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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-04 Medicare Claims Processing | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 2006 | Date: July 23, 2010 |
| | Change Request 7070 |

SUBJECT: October Quarterly Update for 2010 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, in order to implement fee schedule amounts for new codes and correct any fee schedule amounts for existing codes. The attached Recurring Update Notification applies to Chapter 23, Section 60.

EFFECTIVE DATE:* January 1, 2010 for implementation of fee schedule amounts for codes in effect on January 1, 2010; October 1, 2010 for all other changes

IMPLEMENTATION DATE: October 4, 2010

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/revise 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.

| R/N/D | CHAPTER / SECTION / SUBSECTION / TITLE |
|--------------|--|
| R | 23/60.4/Process for Submitting Revisions to DMEPOS Fee Schedule to CMS |

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

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:

Manual Instruction

Recurring Update Notification

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

Attachment – Recurring Update Notification

| | | | |
|--------------------|--------------------------|----------------------------|-----------------------------|
| Pub. 100-04 | Transmittal: 2006 | Date: July 23, 2010 | Change Request: 7070 |
|--------------------|--------------------------|----------------------------|-----------------------------|

SUBJECT: October Quarterly Update for 2010 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

Effective Date: January 1, 2010 for implementation of fee schedule amounts for codes in effect on January 1, 2010; October 1, 2010 for all other changes

Implementation Date: October 4, 2010

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 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 Pub.100-04, Medicare Claims Processing Manual, Chapter 23, Section 60.

B. Policy: This Recurring Update Notification provides specific instructions regarding the October quarterly update for the 2010 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.

Per Transmittal 686 (Change Request 6743), the claims filing jurisdiction for HCPCS code L8509 *Tracheo-Esophageal Voice Prosthesis, Inserted by a Licensed Health Care Provider, Any Type*, is changing from the DME MACs to the A/B MACs/Part B carriers, effective October 1, 2010. To reflect this change, the claims jurisdiction for code L8509 will change in the DMEPOS fee schedule file to local carrier as part of this update.

As part of this update, the Alaska and Hawaii fee schedule amounts for HCPCS code E0973 *Wheelchair Accessory, Adjustable Height, Detachable Armrest, Complete Assembly, Each*, are being revised in order to correct errors made in the calculation of the fee schedule amounts. Contractors shall adjust previously processed claims for code E0973 with dates of service on or after January 1, 2010, if they are resubmitted as adjustments.

This update also revises Chapter 23, Section 60.4, Pub.100-04, Medicare Claims Processing Manual, in order to clarify the comment language for the capped rental rebasing indicator in the record format.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | |
|--------|-------------|---|---|---|---|---|---------------------------|-------|
| | | A | D | F | C | R | Shared-System Maintainers | OTHER |
| | | / | M | I | A | H | | |
| | | B | E | | R | H | | |

| | | M A C | M A C | | R I E R | I S S | M C S | V M S | C W F | |
|----------|---|-------------|-------------|---|------------------|-------------|-------------|-------------|-------------|--------------|
| 7070.1 | The DME MACs, A/B MACs and local carriers shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T100101.V0811) as soon as possible. The file is available for download on or after August 11, 2010. | X | X | | X | | | | | Data Centers |
| 7070.1.1 | Notification of successful receipt shall be sent via e-mail to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity for which they were received (e.g., DME MAC name and number) | X | X | | X | | | | | |
| 7070.2 | The A/B MACs, FIs, RHHIs and/or EDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T100101.V0818.FI) as soon as possible. The file is available for download on or after August 18, 2010. | X | | X | X | | | | | Data Centers |
| 7070.2.1 | 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 for which they were received (e.g. FI name and number) | X | | X | X | | | | | |
| 7070.3 | Contractors shall use the 2010 DMEPOS fee schedule amounts to pay claims with dates of service on or after January 1, 2010. | X | X | X | X | X | | | | |
| 7070.4 | Contractors shall adjust previously processed claims for code E0973 with dates of service on or after January 1, 2010, if they are resubmitted for adjustments. | | X | | X | | | | | |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | |
|--------|---|---|------------------|--------|----------------------------|------------------|---------------------------|-------------|-------------|--|
| | | A / B M A C | D M A C | F I | C A R I E R | R H I | Shared-System Maintainers | | | |
| | | | | | | F I S S | M C S | V M S | C W F | |
| 7070.5 | A provider education article related to this instruction will be available at http://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 one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly | X | X | 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 | R H H I | Shared-System Maintainers | | | | O T H E R |
| | | | | | | | F I S S | M C S | V M S | C W F | |
| | 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: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

Use "Should" to denote a recommendation.

| X-Ref Requirement Number | Recommendations or other supporting information: |
|--------------------------|--|
| | |

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Karen Jacobs at (410)786-2173 and Anita Greenberg at anita.greenberg@cms.hhs.gov

Post-Implementation Contact(s): Karen Jacobs at (410)786-2173 and Anita Greenberg at anita.greenberg@cms.hhs.gov

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:

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

Section B: For Medicare Administrative Contractors (MACs), include the following statement:

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.

60.4 - Process for Submitting Revisions to DMEPOS Fee Schedule to CMS

(Rev.2006, Issued: 07-23-10, Effective: 01-01-10, Implementation: 10-04-10)

The DME MACs identify instances where revisions to DMEPOS fees are needed and forward requests for revisions to their regional offices (RO). The RO will review requests and upon concurrence, forward them to CMS Division of Data Systems (DDS). The revisions must be contained in an ASCII file. The requests for revisions must be accompanied by a narrative description. This narrative description must be forwarded via e-mail to *Laura Ashbaugh* (*Laura.Ashbaugh@cms.hhs.gov*) and Karen Jacobs (*Karen.Jacobs@cms.hhs.gov*). If the files are mailed, they must be mailed to the following address:

Centers for Medicare & Medicaid Management
Laura Ashbaugh
Division of Data Systems/CMM
7500 Security Blvd.
C4-10-07
Baltimore, MD 21244-1850

The following file specifications are 2003 examples, the actual file names may change each year:

| | | |
|---------------|--------------|---------------------------|
| Data Set Name | DMEREV1A.TXT | First Quarter Submission |
| | DMEREV1B.TXT | Second Quarter Submission |
| | DMEREV1C.TXT | Third Quarter Submission |
| | DMEREV1D.TXT | Fourth Quarter Submission |

Record Format

| Field Name | PIC | Position | Comment |
|-----------------|------|----------|---------------|
| HCPCS Code | X(5) | 1 – 5 | |
| Filler | X(1) | 6 – 6 | Set to Spaces |
| First Modifier | X(2) | 7 – 8 | |
| Filler | X(1) | 9 | Set to Spaces |
| Second Modifier | X(2) | 10 - 11 | |
| Filler | X(2) | 12 - 13 | Set to Spaces |
| State | X(3) | 14 - 16 | |
| Filler | X(1) | 17 | Set to Spaces |

| Field Name | PIC | Position | Comment |
|-------------------------------------|----------|----------|--|
| Revised Base Fee | S9(5)V99 | 18 - 26 | 1992 level for surgical dressings; 1989 for all other categories |
| Filler | X(1) | 27 | Set to Spaces |
| Capped Rental Rebasing Indicator | X(1) | 28 | For Capped Rental Services Only: 0 - IR not applied to original base fee <i>and base fee in effect prior to 1991</i> , base fee is subject to rebasing adjustment 1 - IR applied to original base fee <i>or base fee not in effect prior to 1991</i> , base fee is exempted from rebasing adjustment |
| Filler | X(1) | 29 | Set to Spaces |
| Nature of Fee Revision | X(1) | 30 | 0 = Correction 1 = IR Revision 2 = Other - Please submit supporting documentation. |
| Filler | X(1) | 31 | Set to Spaces |
| IR - Effective Date | 9(8) | 32 - 39 | Field is applicable only to those records where the fee has changed due to an inherent reasonableness decision and the previous field contains a value of "1." Format is YYYYMMDD |

The CMS will recalculate current year fee schedule amounts as appropriate and release the entire file in the record layout described in §60.1. An indicator in the record field (Pricing Change Indicator) will identify those instances where pricing amounts have changed. The CMS will also issue instructions for implementing the revised fee schedule amounts with the fee schedule.