



CY 2025 Update: DMEPOS Fee Schedule

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Related CR Title: Calendar Year 2025 Update for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule	

Affected Providers

- Suppliers
- Other providers billing Medicare Administrative Contractors (MACs) for DMEPOS services they provide to Medicare patients

Action Needed

Make sure your billing staff knows about these updates effective January 1, 2025:

- New codes
- Updated codes
- Payment policy changes

Background

CMS pays for certain DMEPOS products and surgical dressings on a fee schedule basis per [sections 1834\(a\), \(h\), and \(i\)](#) of the Social Security Act (the Act). Regulations at [42 CFR 414.102](#) require payment on a fee schedule for parenteral and enteral nutrition (PEN), splints, casts, and intraocular lenses (IOLs) inserted in a physician's office.

Effective January 1, 2025, the DMEPOS fee schedule will include national payment amounts for lymphedema compression treatment items established in accordance with [section 1834\(z\)](#) of the Act and [42 CFR 414.1650](#).

1. Payment for Items Provided in Former Competitive Bidding Areas (CBAs)

Starting January 1, 2024, there's a gap period in the DMEPOS CB Program (CBP). All Medicare Round 2021 DMEPOS CBP contracts for off-the-shelf (OTS) back braces and OTS knee braces expired on December 31, 2023.

During this gap period, payment for items and services included in the CBP are equal to 80% of the lesser of the supplier's charge or the fee schedule amount for the item. Per [42 CFR 414.210\(g\)\(10\)](#), the fee schedules for items and services provided in a former CB Area (CBA) are based on the Single Payment Amounts (SPAs) in effect in the CBA on the last day before the CBP contract period of performance ended, increased by the projected percentage change in the Consumer Price Index Urban (CPI-U) for the 12-month period on the date after the contract periods ended. We increase fee schedule amounts once every 12 months on the anniversary date of the first day after the contract period ended with the CPI-U.

In CY 2025, for items where contracts were awarded in Round 2021, the fee schedule amounts for items provided in areas that were CBAs as of December 31, 2023, are adjusted based on the SPAs for each specific CBA, increased by the projected percentage change in the CPI-U of 2.9% for the 12-month period ending January 1, 2025.

For items included in Round 2021 but where we didn't award contracts in Round 2021 of the CBP, we're increasing the 2024 adjusted fee schedule amounts by the projected CPI-U of 2.9% for CY 2025. The CY 2024 update factor for the fee schedule amounts for items provided in areas that were former CBAs was 2.9%.

Additional information [on the gap period](#) is on the CMS website.

A former CBA ZIP Code file contains the CBA ZIP Codes used in pricing a claim for an item provided in a CBA, and we update it quarterly, as needed. Effective January 1, 2025, the former CBA ZIP Code file will contain ZIP Codes for the CBAs included in Round 2021.

2. DMEPOS Rural 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 fee schedule amounts adjusted in accordance with 42 CFR 414.210(g). The DMEPOS ZIP Code file contains the ZIP Codes designated as rural areas. We don't include ZIP Codes for non-contiguous Metropolitan Statistical Areas (MSAs) in the DMEPOS Rural ZIP Code file, which we update quarterly as necessary.

Regulations at [42 CFR 414.202](#) define a rural area as a geographical area represented by a postal ZIP Code where at least 50% of the total geographical area of the ZIP Code is estimated to be outside any MSA. A rural area also includes any low-population density ZIP Code within an MSA that's excluded from a CBA established for that MSA.

Policy: Updates to the DMEPOS fee schedule files are available as [Public Use Files](#) for state Medicaid agencies, managed care organizations, and other interested parties.

3. Codes Added and Deleted

New DMEPOS codes added to the HCPCS file, effective January 1, 2025, are listed in [Business Requirement 7](#) of this CR.

We didn't delete any codes with this update.

4. New and Deleted Fee Schedule Amounts

We add fee schedule amounts to the DMEPOS fee schedule file for new and existing HCPCS codes, including:

- A4594
- E1803
- E1804
- E1807
- E1808
- E1813
- E1814
- E1822
- E1823
- E1826
- E1827
- E1828
- E1829

HCPCS Level II code E0491 has a revised fee schedule category from SU to IN. The fee schedule amount for E0491 isn't affected.

Per regulations for DMEPOS items and services found at [42 CFR 414.114](#) and [240](#), we obtained public consultation on national Medicare benefit category determinations and payment determinations for these codes during our First Biannual 2024 Non-Drug and Non-Biological Items and Services HCPCS code application review cycle. See [a narrative summary](#) for the Medicare benefit category and payment determinations for more information on these items.

Instructions for gap-filling DMEPOS fees are found in [Medicare Claims Processing Manual, Chapter 23](#), section 60.3. For gap-filling purposes, the deflation factors in the updated manual section by payment category are:

- 0.349 for Oxygen
- 0.351 for Capped Rental
- 0.352 for Prosthetics and Orthotics
- 0.447 for Surgical Dressings
- 0.486 for PEN
- 0.732 for IOLs
- 0.745 for Splints and Casts

This fee schedule update also corrects the jurisdiction listed in the fee schedule file for HCPCS code A4438 from “D” to “L.”

5. 2025 Fee Update Factor of 2.4%

For CY 2025, we apply an update factor of 2.4% to certain DMEPOS fee schedule amounts that we didn't adjust using information from CBPs.

Per sections 1834(a)(14), (h)(4), and [1842\(s\)\(1\)\(B\)](#) of the Act, certain DMEPOS fee schedule amounts are updated for 2025 by the percentage increase in the CPI-U for the 12-month period ending June 30, 2025, adjusted by the change in the economy-wide productivity equal to the 10-year moving average of changes in annual economy-wide private nonfarm business Multi-Factor Productivity (MFP).

In the above statutory sections, the productivity measure referenced in [section 1886\(b\)\(3\)\(B\)\(xi\)\(II\)](#) was published by the U.S. Bureau of Labor Statistics (BLS) as a private nonfarm business MFP. Starting with the November 18, 2021, release of productivity data, BLS replaced the term multifactor productivity with Total Factor Productivity (TFP).

For CY 2025, the TFP adjustment is 0.6% and the CPI-U percentage increase is 3%, creating a 2.4% net increase for the update factor when we subtract the TFP from the CPI-U.

We updated fees adjusted using information from CBPs pursuant to the applicable adjustment methodologies outlined in 42 CFR 414.210(g).

6. Fee Schedule Amounts for Lymphedema Compression Treatment Items

Section 1834(z) of the Act and regulations at 42 CFR 414.1650 establish national payment amounts for lymphedema compression treatment items. For CY 2025, an update factor 3% is applied to the national payment amounts for lymphedema compression treatment items that are increased annually starting on January 1 of the year after the year in which the payment amounts are initially established on the percent change in the CPI-U for the 12-month period ending with June of the previous year.

Note: Lymphedema compression treatment items aren't subject to pricing floors or ceilings.

Additional claims processing instructions are available in [MM13286](#).

7. Therapeutic Shoe Modification Codes

We're adjusting fee schedule amounts for shoe modification codes A5503 through A5507 to reflect the most current allowed service data. [Section 1833\(o\)\(2\)\(C\)](#) of the Act requires that we establish payment amounts for codes A5503–A5507 to prevent a net increase in expenditures when substituting these items for therapeutic shoe insert codes (A5512, A5513, and A5514).

To establish fee schedule amounts for the shoe modification codes, we weigh the base fees for codes A5512 and A5513 based on the approximate total allowed services for each code for items provided during the second quarter of CY 2004. For 2025, we're updating the weighted average insert fees used to establish the fee schedule amounts for the shoe modification codes with the most current allowed service data for each insert code. We'll weigh the base fees for A5512, A5513, and A5514 based on the approximate total allowed services for each code for items provided during CY 2023. We are revising the fee schedule amounts for shoe modification codes A5503 through A5507 to reflect this change, effective January 1, 2025.

8. Diabetic Testing Supplies (DTS)

We don't update the fee schedule amounts for non-mail order DTS (without the KL modifier) for codes A4233–A4236, A4253, A4256, A4258, and A4259 by the annual covered item update. Per section 1834(a)(1)(H) of the Act, the fee schedule amounts for these codes were adjusted in CY 2013 so that they're equal to the SPAs for mail-order DTS established in implementing the national mail-order CBP under [section 1847](#) of the Act. Initial program instructions on these fees are available in:

- Transmittal 2709, [MM8325](#), dated May 17, 2013
- Transmittal 2661, [MM8204](#), dated February 22, 2013

The [National Mail-Order Recompete DTS SPAs](#) are available online.

We'll update the non-mail order DTS amounts on the fee schedule each time we update the single payment amount. This can happen no less often than every time the mail-order CBP contracts are recompeted.

The National Mail-Order Recompete CBP for mail-order diabetic supplies was effective from July 1, 2016–December 31, 2018. As of January 1, 2025, payment for non-mail order diabetic supplies at the National Mail-Order Recompete SPAs will continue according to section 1834(a)(1)(H) of the Act, and these rates will remain in effect until we establish new SPA rates under the national mail-order program.

Effective January 1, 2025, we adjust the fee schedule amounts for mail-order DTS (with the KL modifier) using methodology for areas that were formerly CBAs during periods when there's a temporary lapse in the CBP. As of December 31, 2018, we increase the National Mail-Order Recompete DTS SPAs by the projected percentage change in the CPI-U for the 12-month period on the date after the contract periods ended. We increase the fee schedule amounts once annually on the anniversary date of the first day after the contract period ended with the CPI-U.

For CY 2025, we increase the 2024 adjusted fee schedule amounts by the projected percentage change to the CPI-U of 2.9% for the 12-month period ending January 1, 2025. We'll use the national mail-order adjusted fee schedule amounts in paying mail-order DTS claims:

- Throughout the U.S.
- The District of Columbia
- Puerto Rico
- The U.S. Virgin Islands
- Guam
- American Samoa

The table below lists the projected CPI-U used in prior years for updates to the December 31, 2018, National Mail-Order Reconnect SPAs:

CY	Projected Percentage Change in CPI-U
CY 2019	2.5%
CY 2020	2.4%
CY 2021	0.6%
CY 2022	5.0%
CY 2023	6.4%
CY 2024	2.9%

9. CY 2025 Maintenance and Servicing Payment Amount for Certain Oxygen Equipment

We provided instruction for payment for claims for maintenance and servicing of oxygen equipment in:

- Transmittal 635, [MM6792](#), dated February 5, 2010
- Transmittal 717, [MM6990](#), dated June 8, 2010

Payment for maintenance and servicing of certain oxygen equipment can occur every 6 months starting 6 months after the end of the 36th month of continuous use or end of the supplier's or manufacturer's warranty, whichever is later, for HCPCS codes E1390, E1391, E0433, or K0738, billed with the MS modifier. Payment can't occur more than once per patient, regardless of the combination of oxygen concentrator equipment and transfilling equipment used by the patient for any 6-month period.

Per [42 CFR 414.210\(e\)\(5\)\(iii\)](#), the 2010 maintenance and servicing fee for certain oxygen equipment was based on 10% of the average price of an oxygen concentrator. For CY 2011 and subsequent years, the maintenance and servicing fee is adjusted by the covered item update for DME as set forth in section 1834(a)(14) of the Act, so the 2025 maintenance and servicing fee is adjusted by the 2.4% TRP-adjusted covered item update factor to yield a CY 2025 maintenance and servicing fee of \$87.82 for oxygen concentrators and transfilling equipment.

10. CY 2025 Labor Payment Amounts for Repairs & Service Codes

Attachment A contains the CY 2025 allowed payment amounts for HCPCS labor payment codes K0739, L4205, and L7520. Since the percentage increase in CPI-U for the 12-month period ending June 30, 2024, is 3%, we apply this change to the 2024 labor payment amounts to update the CY 2025 rates. The 2025 labor payment amounts in Attachment A are effective for claims submitted using HCPCS codes K0739, L4205, and L7520, with dates of service from January 1, 2025–December 31, 2025.

We're preparing to include the labor payment amounts for HCPCS Level II codes K0739, L4205, and L7520 in the DMEPOS fee schedule file, which necessitates a new payment category indicator be established. The labor payment amounts associated with repairing, maintaining, and servicing an item have been issued in an attachment document to the CY update for the DMEPOS fee schedule CR since [MM6297](#) (December 23, 2008).

We'll add the HCPCS codes and Medicare labor payment amounts to the DMEPOS fee schedule file as part of the April Quarterly Update for 2025 DMEPOS Fee Schedule for processing claims with dates of service on or after April 1, 2025. The filed on the DMEPOS fee schedule file for codes K0739, L4205, and L7520 will include the new payment category indicator effective April 1, 2025: LT = labor rates.

More Information

We issued CR 13888 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

Document History

Date of Change	Description
December 13, 2024	Initial article released.

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