CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3824	**Date: August 2, 2017**
	Change Request 10071

Transmittal 3760, dated April 28, 2017, is being rescinded and replaced by Transmittal 3824, dated, August 2, 2017, to update the policy section on complex rehabilitative power wheelchair accessories & seat and back cushions. All other information remains the same.

SUBJECT: July Quarterly Update for 2017 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, to implement fee schedule amounts for new codes and correct any fee schedule amounts for existing codes. The quarterly update process for the DMEPOS fee schedule is located in Pub. 100-04, Medicare Claims Processing Manual, chapter 23, section 60.

EFFECTIVE DATE: July 1, 2017
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: July 3, 2017

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
R	20/30/30.9 Payment of DMEPOS Items Based on Modifiers

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: 3824	Date: August 2, 2017	Change Request: 10071

Transmittal 3760, dated April 28, 2017, is being rescinded and replaced by Transmittal 3824, dated, August 2, 2017, to update the policy section on complex rehabilitative power wheelchair accessories & seat and back cushions. All other information remains the same.

SUBJECT: July Quarterly Update for 2017 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

EFFECTIVE DATE: July 1, 2017
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: July 3, 2017

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 Pub.100-04, Medicare Claims Processing Manual, chapter 23, section 60.

Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics and surgical dressings by §1834(a), (h), and (i) of the Social Security Act. Also, payment on a fee schedule basis is a regulatory requirement at 42 CFR §414.102 for parenteral and enteral nutrition (PEN), splints and casts, and intraocular lenses (IOLs) inserted in a physician's office.

Additionally, section 1834(a)(1)(F)(ii) of the Act mandates 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 competitive bidding programs (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. Also, the adjusted fees apply a rural payment rule. The DMEPOS and PEN fee schedule files contain HCPCS codes that are subject to the adjustments as well as codes that are not subject to the fee schedule adjustments. Additional information on adjustments to the fee schedule amounts based on information from CBPs is available in Transmittal 3551, Change Request (CR) 9642, dated June 23, 2016.

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. 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.

B. Policy: This recurring update notification provides instructions regarding the July quarterly update for the 2017 DMEPOS and PEN fee schedules and the July 2017 DMEPOS Rural ZIP code file containing the Quarter 3 2017 Rural ZIP code changes.

The CY 2017 DMEPOS and PEN fee schedules and the July 2017 DMEPOS Rural ZIP code file 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 www.cms.gov/Medicare/Medicare-Fee-for-Service- Payment/DMEPOSFeeSched

<u>KU Modifier for Complex Rehabilitative Power Wheelchair Accessories & Seat and Back Cushions</u>

Suppliers should continue to use the KU modifier when billing for wheelchair accessories and seat and back cushions furnished in connection with Group 3 complex rehabilitative power wheelchairs (codes K0848

through K0864) with dates of service on or after July 1, 2017. The fee schedule amounts associated with the KU modifier were not adjusted using information from the competitive bidding program in accordance with Section 2 of Patient Access and Medicare Protection Act (PAMPA) for dates of service January 1, 2016 through December 31, 2016. Section 16005 of the 21st Century Cures Act then extended the effective date through June 30, 2017. Effective for dates of service on or after July 1, 2017, taking into consideration the exclusion at section 1847(a)(2)(A) of the Social Security Act, the policy for these items is revised. As a result, payment for these items furnished in connection with a Group 3 complex rehabilitative power wheelchair and billed with the KU modifier will be based on the unadjusted fee schedule amounts updated in accordance with section 1834(a)(14) of the Act. The list of HCPCS codes associated with the KU modifier is available in Transmittal 3713, CR 9966, dated February 3, 2017. The updated DMEPOS fee schedule files have been released.

Therapeutic Continuous Glucose Monitor (CGM)

As part of this update, the fee schedule amounts for the following therapeutic CGM HCPCS codes are added to the DMEPOS fee schedule file effective for dates of service on or after July 1, 2017:

K0553 Supply allowance for therapeutic continuous glucose monitor (CGM), includes all supplies and accessories, 1 month supply = 1 unit of service

K0554 Receiver (monitor), dedicated, for use with therapeutic continuous glucose monitor system

The fee schedule amounts apply a CMS Ruling for therapeutic CGMs. Additional information on the CMS Ruling can be found at the website www.cms.gov/Regulations-and-Guidance/Guidance/Rulings/Downloads/CMS1682R.pdf

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
10071.1	The DME MACs, A/B MACs Part B and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T170101.V0522). The file is available for download on or after May 22, 2017.		X		X					VDC
10071.1.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).		X		X					VDC
10071.2	The A/B MACs Part A, A/B MACs HHH and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T170101.V0522.FI). The file is available for download on or after May 22,	X		X						VDC

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	2017.									
10071.2.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).	X		X						VDC
10071.3	The DME MACs and/or VDCs shall retrieve the PEN fee schedule file (filename: MU00.@BF12393.PEN.CY17.V0522). The file is available for download on or after May 22, 2017.				X					VDC
10071.3.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).				X					VDC
10071.4	The DME MACs, A/B MACs Part B, A/B MACs Part A, A/B MACs HHH and/or VDCs shall retrieve the CY 2017 DMEPOS Rural ZIP code file (filename: MU00.@DMECBIC.RURZIP.C17Q03.V0522) on or after May 22, 2017.	X	X	X	X					VDC
10071.4.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).	X	X	X	X					VDC
10071.5	Contractors shall process claims for DMEPOS items using the fee schedules and Rural ZIP code file specified in business requirements 1-4 for dates of service on or after July 1, 2017.	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
10071.6	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-	X	X	X	X	

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	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 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: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information: N/A

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):
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.

ATTACHMENTS: 0

30.9 – Payment of DMEPOS Items Based on Modifiers

(Rev. 3824, Issued: 08-02-17; Effective: 07-01-17, Implementation: 07-03-17)

The following modifiers were added to the HCPCS to identify supplies and equipment that may be covered under more than one DMEPOS benefit category:

- AU Item furnished in conjunction with a urological, ostomy, or tracheostomy supply;
- AV Item furnished in conjunction with a prosthetic device, prosthetic or orthotic; and
- AW Item furnished in conjunction with a surgical dressing.

Codes A4450 and A4452 are the only codes that have been identified at this time that would require use of all three of the above listed modifiers. Providers must report these modifiers on claims for items identified by codes A4450 and A4452 that are furnished on or after January 1, 2005. Modifier AU may also be applicable to code A4217. Providers must report modifier AU on claims for items identified by code A4217 that are furnished in conjunction with a urological, ostomy, or tracheostomy supply on or after January 1, 2005. Items identified by code A4217 that are furnished in conjunction with durable medical equipment are reported without a modifier. In the future, other codes may be identified as codes that must be submitted with these modifiers. Medicare contractors base payment for the codes A4217, A4450, and A4452 on the presence or absence of these modifiers.

Codes L8040 thru L8047 describe facial prostheses. Providers must report the following modifiers on claims for replacement of these items:

- KM Replacement of facial prosthesis including
- g new impression/moulage; and
- KN Replacement of facial prosthesis using previous master model.

Providers must report these modifiers on claims for replacement of items identified by codes L8040 thru L8047 that are furnished on or after January 1, 2005. Medicare contractors base payment for the codes L8040 thru L8047 on the presence of these modifiers. These modifiers are only used when the prostheses is being replaced.
In accordance with section 302(c) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), the fee schedule update factors for 2004 thru 2008 for durable medical equipment (DME), other than items designated as class III devices by the Food and Drug Administration (FDA), are equal to 0 percent. The HCPCS codes for DME designated as class III devices by the FDA are identified on the DMEPOS fee schedule available on the above mentioned web site by presence of the KF modifier. Elevating/stair climbing power wheelchairs are class III devices. Suppliers billing the DMERCs must submit claims for the base power wheelchair portion of this device using HCPCS code K0011 (programmable power wheelchair base) with modifier KF for claims submitted on or after April 1, 2004, with dates of service on or after January 1, 2004. For claims with dates of service on or after January 1, 2004, the elevation feature for this device should be billed using HCPCS code E2300 and the stair climbing feature for this device should be billed using HCPCS code A9270.

Regional home health intermediaries (RHHIs) will not be able to implement the KF modifier until January 1, 2005. Therefore, for claims with dates of service prior to January 1, 2005, HHAs must submit claims for the base power wheelchair portion of stair climbing wheelchairs with HCPCS code E1399. For claims with dates of service on or after January 1, 2005, HHAs must submit claims for the base power wheelchair portion of stair climbing wheelchairs with HCPCS code K0011 with modifier KF.

The fee schedule amounts for K0011 with and without the KF modifier appear on the fee schedule file referenced at www.cms.hhs.gov/providers/pufdownload/default.asp#dme. For claims with dates of service prior to January 1, 2005, RHHIs should pay claims for stair climbing wheelchair bases billed with code E1399 using the fee schedule amounts for K0011 with the KF modifier. All other claims for programmable power wheelchair bases should be paid using the fee schedule amounts for K0011 without the KF modifier.

Effective for claims with dates of service on or after January 1, 2005, HHAs must submit modifier KF along with the applicable HCPCS code for all DME items classified by the FDA as class III devices.

The following modifier was added to the HCPCS in 2007 as a placeholder modifier:

- KU DMEPOS Item Subject to DMEPOS Competitive Bidding Program Number 3

The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations. The update process for the DMEPOS fee schedule is located in Pub.100-04, Medicare Claims Processing Manual, chapter 23, section 60. Payment on a fee schedule basis is required for certain durable medical equipment (DME) by §1834(a) of the Social Security Act. Section1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for certain DME items furnished on or after January 1, 2016, including wheelchair accessories and seat and back cushions, in areas that are not competitive bid areas, based on information from competitive bidding programs (CBPs) for DME.

Section 2 of the Patient Access and Medicare Protection Act (PAMPA) mandates that the adjusted fee schedule amounts for 2016 described above are not be applied to wheelchair accessories and seat and back cushions furnished in connection with Group 3 complex rehabilitative power wheelchairs described by codes K0848 through K0864 of the Healthcare Common Procedure Coding System (HCPCS). Although this change is effective January 1, 2016, it is not being implemented until July 1, 2016. Until these changes are implemented, payment for these items will be based on the adjusted fee schedule amounts.
Providers/suppliers can submit claims for these items with dates of service on or after January 1, 2016, prior to July 1, 2016, but payment will be based on the adjusted fee schedule amounts. On or after July 1, 2016, providers/suppliers can adjust previously paid claims with dates of service on or after January 1, 2016, for the corrected fee payment.

Providers/suppliers must use modifier “KU” for claims submitted on or after July 1, 2016, with dates of service on or after January 1, 2016, and before January 1, 2017, for any HCPCS code describing a wheelchair accessory or seat or back cushion when furnished in connection with a Group 3 complex rehabilitative power wheelchair.

Section 16005 of the 21st Century Cures Act modifies section 2(a) of the PAMPA to require that the adjusted fee schedule amounts for 2017, described in section 1834(a)(1(F)(ii) of the Act, are not to be applied to wheelchair accessories and seat and back cushions furnished in connection with Group 3 complex rehabilitative power wheelchairs (described by HCPCS codes K0848 through K0864) prior to July 1, 2017. Therefore, providers/suppliers should continue the use of the KU modifier on claim line items for these accessories with dates of service *after* June 30, 2017. *Effective July 1, 2017, CMS has taken into consideration the exclusion at section 1847(a)(2)(A) of the Act to revise the policy. As a result, payment for these items furnished in connection with a Group 3 complex rehabilitative power wheelchair and billed with the KU modifier will be based on the unadjusted fee schedule amounts updated in accordance with section 1834(a)(14) of the Act.*