



October Quarterly Update for 2019 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

MLN Matters Number: MM11433

Related Change Request (CR) Number: 11433

Related CR Release Date: August 30, 2019

Effective Date: September 1, 2019 for implementation of fees for code E0766; October 1, 2019 for all other changes

Related CR Transmittal Number: R4386CP

Implementation: October 7, 2019

PROVIDER TYPES AFFECTED

This MLN Matters® Article is for providers and suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) items or services that Medicare pays for under the DMEPOS fee schedule.

WHAT YOU NEED TO KNOW

CR 11433 informs DME MACs about the changes to the DMEPOS fee schedule that Medicare updates on a quarterly basis when necessary to implement fee schedule amounts for new codes. In addition, the update corrects any fee schedule amounts for existing codes and updates to the DMEPOS Rural ZIP code file. Make sure your billing staff are aware of these changes.

BACKGROUND

Sections 1834(a), (h), and (i) of the Social Security Act (the Act) requires payment on a fee schedule basis for DMEPOS and surgical dressings. Also, payment on a fee schedule basis is a regulatory requirement at [42 Code of Federal Regulations \(CFR\) Section 414.102](#) for Parenteral and Enteral Nutrition (PEN), splints, casts, and Intraocular Lenses (IOLs) inserted in a physician's office. The DMEPOS and PEN fee schedule files contain HCPCS codes subjected to the adjusted fee schedule amounts under Section 1834(a)(1)(F) of the Act as well as codes not subject to the fee schedule Competitive Bidding Program (CBP) adjustments.

Fee Schedule Adjustment Methods

Section 1834(a)(1)(F)(ii) of the Act requires adjustments to the fee schedule amounts for certain items furnished on or after January 1, 2016, in areas that are not competitive bid areas based on information from CBPs for DME. Section 1842(s)(3)(B) of the Act provides authority for making adjustments to the fee schedule amount for enteral nutrients, equipment, and supplies (enteral nutrition) based on information from CBPs.

The methods for adjusting DMEPOS fee schedule amounts under this authority are at 42 CFR Section 414.210(g). Additional information on adjustments to the fee schedule amounts based on information from CBPs is available in:

1. Transmittal 3551, Change Request (CR) 9642, June 23, 2016: See related article at: <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9642.pdf>
2. Transmittal 3416, CR 9431, November 23, 2015: See related article at: <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9431.pdf>
3. Transmittal 4209, CR 11064, January 18, 2019: See related article at: <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM11064.pdf>. Also, CR 11064 provides information on the adjusted fee payment basis for items and services furnished from January 1, 2019, through December 31, 2020, in the following three areas:
 - Rural and noncontiguous non-Competitive Bidding Areas (CBAs)
 - Non-rural and contiguous non-CBAs
 - Former CBAs during a temporary gap in the DMEPOS CBP

Because of a delay in the announcement of the next round of the CBP, contracts will not be in effect in Round 1, Round 2, or the National Mail Order CBAs beginning January 1, 2019, resulting in a temporary gap period in the CBP. Additional program instructions for payment of items furnished in former CBAs is available in Transmittal 4275, CR 11233, and dated April 5, 2019. See the related article at: <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM11233.pdf>.

Fee Schedule and ZIP Code Files

CR 11433 provides instructions for the October 2019 DMEPOS Rural ZIP code file containing the Quarter 4 2019 Rural ZIP code changes. Also, in the update is the Former CBA ZIP code file containing the Quarter 4, 2019, Round 1 2017, and Round 2 Re-compete CBA ZIP codes.

The ZIP code associated with the address used for pricing a DMEPOS claim determines the rural fee schedule payment applicability for codes with rural and non-rural adjusted fee schedule amounts. The DMEPOS Rural ZIP code file contains the ZIP codes designated as rural areas. ZIP codes for non-continental Metropolitan Statistical Areas (MSAs) are not included in the

DMEPOS Rural ZIP code file. Medicare updates the DMEPOS Rural ZIP code file quarterly on an as-needed basis. Regulations at 42 CFR Section 414.202 define a rural area to be a geographical area represented by a postal ZIP code where at least 50 percent of the total geographical area of the ZIP code is estimated to be outside any MSA. A rural area also includes any ZIP Code within an MSA excluded from a CBA established for that MSA.

The ZIP code associated with the permanent address of the beneficiary determines the applicability of the adjusted fee schedule amounts in former CBAs. During a gap in the CBP, a former CBA ZIP code file will contain the ZIP codes for Round 1 2017 and Round 2 Re-compete CBAs and will be updated on a quarterly basis as necessary.

The following DMEPOS fee schedule and ZIP code Public Use Files (PUFs) will be available for State Medicaid Agencies, managed care organizations, and other interested parties shortly after the release of the data files on the CMS Website at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/index.html>

1. DMEPOS FeeschedulePUF
2. DME PEN FeeschedulePUF
3. DME RuralcodePUF
4. Former CBA FeeschedulePUF
5. Former CBA National Mail Order Diabetic Testing Supply (DTS) FeeschedulePUF
6. Former CBA ZIPcodePUF

Specific Coding and Pricing Issues

As part of this update, the fee schedule amounts for the HCPCS code E0766 (electrical stimulation device used for cancer treatment, includes all accessories, any type) is included in the DMEPOS fee schedule file effective September 1, 2019. Suppliers should add the Class III 'KF' modifier when billing HCPCS code E0766.

ADDITIONAL INFORMATION

The official instruction, CR 11433, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R4386CP.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
September 3, 2019	Initial article released.

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