

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1638	Date: March 23, 2016
	Change Request 8822

Transmittal 1626, dated February 19, 2016, is being rescinded and replaced by Transmittal 1638 to add business requirements 8822.6.2, 8822.6.3 and 8822.7 and remove CEDI from any business requirements. All other information remains the same.

SUBJECT: Reclassification of Certain Durable Medical Equipment HCPCS Codes Included in Competitive Bidding Programs (CBP) from the Inexpensive and Routinely Purchased Payment Category to the Capped Rental Payment Category

I. SUMMARY OF CHANGES: This change request (CR) provides instructions of the upcoming reclassification of certain Durable Medical Equipment (DME) Healthcare Common Procedure Coding System (HCPCS) codes included in the Round 2 and Round 1 Recompete DMEPOS CBPs from the inexpensive and routinely purchased DME payment category to the capped rental DME payment category. This instruction follows CR 8566, Transmittal 1362, Rescind and Replace of CR 8409: Reclassification of Certain Durable Medical Equipment from the Inexpensive and Routinely Purchased Payment Category to the Capped Rental Payment Category.

EFFECTIVE DATE: July 1, 2016

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

IMPLEMENTATION DATE: July 5, 2016 - for VMS, CWF and DME MACs; October 3, 2016 - for FISS, A/B MACs and HHH MACs

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

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I. GENERAL INFORMATION

A. Background: This change request (CR) provides instructions of the upcoming reclassification of certain Durable Medical Equipment (DME) Healthcare Common Procedure Coding System (HCPCS) codes included in the Round 2 and Round 1 Recompete DMEPOS CBPs and non-bid areas from the inexpensive and routinely purchased DME payment category to the capped rental DME payment category. This instruction follows CR 8566, Transmittal 1362, Rescind and Replace of CR 8409: Reclassification of Certain Durable Medical Equipment from the Inexpensive and Routinely Purchased Payment Category to the Capped Rental Payment Category.

The Medicare definition of routinely purchased durable medical equipment (DME) set forth at 42 CFR §414.220(a)(2) specifies that routinely purchased equipment means equipment that was acquired by purchase on a national basis at least 75 percent of the time during the period July 1986 through June 1987. A review of expensive items that have been classified as routinely purchased equipment since 1989, that is, new codes added to the HCPCS after 1989 for items costing more than \$150, showed inconsistencies in applying the definition. As a result, a review of the definition of routinely purchased DME was published in the Federal Register (CMS-1526-F) along with notice of DME items (codes) requiring a revised payment category. Also in the rule, CMS established that DME wheelchair accessories that are capped rental items furnished for use as part of a complex rehabilitative power wheelchair (wheelchair base codes K0835 – K0864) are payable under the lump sum purchase method. The complex rehabilitative power wheelchair base codes and options/accessories are payable under the lump sum purchase method set forth at 42 CFR §414.229(a)(5) and section 1834(a)(7)(A)(iii) of the Social Security Act.

B. Policy: In order to align the payment category with the required regulatory definition, the following HCPCS codes shall reclassify to the capped rental payment category effective:

July 1, 2016: Items furnished in all areas except the nine Round 1 Recompete Competitive Bidding Areas (CBAs)

January 1, 2017: Items furnished in the nine Round 1 Recompete CBAs.

HCPCS

Support Surfaces E0197

Walkers E0140 E0149

Wheelchairs Options/Accessories E0985 E1020 E1028 E2228 E2368 E2369 E2370 E2375 K0015 K0070

Wheelchair Seating E0955

Instructions for billing capped rental items can be found at Medicare Claims Processing Manual (Pub. 100-04), chapter 20, section 130.9 along with other sources listed on the CMS and contractor websites.

Complex Rehabilitative Power Wheelchair Accessories

Similar to instructions in CR8566 for complex rehabilitative power wheelchair accessories, certain above HCPCS codes for wheelchair options/accessories (E1020, E1028, E2368, E2369, E2370, E2375, K0015, and E0955) that are furnished to be used as part of a complex rehabilitative power wheelchair (wheelchair base codes K0835 – K0864) shall be paid under the associated lump sum purchase option set forth at 42 CFR § 414.229(a)(5). The supplier must give the beneficiary the option of purchasing these accessories at the time they are furnished for initial or replacement. If the beneficiary declines the purchase option, the supplier must furnish the items on a capped rental basis and payment shall be made on a monthly rental basis in accordance with the capped rental payment rules.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			D M E	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
8822.1	Effective for claims with dates of service on or after July 1, 2016, contractors shall make payment for the following HCPCS codes on a capped rental basis for items furnished in all areas except the nine Round 1 Recompete Competitive Bidding Areas (CBAs): E0197, E0140, E0149, E0985, E1020, E1028, E2228, E2368, E2369, E2370, E2375, K0015, K0070 and E0955.				X			X	X	
8822.1.1	In Round 1 Recompete CBAs, contractors shall make payment for the following HCPCS codes under the inexpensive and routinely purchased (IN) payment category for dates of service July 1, 2016 through December 31, 2016: E0197, E0140, E0149, E0985, E1020, E1028, E2228, E2368, E2369, E2370, E2375, K0015, K0070 and E0955.				X			X	X	
8822.1.1.1	Contractors shall return as unprocessable claims for the inexpensive and routinely purchased codes described in BR 8822.1.1 in Round 1 Recompete CBAs that are billed with the KH, KI and KJ modifiers.				X			X		

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
8822.1.1.2	<p>Contractors shall use the following messages when returning claims as unprocessable when billed with KH, KI and KJ modifiers:</p> <p>Claim Adjustment Reason Code (CARC) 4: The procedure code is inconsistent with the modifier used or a required modifier is missing. Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.</p> <p>Remittance Advice Remark Code (RARC) N519: Invalid combination of HCPCS modifiers.</p> <p>Claim Adjustment Group Code (CAGC) CO: Contractual Obligation</p> <p>Medicare Summary Notice (MSN) MSN 9.4: This item or service was denied because information required to make payment was incorrect.</p> <p>Medicare Summary Notice (MSN) MSN 9.4: Este servicio fue denegado debido a que la información requerida para hacer el pago fue incorrecta.</p>				X			X			
8822.1.1.3	Effective for dates of service on or after July 1, 2016 through December 31, 2016, claims submitted for codes described in BR 8822.1.1 with the KY modifier that are furnished for use with non-bid wheelchair bases in Round 1 Recompete CBAs will be paid on a capped rental basis using the fee schedule amount.				X			X			
8822.1.1.4	Effective for dates of service on or after July 1, 2016 through December 31, 2016, contractors shall allow for payment on a lump sum purchase basis in the Round 1 Recompete situations described in BR8822.1.1.3 when they are furnished for use with a complex rehabilitative power wheelchair.				X			X			
8822.2	Contractors shall ensure that the capped payment category pays 10 percent of the purchase price for the first three months and 7.5 percent for each of the remaining rental months 4 through 13. Payment amounts shall be based on the lower of the supplier's actual charge and the fee schedule amount.			X	X			X			
8822.2.1	Effective for claims with dates of service on or after July 1, 2016 for items furnished in Round 2 CBAs,				X			X	X		

Number	Requirement	Responsibility									
		A/B MAC			D M E	Shared- System Maintainers				Other	
		A	B	H H H		F M V C	M C M S	V M S	C W F		
	CWF shall process Round 1 Recompete CBA claims as Category 4 (IN) for DME with dates of service on or after July 1, 2016 through December 31, 2016										
8822.3.4	Effective for claims with dates of service on or after July 1, 2016 through December 31, 2016, the CWF shall carry both Category 1 and Category 4 for the codes identified in BR 8822.3.										X
8822.4	Effective July 1, 2016 in all areas except the nine Round 1 Recompete Competitive Bidding Areas (CBAs), contractors shall process and pay claims for the following capped rental wheelchair accessories, when applicable, on a lump sum purchase basis when used with complex rehabilitative power wheelchairs (wheelchair base codes K0835 – K0864): E1020, E1028, E2368, E2369, E2370, E2375, K0015, and E0955.				X			X	X		
8822.4.1	Effective January 1, 2017 in all areas including the Round 1 Recompete CBAs, contractors shall process and pay claims for the following capped rental wheelchair accessories, when applicable, on a lump sum purchase basis when used with complex rehabilitative power wheelchairs (wheelchair base codes K0835 – K0864): E1020, E1028, E2368, E2369, E2370, E2375, K0015, and E0955.				X			X	X		
8822.5	The applicable contractor(s) shall update the existing VMS shared system maintainer DMEPOS Fee Schedule load process to create the new and used pricing for capped rental wheelchair accessory HCPCS defined by CMS as eligible for payment on a lump sum purchase basis when used with complex rehabilitative power wheelchairs (wheelchair base codes K0835 – K0864). The purchase price (NU modifier) of these accessories shall be calculated as the rental price times ten; the fee for used accessories (UE modifier) shall be 75 per cent of the purchase fee.							X			
8822.6	When the following codes are processed by a HHH for services provided outside a competitive bid area, contractors shall make payment on a capped rental basis beginning July 1, 2016:			X		X					

Number	Requirement	Responsibility									
		A/B MAC			D M E	Shared-System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	E0197, E0140, E0149, E0985, E1020, E1028, E2228, E2368, E2369, E2370, E2375, K0015, K0070 and E0955										
8822.6.1	Effective July 1, 2016, when the following codes are processed by a HHH for services provided outside a competitive bid area, contractors shall process claims on a lump sum purchase basis, where applicable, when used with a complex rehabilitative wheelchair base (K0835-K0864): E1020, E1028, E2368, E2369, E2370, E2375, K0015, and E0955.			X		X					
8822.6.2	Contractors shall calculate the fee for the lump sum purchase basis (NU modifier) in BR 8822.6.1 as the rental price times ten. The fee for a used item lump sum purchase basis (UE modifier) shall be 75 percent of the purchase fee.			X		X					
8822.6.3	FISS shall carry an additional HCPCS record containing the KU modifier fee schedule amounts.					X					
8822.7	Contractors shall adjust previously processed claims that meet the requirements of BRs 8822.6 and 8822.6.1. Contractors shall not search their files but shall adjust claims brought to their attention between July 1, 2016 and October 3, 2016.			X							

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility						
		A/B MAC			D M E	C E D I		
		A	B	H H H				
8822.7	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/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 sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next			X		X		

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H	M A C	
	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

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
3, 3.2, 3.3	Contractors shall consider reading the National Competitive Bidding Round Date for claim lines with dates of service on or after 07/01/2016 through 12/31/2016 and if 2014001: if present, apply CAT 4; if not present or spaces, apply CAT 1. Contractors shall consider claim lines with dates of service on or after January 1, 2017 as CAT 1 regardless of the value in the NCB Round Date field.

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

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

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

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0