

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1203	Date: MARCH 9, 2007
	Change Request 5537

SUBJECT: April Quarterly Update for 2007 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: The DMEPOS fee schedules are updated on a quarterly basis in order to implement fee schedule amounts for new codes and to revise any fee schedule amounts for existing codes that were calculated in error. The quarterly update process for the DMEPOS fee schedule is located in the Medicare Claims Processing Manual (Pub. 100-04), Chapter 23, §60. This recurring update notification provides specific instructions regarding the April quarterly update for the 2007 DMEPOS fee schedule.

New / Revised Material

Effective Date: January 1, 2007

Implementation Date: April 2, 2007

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	

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

Recurring Update Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1203	Date: March 9, 2007	Change Request: 5537
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SUBJECT: April Quarterly Update for 2007 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

Effective Date: January 1, 2007

Implementation Date: April 2, 2007

I. GENERAL INFORMATION

A. Background: The DMEPOS fee schedules are updated on a quarterly basis in order to implement fee schedule amounts for new codes and to revise any fee schedule amounts for existing codes that were calculated in error. The quarterly updates process for the DMEPOS fee schedule is located in the Medicare Claims Processing Manual (Pub. 100-04), Chapter 23, §60.

B. Policy: This recurring update notification provides specific instructions regarding the April quarterly update for the 2007 DMEPOS fee schedule. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by Sections 1834(a), (h), and (i) of the Social Security Act. Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained in 42 CFR 414.102.

As part of this update, the fee schedule amounts for codes L8690 (Auditory Osseointegrated Device, Includes All Internal and External Components) and L8691 (Auditory Osseointegrated Device, External Sound Processor, Replacement), are being revised to correct errors in the fee schedule calculation.

Code E1002 (Wheelchair accessory, Power Seating System, Tilt Only) was added to the HCPCS effective January 1, 2004. The fee schedule amounts that were calculated and implemented for this code included systems with tilts less than 45 degrees from horizontal. As described in the November 2006 Policy Article for Wheelchair Options/Accessories, power tilt seating systems falling under code E1002 must have the ability to tilt to greater than or equal to 45 degrees from horizontal. The fee schedule amounts for code E1002 are therefore being revised as part of this quarterly update in order to remove pricing information for power seating systems with tilts less than 45 degrees.

Code E2377 (Power Wheelchair Accessory, Expandable Controller, Including All Related Electronics and Mounting Hardware, Upgrade Provided at Initial Issue) was added to the HCPCS effective January 1, 2007, for use in paying claims for upgraded expandable controllers and mounting hardware provided at initial issue. The fee schedule amounts for code E2377 do not include payment for the proportional joystick and electronics/cables/junction boxes necessary to upgrade from a non-expandable controller. Suppliers should be instructed to submit claims for the upgraded proportional joysticks and electronics provided at initial issue for dates of service on or after January 1, 2007, using HCPCS code E2399.

CMS is in the process of making refinements to the fee schedule amounts for several HCPCS codes for power wheelchairs to be implemented as part of the April quarterly update for the 2007 DMEPOS fee schedule. Additional instructions regarding these changes will be issued in the near future under separate cover.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R I E R	D M E R C	R H H R I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
5537.1	The DMERCS and DME MACs shall gap-fill base fee schedule amounts for each State in their region for the following new and revised HCPCS codes that will be subject to the DMEPOS fee schedules in 2007: <u>Inexpensive or Routinely Purchased DME (IN)</u> E1002, E2373, E2392, E2394, E2395 <u>Prosthetics and Orthotics (PO)</u> L3806, L3808, L3915, L5993, L6611, L6624, L6639		X			X						
5537.1.2	The DMERCS and DME MACS shall submit ASCII files containing the base fees for the above codes to CMS central office by March 16, 2007.		X			X						
5537.1.3	If pricing information is not readily available for one or more codes and the DME MACs are not able to establish base local fees for these codes by the date indicated in BR1.2, the DME MACs shall consult with CMS central office to determine how pricing should be established for these codes.		X									
5537.2	The DMERCS and DME MACS shall submit ASCII files containing the base fees for the following oxygen codes to CMS central office by March 16, 2007: A4615, A4616, A4617, A4620, E0555, E1353, and E1355.		X			X						
5537.3	The DMERCS and DME MACS shall follow the instructions for submitting base fee schedule		X			X						

Number	Requirement	Responsibility (place an "X" in each applicable column)											
		A / B M A C	D M E M A C	F I	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER	
							F I S S	M C S	V M S	C W F			
	amounts located in §60, Chapter 23 of the Medicare Claims Processing Manual (Pub 100-04). Base fee schedule amounts submitted to CMS shall not be updated by any update factors other than the 1.7% (1989) update factor for DME and prosthetics and orthotics. The 2006 deflation factors are: .540 for OX; .545 for IN, OS, and PO.												
5537.4	The DMERC, DME MACS and local carriers shall retrieve the DMEPOS fee schedule file (filename: <u>MU00.@BF12393.DMEPOS.T070101.V0323</u>) as soon as possible. The file is available for download on or after March 23, 2007.	X	X		X	X							
5537.4.1	Notification of successful receipt shall be sent via e-mail to <u>price_file_receipt@cms.hhs.gov</u> stating the name of the file received and the entity for which they were received (e.g., carrier name and number).	X	X		X	X							
5537.5	The FIs and RHHIs shall retrieve the DMEPOS fee schedule file (filename: <u>MU00.@BF12393.DMEPOS.T070101.V0323.FI</u>) as soon as possible. The file is available for download on or after March 23, 2007.	X		X			X						
5537.5.1	Notification of successful receipt shall be sent via e-mail to <u>price_file_receipt@cms.hhs.gov</u> stating the name of the file received and the entity for which they were received (e.g., FI name and number)	X		X			X						
5537.6	A/B MACs, Local Carriers and FIs shall adjust previously processed claims for L8690 and L8691 with dates of service on or after January	X		X	X								

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R I E R	D M E R C	R H I	Shared-System Maintainers				OTHER
		M A C	M A C					F I S S	M C S	V M S	C W F	
	1, 2007, if they are resubmitted as adjustments.											
5537.7	The DME MACs and DMERCs shall adjust previously processed claims for code E1002 with dates of service on or after January 1, 2007, if they are resubmitted as adjustments.		X				X					
5537.8	Contractors shall use the 2007 DMEPOS fee schedule amounts from the DMEPOS fee schedule file to pay claims with dates of service on or after January 1, 2007.	X	X	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R I E R	D M E R C	R H I	Shared-System Maintainers				OTHER
		M A C	M A C					F I S S	M C S	V M S	C W F	
5537.9	A provider education article related to this instruction will be available at www.cms.hhs.gov/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 site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their	X	X	X	X	X	X					

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M E M A C	F I	C A R R I E R	D M R C	R E H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F		
	provider community in billing and administering the Medicare program correctly.											

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below: N/A

X-Ref Requirement Number	Recommendations or other supporting information:

B. For all other recommendations and supporting information, use the space below: N/A

V. CONTACTS

Pre-Implementation Contact(s): Karen Jacobs 410-786-2173

Post-Implementation Contact(s): Karen Jacobs 410-786-2173

VI. FUNDING

A. For TITLE XVIII Contractors, use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. For Medicare Administrative Contractors (MAC), use only one of the following statements:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts specified 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.