

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2100	Date: November 19, 2010
	Change Request 7225

SUBJECT: Reasonable Charge Update for 2011 for Splints, Casts, and Certain Intraocular Lenses

I. SUMMARY OF CHANGES: This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, and intraocular lenses. This Recurring Update Notification applies to Chapter 20, Section 80.

EFFECTIVE DATE: * January 1, 2011

IMPLEMENTATION DATE: January 3, 2011

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-

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

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. ATTACHMENT:

Recurring Update Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 2100	Date: November 19, 2010	Change Request: 7225
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SUBJECT: Reasonable Charge Update for 2011 for Splints, Casts, and Certain Intraocular Lenses

Effective Date: January 1, 2011

Implementation Date: January 3, 2011

I. GENERAL INFORMATION

A. Background: Payment continues to be made on a reasonable charge basis for splints, casts, and intraocular lenses implanted in a physician's office. For intraocular lenses, payment is only made on a reasonable charge basis for lenses implanted in a physician's office. For splints and casts, the Q-codes are to be used when supplies are indicated for cast and splint purposes. This payment is in addition to the payment made under the physician fee schedule for the procedure for applying the splint or cast.

Beginning January 1, 2011, reasonable charges will no longer be calculated for payment of home dialysis supplies and equipment for Method II end stage renal disease (ESRD) patients. Section 153 of Medicare Improvements for Patients and Providers Act amended section 1881(b) of the Act to require the implementation of an ESRD bundled payment system effective January 1, 2011. The ESRD prospective payment will provide an all-inclusive single payment to ESRD facilities (i.e. hospital-based providers of services and renal dialysis facilities) that will cover all the resources used in providing outpatient dialysis treatment, including dialysis supplies and equipment that are currently separately payable to Method II DME suppliers.

B. Policy: This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, and intraocular lenses furnished in calendar year 2011. Payment on a reasonable charge basis is required for these items by regulations contained in 42 CFR 405.501. The inflation indexed charge (IIC) is calculated using the lowest of the reasonable charge screens from the previous year updated by an inflation adjustment factor or the percentage change in the consumer price index for all urban consumers (United States city average) (CPI-U) for the 12-month period ending June 30, 2010. The 2011 payment limits for splints and casts will be based on the 2010 limits that were announced in CR 6691 last year, increased by 1.1 percent, the percentage change in the CPI-U for the 12-month period ending June 30, 2010. The IIC update factor for 2011 is 1.1 percent.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I M A C	C A R R I E R	R H I I S S	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7225.1	A/B MACs and Carriers shall compute 2011 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2009, through June 30, 2010. <u>Intraocular Lenses Implanted in a Physician's Office:</u> V2630, V2631, V2632.	X			X						
7225.2	A/B MACs and Carriers shall compute 2011 IIC amounts for the codes identified in requirement 7225.1 that were not paid using gap-filled payment amounts in 2010.	X			X						
7225.3	Contractors shall make payment for splints and casts furnished in 2011 based on the lower of the actual charge or the payment limits established for these codes. Refer to Attachment A for a detailed list of the applicable HCPCS codes and 2011 payment limits.	X		X	X						
7225.4	Contractors shall use the 2011 reasonable charges or payment limits in Attachment A to pay claims for items furnished from January 1, 2011, through December 31, 2011.	X		X	X						
7225.5	DME MACs shall not compute 2011 customary and prevailing charges or Inflation-Indexed charge (IIC) amounts for the codes identified below: <u>Dialysis Supplies Billed with AX Modifier</u> A4215 A4216 A4217 A4244 A4245 A4246 A4247 A4248 A4450 A4452 A4651 A4652 A4657 A4660 A4663 A4670 A4927 A4928 A4930 A4931 A6216 A6250 A6260 A6402 <u>Dialysis Supplies Billed Without AX Modifier</u> A4653 A4671 A4672 A4673 A4674 A4680 A4690 A4706 A4707 A4708 A4709 A4714 A4719 A4720 A4721 A4722 A4723 A4724 A4725 A4726 A4728 A4730 A4736 A4737 A4740 A4750 A4755 A4760 A4765 A4766 A4770 A4771 A4772 A4773 A4774 A4802 A4860 A4870 A4890 A4911 A4918 A4929 E1634 <u>Dialysis Equipment Billed With AX Modifier</u> E0210NU E1632 E1637 E1639 <u>Dialysis Equipment Billed Without AX Modifier</u> E1500 E1510 E1520 E1530 E1540 E1550 E1560 E1570 E1575 E1580 E1590 E1592 E1594 E1600		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 I	Shared-System Maintainers				OTHER
		M A C	M A C				I S S	M C S	V M S	C W F	
	E1610 E1615 E1620 E1625 E1630 E1635 E1636										

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	R H I	Shared-System Maintainers				OTH ER
		M A C	M A C				I S S	M C S	V M S	C W F	
7225.6	<p>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.</p> <p>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 provider community in billing and administering the Medicare program correctly.</p>	X	X	X	X						

IV. SUPPORTING INFORMATION

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

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
7225.1	Instructions for calculating reasonable charges are located in Pub. 100-04, Medicare Claims

X-Ref Requirement Number	Recommendations or other supporting information:
through 7225.4	Processing Manual, section 80 of chapter 23.
7225.1, 7225.2	Instructions for calculating customary and prevailing charge are located in Pub. 100-04, Medicare Claims Processing Manual, section 80.2, chapter 23.
7225.3, 7225.4	Instructions for calculating the IIC are located in Pub. 100-04, Medicare Claims Processing Manual, section 80.6, chapter 23. The IIC update factor for 2011 is 1.1 percent.

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

V. CONTACTS

Pre-Implementation Contact(s): Hafsa Bora (410) 786-7899 and Karen Jacobs (410) 786-2173

Post-Implementation Contact(s): Hafsa Bora (410) 786-7899 and Karen Jacobs (410) 786-2173

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.

Attachment

Attachment A

2011 Payment Limits for Splints and Casts

A4565	\$7.84
Q4001	\$44.60
Q4002	\$168.58
Q4003	\$32.04
Q4004	\$110.92
Q4005	\$11.81
Q4006	\$26.62
Q4007	\$5.92
Q4008	\$13.31
Q4009	\$7.89
Q4010	\$17.75
Q4011	\$3.94
Q4012	\$8.88
Q4013	\$14.36
Q4014	\$24.21
Q4015	\$7.18
Q4016	\$12.10
Q4017	\$8.30
Q4018	\$13.23
Q4019	\$4.16
Q4020	\$6.62
Q4021	\$6.14
Q4022	\$11.08
Q4023	\$3.09
Q4024	\$5.54
Q4025	\$34.44
Q4026	\$107.54
Q4027	\$17.23
Q4028	\$53.78
Q4029	\$26.34
Q4030	\$69.33
Q4031	\$13.17
Q4032	\$34.66
Q4033	\$24.57
Q4034	\$61.10
Q4035	\$12.28
Q4036	\$30.56
Q4037	\$14.99
Q4038	\$37.55
Q4039	\$7.51
Q4040	\$18.76
Q4041	\$18.22
Q4042	\$31.11
Q4043	\$9.12
Q4044	\$15.56
Q4045	\$10.58
Q4046	\$17.02
Q4047	\$5.28
Q4048	\$8.51
Q4049	\$1.93