If the supplier delivers more than one month of oxygen contents at a time (2 to 3), the supplier is not entitled to payment for additional months 2 and 3 if medical need ceases before the date when the supplier would be entitled to bill for those months.

**Payment for Replacement of Equipment After Repairs**

Under the regulations at 42 CFR 414.210(e)(4), a supplier that transfers title to a capped rental DME item to the beneficiary is responsible for furnishing replacement equipment at no cost to the beneficiary or to the Medicare program if it is determined that the item will not last until the end of its 5 year reasonable useful lifetime. In making this determination, contractors may consider whether the accumulated costs of repairing the item exceed 60 percent of the purchase fee schedule amount for the item.

Furthermore, 42 CFR 424.57(14) requires a DMEPOS supplier to maintain or replace a Medicare-covered item it has rented to beneficiaries to its intended status after being repaired. Recent cases have arisen whereupon after multiple repairs, the item continues to malfunction. This transmittal instructs contractors to be aware of and educate suppliers of these regulatory requirements to replace DME items for which repairs have not restored the item. Also, after receipt of multiple repair claims, contractors shall investigate suspicious claims for replacement equipment billed with its HCPCS code and the RA modifier.

**II. BUSINESS REQUIREMENTS TABLE**

*Use “Shall” to denote a mandatory requirement*

Number	Requirement	Responsibility (place an “X” in each applicable column)
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		A / B  M A C	D M E  M A C	F I  I E R	C A R R I E R	R H H  I	Shared-System Maintainers				OTHE R
							F I S S	M C S	V M S	C W F	
7416.1	The DME MACs, A/B MACs and local carriers shall receive the DMEPOS fee schedule file (filename: <a href="#">MU00.@BF12393.DMEPOS.T110101.V0526</a> ) as soon as possible. The file is available for download after May 26, 2011.	X	X		X						EDC
7416.1.1	Notification of successful receipt shall be sent via e-mail to <a href="mailto:price_file_receipt@cms.hhs.gov">price_file_receipt@cms.hhs.gov</a> stating the name of the file received and the entity for which they were received (e.g., DME MAC name and number).	X	X		X						
7416.2	The A/B MACs, FIs and RHHIs shall receive the DMEPOS fee schedule file (filename: <a href="#">MU00.@BF12393.DMEPOS.T110101.V0526.FI</a> ) as soon as possible. The file is available for download after May 26, 2011.	X		X		X					EDC, HH& H MAC (J14)
7416.2.1	Notification of successful receipt shall be sent via e-mail to <a href="mailto:price_file_receipt@cms.hhs.gov">price_file_receipt@cms.hhs.gov</a> stating the name of the file received and the entity for which they were received (e.g., FI name and number).	X		X		X					EDC, HH& H MAC (J14)
7416.3	Claims for codes A7020, E1831, and L5961 with dates of service on or after January 1, 2011 that have already been processed shall be adjusted if brought to the contractor's attention.	X	X	X		X					HH& H MAC (J14)
7416.4	Contractors shall use the 2011 DMEPOS fee schedule amounts from the DMEPOS fee schedule file(s) of business requirements 7416.1 & 7416.2 to pay claims with dates of service on or after January 1, 2011.	X	X	X	X	X					HH& H MAC (J14)
7416.5	In instances where a beneficiary begins using portable gaseous or liquid oxygen equipment (HCPCS codes E0431 or E0434) more than one month after they began using stationary oxygen equipment (HCPCS codes E1390, E1391, E0424 or E0439), contractors shall pay claims for portable gaseous or liquid oxygen contents (E0431 or E0444), in addition to the monthly portable gaseous or liquid oxygen equipment payment (E0431 or E0434), beginning following the stationary oxygen equipment payment cap (E1390, E1391, E0424 or E0439) and prior to the end of the portable equipment payment cap (E0431 or E0434).		X			X					HH& H MAC (J14)
7416.5.1	In instances where a beneficiary begins using portable gaseous or liquid oxygen equipment (HCPCS codes E0431 or E0434) after the 36 month payment period for their stationary oxygen equipment (HCPCS codes E1390, E1391, E0424 or E0439) ends, contractors shall make		X			X					HH& H MAC (J14)

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I S S	Shared-System Maintainers				OTHE R
							F I S S	M C S	V M S	C W F	
	payment for both the portable equipment (E0431 or E0434) and portable contents (E0443 or E0444) until the end of medical necessity or until a new 36 month rental period for stationary oxygen equipment commences.										
7416.5.2	Contractors shall deny payment for oxygen contents billed using the following HCPCS codes once a new 36-month rental period and reasonable useful lifetime (RUL) is established for replacement stationary and portable oxygen equipment billed with the RA modifier: E0441, E0442, E0443 and E0444.		X			X				HH& H MAC (J14)	
7416.5.2 .1	Contractors shall deny payment for oxygen contents (HCPCS codes E0441, E0442, E0443 or E0444) when billed for use with either with a stationary or portable oxygen concentrator (HCPCS codes E1390, E1391 or E1392) or portable gaseous or liquid transfilling equipment (HCPCS codes K0738 and E0433).		X			X				HH& H MAC (J14)	
7416.5.3	Contractors shall be aware of and educate suppliers that after the 36 month payment cap on oxygen equipment that suppliers need not deliver oxygen contents every month in order to bill on a monthly basis for three months of oxygen contents (E0441, E0442, E0443, E0444).		X			X				HH& H MAC (J14)	
7416.5.3 .1	For business requirement 7416.5.3, contractors shall be aware of and educate suppliers that a maximum of 3 months of oxygen contents is allowable for the beneficiary at one time and billed on a monthly basis.		X			X				HH& H MAC (J14)	
7416.5.3 .2	For business requirement 7416.5.3, contractors shall be aware of and educate suppliers that it is allowable to bill for a specific month within the three month period (i.e. second or third month) if the supplier delivered oxygen contents sufficient to last for one month following the date of service on the claim.		X			X				HH& H MAC (J14)	
7416.5.3 .3	For business requirement 7416.5.3, contractors shall be aware of and educate suppliers to retain proof of delivery for each actual delivery of oxygen, but this may be less often than monthly for the three month period.		X			X				HH& H MAC (J14)	
7416.6	Contractors shall be aware of and educate suppliers on 42 CFR 414.210(e)(4) which requires a supplier that transfers title to a capped rental DME item to the beneficiary is responsible for furnishing replacement equipment at no cost to the beneficiary or to the Medicare program if the contractor determines that the item will not last until the end of its 5 year reasonable useful lifetime.		X			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  I N C	C A R R I E R	R H H I	Shared-System Maintainers				OTHE R
					F I S S	M C S	V M S	C W F			
7416.7	Contractors shall end-date HCPCS code E0571, effective June 30, 2011.	X	X		X	X				X	HH& H MAC( J14)
7416.8	The DME MACs and RHHIs shall change the DME Payment category for HCPCS code A4619 from the oxygen and oxygen equipment (OX) category to the inexpensive or other routinely purchased (IN) category.		X			X					HH& H MAC( J14)
7416.8.1	The CWF shall change the DME payment category for HCPCS code A4619 from CWF category (7), oxygen supplies, to CWF category (4), inexpensive & routinely purchased DME.									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  I N C	C A R R I E R	R H H I	Shared-System Maintainers				OTH ER
					F I S S	M C S	V M S	C W F			
7416.9	<p>A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> 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	X	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.*

<b>X-Ref Requirement Number</b>	<b>Recommendations or other supporting information:</b>
7416.3-7416.4	For initial information on CY 2011 codes for the gap-fill fee process, see BRs7248.7-7248.8, Transmittal 2142, CR 7248, dated January 24, 2011, CY 2011 Update for DMEPOS Fee Schedule.

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

#### V. CONTACTS

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

**Pre-Implementation Contact(s):** Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

#### 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)*, include the following statement:**

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**

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*(Rev.2236, Issued: 06-03-11)*

*60.3.1 - Payment Concerns While Updating Codes*

### 60.3 - Gap-filling DMEPOS Fees

*(Rev. 2236, Issued: 06-03-11, Effective: 01-01-11, for implementation of fee schedule amounts for codes in effect on 01-01-11, 07- 01-11 for all others changes. Implementation Date : (07-05-11)*

The DME MACs and local carriers must gap-fill the DMEPOS fee schedule for items for which charge data were unavailable during the previous data base period using the fee schedule amounts for comparable equipment, using properly calculated fee schedule amounts from a neighboring carrier, or using supplier price lists with prices in effect during the database year. Mail order catalogs are particularly suitable sources of price information for items such as urological and ostomy supplies which require constant replacement. DME MACs will gap-fill based on current instructions released each year for implementing and updating the new year's payment amounts.

If the only available price information is from a period other than the base period, apply the deflation factors that are included in the current year implementation instructions against current pricing in order to approximate the base year price for gap-filling purposes.

The deflation factors for gap-filling purposes are:

Year*	OX	CR	PO	SD	PE
1987	0.965	0.971	0.974	n/a	n/a
1988	0.928	0.934	0.936	n/a	n/a
1989	0.882	0.888	0.890	n/a	n/a
1990	0.843	0.848	0.851	n/a	n/a
1991	0.805	0.810	0.813	n/a	n/a
1992	0.781	0.786	0.788	n/a	n/a
1993	0.758	0.763	0.765	0.971	n/a
1994	0.740	0.745	0.747	0.947	n/a
1995	0.718	0.723	0.725	0.919	n/a
1996	0.699	0.703	0.705	0.895	0.973
1997	0.683	0.687	0.689	0.875	0.951
1998	0.672	0.676	0.678	0.860	0.936
1999	0.659	0.663	0.665	0.844	0.918
2000	0.635	0.639	0.641	0.813	0.885
2001	0.615	0.619	0.621	0.788	0.857
2002	0.609	0.613	0.614	0.779	0.848
2003	0.596	0.600	0.602	0.763	0.830
2004	0.577	0.581	0.582	0.739	0.804
2005	0.563	0.567	0.568	0.721	0.784
2006	0.540	0.543	0.545	0.691	0.752
2007	0.525	0.529	0.530	0.673	0.732
2008	0.500	0.504	0.505	0.641	0.697
2009	0.508	0.511	0.512	0.650	0.707

<i>2010</i>	<i>0.502</i>	<i>0.506</i>	<i>0.507</i>	<i>0.643</i>	<i>0.700</i>
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\* Year price in effect

Payment Category Key:

OX	Oxygen & oxygen equipment (DME)
CR	Capped rental (DME)
IN	Inexpensive/routinely purchased (DME)
FS	Frequently serviced (DME)
SU	DME supplies
PO	Prosthetics & orthotics
SD	Surgical dressings
OS	Ostomy, tracheostomy, and urological supplies
PE	Parental and enteral nutrition

After deflation, the result must be increased by 1.7 percent and by the cumulative covered item update to complete the gap-filling (e.g., an additional .6 percent for a 2002 DME fee).

Note that when gap-filling for capped rental items, it is necessary to first gap-fill the purchase price then compute the base period fee schedule at 10 percent of the base period purchase price.

For used equipment, establish fee schedule amounts at 75 percent of the fee schedule amount for new equipment.

When gap-filling, for those carrier areas where a sales tax was imposed in the base period, add the applicable sales tax, e.g., five percent, to the gap-filled amount where the gap-filled amount does not take into account the sales tax, e.g., where the gap-filled amount is computed from pre-tax price lists or from another carrier area without a sales tax. Likewise, if the gap-filled amount is calculated from another carrier's fees where a sales tax is imposed, adjust the gap-filled amount to reflect the applicable local sales tax circumstances.

DME MACs and local carriers send their gap-fill information to CMS. After receiving the gap-filled base fees each year, CMS develops national fee schedule floors and ceilings and new fee schedule amounts for these codes and releases them as part of the July update file each year and during the quarterly updates.

***60.3.1 – Payment Concerns While Updating Codes***

***(Rev. 2236, Issued: 06-03-11, Effective: 01-01-11, for implementation of fee schedule amounts for codes in effect on 01-01-11, 07- 01-11 for all others changes. Implementation Date: (07-05-11)***

*The instructions in section 30.2.1 of this chapter originally appeared in section 4509.1 of the Medicare Carriers Manual (HCFA-Pub. 14-3) and apply to all Part B items and services, including DMEPOS items and services. The language in section 30.2.1 was amended to address*

*coding changes and continuity of pricing in the specific context of physician services and this was an error. The instructions should not have been revised to read as if they only applied to updated codes for physician services. These basic instructions have always applied, and continue to apply, to DMEPOS items and services as well as physician services and are repeated in this section so that it is clear that these instructions also apply to DMEPOS items and services.*

*The following instructions apply in situations where the CMS CO does NOT provide pricing guidance related to implementation of fee schedule for DMEPOS items and services.*

*Because a HCPCS code is new does not necessarily mean that Medicare payment on a fee schedule basis has never been made for the item and service described by the new code. If a new code appears, carriers make every effort to determine whether the item and service has a pricing history and profile. If there is a pricing history, map the new code to previous fee schedule amounts to ensure continuity of pricing.*

*Since there are different kinds of coding implosions and explosions, the way the principle is applied varies. For example, when the code for an item is exploded into several codes for the components of that item, the total of the separate fee schedule amounts established for the components must not be higher than the fee schedule amount for the original item. However, when there is a single code that describes two or more distinct complete items (e.g., two different but related or similar items), and separate codes are subsequently established for each, continue to apply the fee schedule amounts that applied to the single code to each of the items described by the new codes.*

*Conversely, when the codes for the components of a single item are combined in a single global code, carriers establish the fee schedule amounts for the new code by totaling the fee schedule amounts used for the components (i.e., use the total of the fee schedule amounts for the components as the fee schedule amount for the global code). However, when the codes for several different items are imploded into a single code, carriers set the fee schedule amounts at the average (arithmetic mean), weighted by frequency, of the fee schedule amounts for the formerly separate codes.*