CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 1420	**Date: August 15, 2014**
	Change Request 8864

SUBJECT: DMEPOS Competitive Bidding Program (CBP): Correction to VMS Processing of Wheelchair Accessory Claims for Round 2

I. SUMMARY OF CHANGES: This Change Request (CR) will implement corrections within VMS to address the following: (1) Payments for wheelchair accessories furnished for use with Complex Group 2 and Group 3 Power Wheelchairs (identified by HCPCS K0835 – K0843 and K0848 – K0864) by contract suppliers for beneficiaries residing in a CBA; (2) Payments for competitively bid wheelchair accessories furnished for use with wheelchair base units that were not bid in Round 1 or Round 2 by contract and non-contract suppliers for beneficiaries residing in a CBA; (3) Payments for competitively bid wheelchair accessories that were not bid in Round 1 and that were furnished for use with any wheelchair base unit to beneficiaries residing outside a CBA; and (4) Payments for competitively bid wheelchair accessories that were not bid in Round 1 and that were furnished for use with wheelchair base units that were not competitively bid in Round 2 to beneficiaries residing in a CBA.

Additionally, this CR instructs contractors to update their systems to allow payment for wheelchair accessories when provided for use with non-competitively bid wheelchair base units after the end date of the certificate of medical necessity (CMN) and modifier "KY" is present.

EFFECTIVE DATE: January 1, 2015
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 5, 2015 - For claims processed on and after January 5, 2015

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 obliged 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

Pub. 100-20	Transmittal: 1420	Date: August 15, 2014	Change Request: 8864

SUBJECT: DMEPOS Competitive Bidding Program (CBP): Correction to VMS Processing of Wheelchair Accessory Claims for Round 2

EFFECTIVE DATE: January 1, 2015
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I. GENERAL INFORMATION

A. Background: Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new Competitive Bidding Program for certain Durable Medicare Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas, and the Centers for Medicare & Medicaid Services (CMS) awards contracts to enough suppliers to meet beneficiary demand for the bid items. The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule amounts for the bid items in these areas. All contract suppliers must comply with Medicare enrollment rules, be licensed and accredited, and meet financial standards. The program sets more appropriate payment amounts for DMEPOS items while ensuring continued access to quality items and services, which will result in reduced beneficiary out-of-pocket expenses and savings to taxpayers and the Medicare program.

Change Request (CR) 8181 (Transmittal 1184, issued on February 8, 2013) implemented claims billing and processing instructions for competitively bid wheelchair accessories furnished for use with non-competitively bid wheelchair base units and to beneficiaries residing in a competitive bid area (CBA). This CR 8864 is a follow up to CR 8181 and requires changes to the processing of claims for wheelchair accessories to ensure accurate payments.

This CR addresses the following four scenarios: (1) Payments for wheelchair accessories furnished for use with Complex Group 2 and Group 3 Power Wheelchairs (identified by HCPCS K0835 – K0843 and K0848 – K0864) by contract suppliers for beneficiaries residing in a CBA; (2) Payments for competitively bid wheelchair accessories furnished for use with wheelchair base units that were not bid in the original Round 1 or Round 2 by contract and non-contract suppliers for beneficiaries residing in a CBA; (3) Payments for competitively bid wheelchair accessories that were not bid in the original Round 1 and that were furnished for use with any wheelchair base unit to beneficiaries residing outside a CBA; and (4) Payments for competitively bid wheelchair accessories that were not bid in the original Round 1 and that were furnished for use with wheelchair base units that were not competitively bid in Round 2 (or other subsequent Rounds) to beneficiaries residing in a CBA.

Additionally, this CR instructs contractors to update their systems to allow processing of competitively bid accessory claims for use with non-competitively bid wheelchair base units after the end date of the certificate of medical necessity (CMN) when modifier "KY" is present.

B. Policy: Effective for claims processed on and after January 5, 2015, contractors shall apply the policy indicated to payments made for wheelchair accessories during Round 2 in each of the scenarios below.

For the purpose of this CR, "Round 1" refers to the original Round 1 and not the Round 1 Rebid. "Round 2" refers to Round 2 and any subsequent Rounds (such as the Round 2 Recompete).

Scenario #1:

- Wheelchair accessory is competitively bid in Round 1 and Round 2
- Billed for use with Complex Rehabilitative Group 2 (K0835-K0843) and Group 3 (K0848-K0864) Power Wheelchairs (i.e., wheelchair bases that were bid in Round 1, but not Round 2)
- Billed with modifier "KY"
- Billed by a contract or non-contract supplier
- For a beneficiary that resides in a CBA

In the above scenario, contractors will pay the fee schedule amount (-9.5%) for the wheelchair accessory used with the non-bid wheelchair base rather than paying the single payment amount (SPA).

Scenario #2:

- Wheelchair accessory is competitively bid in Round 1 and Round 2
- Billed for use with a non-competitively bid base unit that was not bid in Round 1 or Round 2 (e.g., K0005 or E1161)
- Billed with modifiers "KE" and "KY"
- Billed by a contract or non-contract supplier
- For a beneficiary that resides in a CBA

In the above scenario, contractors will pay the fee schedule amount (5%) for the wheelchair accessory.

Scenario #3:

- Wheelchair accessory is competitively bid in Round 2, but not Round 1
- Billed for use with any wheelchair base unit (whether competitively bid or not)
- Billed without modifier "KE" or "KY"
- Billed by a contract or non-contract supplier
- For a beneficiary that resides outside a CBA

In the above scenario, contractors will pay the fee schedule amount for the wheelchair accessory.

Scenario #4:

- Wheelchair accessory is competitively bid in Round 2, but not Round 1
- Billed for use with Complex Rehabilitative Group 2 (K0835-K0843) and Group 3 (K0848-K0864) Power Wheelchairs (i.e., wheelchair bases that were bid in Round 1, but not Round 2) OR for use with a non-competitively bid base unit that was not bid in Round 1 or Round 2 (e.g., K0005 and E1161)
- Billed with modifier "KY"

- Billed by a contract or non-contract supplier
- For a beneficiary that resides in a CBA

In the above scenario, contractors will pay the fee schedule amount for the wheelchair accessory.

***Note:** For wheelchair accessories, modifier "KY" is used in these instructions to identify Round 2 competitively bid wheelchair accessories that should be paid at fee schedule when billed for use with a base unit that was not bid in Round 2, even when provided to a beneficiary that resides in a CBA and without regard to the contract status of the supplier.

In addition to the changes above, effective for claims processed on and after January 5, 2015, contractors will allow for the processing of competitively bid wheelchair accessories that are furnished for use with a non-competitively bid base unit, if the accessories are received after the end date of the certificate of medical necessity (CMN). These accessories can be supplied by any Medicare-enrolled supplier provided they append modifier "KY".

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	
8864.1	Contractors shall ensure that their systems are programmed to pay the fee schedule amount (rather than the SPA) for wheelchair accessory claims meeting all of the following conditions: • Wheelchair accessory is competitively bid in Round 1 and Round 2 • Billed with Complex Rehabilitative Group 2 (K0835-K0843) and Group 3 (K0848-K0864) Power Wheelchairs (Bid in Round 1 but not Round 2) • Billed with modifier "KY" • Billed by a contract or non-contract supplier • Beneficiary resides in CBA				X			X		
8864.2	Contractors shall ensure that their systems are programmed to pay the fee schedule amount (rather than denying or paying SPA) for wheelchair accessory claims meeting all of the following conditions: • Wheelchair accessory is competitively bid in Round 1 and Round 2				X			X		

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	• Billed with non-competitively bid base unit that was not bid in Round 1 or Round 2 (HCPCS codes K0005, K0009, K0898, E1161, E1229, E1231, E1232, E1233, E1234, E1235, E1236, E1237, E1238, and E1239) • Billed with modifiers "KE" and "KY" • Billed by a contract or non-contract supplier • Beneficiary resides in CBA									
8864.3	Contractors shall ensure that their systems are programmed to pay the fee schedule amount for wheelchair accessory claims meeting the following conditions: • Wheelchair accessory is competitively bid in Round 2, but not Round 1 • Billed with any base unit (whether competitively bid or not) • Billed without modifier "KE" or "KY" • Contract or non-contract supplier • Beneficiary resides outside a CBA				X			X		
8864.4	Contractors shall ensure that their systems are programmed to pay the fee schedule amount for wheelchair accessory claims meeting the following conditions: • Wheelchair accessory is competitively bid in Round 2, but not Round 1 • Billed with Complex Rehabilitative Group 2 (K0835-K0843) and Group 3 (K0848-K0864) Power Wheelchairs (Bid in Round 1 but not Round 2) **OR** Billed with non-competitively bid base unit that was not bid in Round 1 or Round 2 (HCPCS codes K0005, K0009, K0898, E1161, E1229, E1231, E1232, E1233, E1234, E1235, E1236, E1237, E1238, and E1239)				X			X		

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	• Billed with modifier "KY" • Contract or non-contract supplier • Beneficiary resides in CBA									
8864.5	Contractors shall ensure that their systems pay the appropriate fee schedule amount in the above requirements, based on the presence (or absence) of modifier "KE" in each scenario.				X			X		
8864.5.1	For accessories that have a price on the fee schedule for the wheelchair accessory HCPCS code both with and without modifier "KE", contractors shall only pay the "KE" rate when modifier "KE" is required based on the scenarios in this Change Request (CR) and CR 8181.				X			X		
8864.6	Contractors shall process claims, after the end date of the CMN, for wheelchair accessories furnished for use with non-competitively bid base units when provided by any supplier (contract or non-contract) and when billed using modifier "KY".				X			X		
8864.7	Contractors shall reprocess claims that were either incorrectly paid or erroneously denied prior to January 5, 2015, when brought to their attention.				X					
8864.8	Contractors shall continue to use the message codes indicated in CR 8181 when denying or returning claims as unprocessable under NCB.				X			X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
8864.9	MLN Article : A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-				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 one week of the availability of the provider education 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:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
8181.2	Requirement #1 of this CR supersedes requirement #2 in CR 8181. All other requirements in CR 8181 remain in effect.

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

V. CONTACTS

Pre-Implementation Contact(s): Felicia Rowe, felicia.rowe@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