

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 10681	Date: March 12, 2021
	Change Request 12193

SUBJECT: April Quarterly Update for 2021 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: 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 update process for the DMEPOS fee schedule is located in publication 100-04, Medicare Claims Processing Manual, chapter 23, section 60.

EFFECTIVE DATE: April 1, 2021

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

IMPLEMENTATION DATE: April 5, 2021

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:

Recurring Update Notification

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 10681	Date: March 12, 2021	Change Request: 12193
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EFFECTIVE DATE: April 1, 2021

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

IMPLEMENTATION DATE: April 5, 2021

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 update process for the DMEPOS fee schedule is located in publication 100-04, Medicare Claims Processing Manual, chapter 23, section 60.

Payment on a fee schedule basis is required for certain Durable Medical Equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by §1834(a), (h), and (i) of the Social Security Act (the Act). Also, payment on a fee schedule basis is a regulatory requirement at 42 Code of Federal Regulations (CFR) §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 Healthcare Common Procedure Coding System (HCPCS) codes that are subject to fee schedule adjustments using information on the payment determined for these items under the DMEPOS Competitive Bidding Program (CBP), as well as codes that are not subject to the CBP or fee schedule adjustments.

Section 1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for DME items included in the CBP for payment of the items in areas that are not Competitive Bidding Areas (CBAs). Section 1842(s)(3)(B) of the Act provides authority for making adjustments to the fee schedule amounts for enteral nutrients, equipment, and supplies (enteral nutrition) based on information from the CBP. The methodologies for adjusting DMEPOS fee schedule amounts under this authority are established at 42 CFR §414.210(g).

The Coronavirus (COVID-19) Aid, Relief, and Economic Security (CARES) Act, 2020

Section 3712 of the CARES Act was signed into law on March 27, 2020. Additional information on section 3712 of the CARES Act is available in Transmittal 10016, Change Request 11784, dated May 8, 2020. Sections 3712(a) and (b) of the CARES Act, respectively, require the following:

(a) For items and services subject to the fee schedule adjustments furnished in rural or non-contiguous areas, the fee schedule amounts will continue to be based on a blend of 50 percent of the adjusted fee schedule amounts and 50 percent of the unadjusted fee schedule amounts (i.e., no change from the current fee schedule amounts) through December 31, 2020, or the duration of the COVID-19 public health emergency, whichever is later.

(b) For items and services subject to the fee schedule adjustments furnished in non-rural contiguous non-CBAs, the fee schedule amounts will be based on a blend of 75 percent of the adjusted fee schedule amounts and 25 percent of the unadjusted fee schedule amounts (i.e., an increase in the fee schedule amounts) for claims with dates of service beginning March 6, 2020, and continuing until the end of the COVID-19 public health emergency.

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 (MSA) are not included in the DMEPOS Rural ZIP code file. The DMEPOS Rural ZIP code file is updated on a quarterly basis as necessary. Regulations at §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 that is excluded from a competitive bidding area established for that MSA. A former CBA ZIP code file contains the competitive bidding area ZIP codes used in pricing a claim for an item furnished in a CBA and will be updated on a quarterly basis as necessary.

Additional information on the 2021 DMEPOS fee schedules is available in the January 2021 DMEPOS fee schedule update program instructions, Transmittal 10504, Change Request 12063.

B. Policy: This recurring update notification provides updates for the following:

1. DMEPOS fee schedule file
2. Parenteral and Enteral Nutrition (PEN) file
3. Former CBA fee schedule and ZIP code file
4. DMEPOS Rural ZIP code file containing the Quarter 2, 2021 updates

These files will be available as Public Use Files (PUFs) 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/DMEPOS-Fee-Schedule>

Consolidated Appropriations Act of 2021 Changes to the Oxygen and Oxygen Equipment Fee Schedule Amounts

The Consolidated Appropriations Act of 2021 (Public Law 116-260) was signed into law on December 27, 2020. Effective April 1, 2021, section 121 of Division H of Title II of this Act eliminates the budget neutrality requirement set forth in section 1834(a)(9)(D)(ii) of the Act for separate classes and national limited monthly payment rates established for any item of oxygen and oxygen equipment using the authority in section 1834(a)(9)(D)(i) of the Act. Effective for claims with dates of service on or after April 1, 2021, the fee schedule amounts for HCPCS codes E0424, E0431, E0433, E0434, E0439, E0441, E0442, E0443, E0444, E0447, E1390, E1391, E1392, E1405, E1406, and K0738 are adjusted to remove a percentage reduction necessary to meet the budget neutrality requirement previously mandated by section 1834(a)(9)(D)(ii) of the Act.

New Codes Added

New DMEPOS codes added to the HCPCS file, effective April 1, 2021 are listed in Business Requirement (BR) 6 of this instruction. The new codes are not to be used for billing purposes until they are effective on April 1, 2021. Codes deleted from the HCPCS file, effective April 1, 2021 are listed in BR 7 of this instruction.

As part of this update, no fee schedules are added to the DMEPOS fee schedule file for new HCPCS codes effective April 1, 2021. Until national Medicare coverage and payment guidelines have been established for these codes, the Medicare coverage and payment determinations for these items may be made based on the discretion of the Medicare contractors processing claims for these items. The DME Medicare Administrative Contractors (MACs) and A/B MACs Part B shall establish local fee schedule amounts to pay claims for the new codes when applicable, and pay in accordance with the payment rules associated with each payment determination (e.g., an item determined to be an expensive item of DME that is reasonable and necessary and

Number	Requirement	Responsibility										
		A/B MAC			DME MAC	Shared-System Maintainers				Other		
		A	B	HHH		FISS	MCSS	VMS	CWF			
12193.2.1	Contractors shall notify CMS of successful receipt via email to price_file_receipt@cms.hhs.gov stating the name of the file received (e.g., DMEPOS) and the entity receiving the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part B, or both).	X		X								VDC
12193.3	The DME MACs and/or VDC shall retrieve the PEN fee schedule file (filename: MU00.@BF12393.PEN.CY21.V0304). The file is available for download on or after March 4, 2021.				X							VDC
12193.3.1	Contractors shall notify CMS of successful receipt via email to price_file_receipt@cms.hhs.gov stating the name of the file received (e.g., DMEPOS) and the entity receiving the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part B, or both).				X							VDC
12193.4	The DME MACs, A/B MACs Part B, A/B MACs Part A, A/B MACs Part HHH and/or the Virtual Data Centers (VDCs) shall retrieve the CY 2021 Rural ZIP code file (filename: MU00.@DMECBIC.RURZIP.C21Q02.V0304) on or after March 4, 2021.	X	X	X	X							VDC
12193.4.1	Contractors shall notify CMS of successful receipt via email to price_file_receipt@cms.hhs.gov stating the name of the file received (e.g., DMEPOS) and the entity receiving the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part B, or both).	X	X	X	X							VDC
12193.5	Contractors shall use the DMEPOS files in requirements 12193.1 and 12193.2 and the Rural Zip code file in requirement 4 to pay claims for items with dates of service beginning April 1, 2021.	X	X	X	X							VDC

Number	Requirement	Responsibility								Other	
		A/B MAC			D M E M A C	Shared-System Maintainers					
		A	B	H H H		F I S S	M C S	V M S	C W F		
12193.5.1	The DME MACs shall use the PEN fee schedule file in requirement 12193.3 and the Rural Zip code file in requirement 12193.4 to pay claims with dates of service beginning April 1, 2021				X					VDC	
12193.6	Contractors shall be aware the HCPCS codes listed below are being added to the HCPCS effective April 1, 2021 and shall be added to the Common Working File (CWF) categories (category codes in parentheses) and systems where necessary as follows: 1. K1013 (60, 67) DME MACs, A/B MACs 2. K1014 (60, 67) DME MACs, A/B MACs 3. K1015 (60, 67) DME MACs, A/B MACs 4. K1016 (60, 67) DME MACs, A/B MACs 5. K1017 (60, 67) DME MACs, A/B MACs 6. K1018 (60, 67) DME MACs, A/B MACs 7. K1019 (60, 67) DME MACs, A/B MACs 8. K1020 (60, 67) DME MACs, A/B MACs		X		X				X		
12193.7	CWF shall remove HCPCS codes K1010, K1011 and K1012 from category 60.									X	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H		
12193.8	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the "MLN Matters" listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.	X	X	X	X	

IV. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

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