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| <b>CMS Manual System</b>                     | <b>Department of Health &amp; Human Services (DHHS)</b>   |
| <b>Pub 100-04 Medicare Claims Processing</b> | <b>Centers for Medicare &amp; Medicaid Services (CMS)</b> |
| <b>Transmittal 3123</b>                      | <b>Date: November 13, 2014</b>                            |
|  | <b>Change Request 8865</b>                                |

**Transmittal 3011, dated August 1, 2014 is being rescinded and replaced by Transmittal 3123, dated November 13, 2014 to update the filenames in business requirements 8865.1 and 8865.2 to the corrected file release date of August 31, 2014. All other information remains the same.**

**SUBJECT: October Quarterly Update for 2014 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 attached Recurring Update Notification applies to Pub. 100-04, Medicare Claims Processing Manual, Chapter 23, section 60.

**EFFECTIVE DATE: October 1, 2014**

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

**IMPLEMENTATION DATE: October 6, 2014**

*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.*

| <b>R/N/D</b> | <b>CHAPTER / SECTION / SUBSECTION / TITLE</b> |
|--------------|---|
| 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:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

|             |                   |                         |                      |
|-------------|-------------------|-------------------------|----------------------|
| Pub. 100-04 | Transmittal: 3123 | Date: November 13, 2014 | Change Request: 8865 |
|-------------|-------------------|-------------------------|----------------------|

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**IMPLEMENTATION DATE: October 6, 2014**

## 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.

**B. Policy:** This recurring update notification provides instructions regarding the October quarterly update for the 2014 DMEPOS fee schedule. 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.

### Fee Schedule Files

#### Splints, Casts and Certain Intraocular lenses

As part of this update, the 'SC' payment category indicator will be added to the file for the following splint and cast HCPCS codes reflecting payment calculated in accordance with the regulations at 42 CFR §414.106 for splints and casts:

A4565, Q4001, Q4002, Q4003, Q4004, Q4005, Q4006, Q4007, Q4008, Q4009, Q4010, Q4011, Q4012, Q4013, Q4014, Q4015, Q4016, Q4017, Q4018, Q4019, Q4020, Q4021, Q4022, Q4023, Q4024, Q4025, Q4026, Q4027, Q4028, Q4029, Q4030, Q4031, Q4032, Q4033, Q4034, Q4035, Q4036, Q4037, Q4038, Q4039, Q4040, Q4041, Q4042, Q4043, Q4044, Q4045, Q4046, Q4047, Q4048, Q4049

Also, the 'IL' payment category indicator will be added to the file for the following HCPCS codes for intraocular lenses (IOLs) inserted in a physician's office reflecting payment calculated in accordance with the IOL payment regulations at 42 CFR §414.108:

V2630, V2631, V2632

This Changer Request (CR) follows CR 8645, Transmittal 2902, April Quarterly Update for 2014 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule which includes additional discussion on the establishment of national fee schedule amounts for codes for splints, casts, and IOLs. Off-the-Shelf Orthotics (OTS)

Effective October 1, 2014, the following two new codes are added to the HCPCS file to describe prefabricated knee orthoses that are furnished OTS:

K0901- Knee orthosis (KO), single upright, thigh and calf, with adjustable flexion and extension joint (unicentric or polycentric), medial-lateral and rotation control, with or without varus/valgus adjustment, prefabricated, off-the-shelf

K0902- Knee orthosis (KO), double upright, thigh and calf, with adjustable flexion and extension joint (unicentric or polycentric), medial-lateral and rotation control, with or without varus/valgus adjustment, prefabricated, off-the-shelf

Since these two orthotic OTS codes represent a coding explosion of the prefabricated knee orthosis codes L1843 and L1845, the fees for the above codes will be added to the DMEPOS fee schedule file and established by applying the fees for codes L1843 and L1845 to the new OTS codes K0901 and K0902, respectively. The cross walking of fee schedule amounts for a single code that is exploded into two codes for distinct complete items is in accordance with the instructions found in the Medicare Claims Processing Manual (100-04), Chapter 23, section 60.3.1.

Further information on the development of new OTS orthotic codes can be found at the CMS web site at [http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/OTS\\_Orthotics.html](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/OTS_Orthotics.html)

**Specific Coding and Pricing Issues**

This update also notifies that HCPCS codes K0734, K0735, K0736 and K0737 found in Attachment B of CR 6270, were discontinued and cross walked to HCPCS codes E2622, E2623, E2624 and E2625, respectively, effective January 1, 2011. Thus, billing instructions for these wheelchair seat cushion items may refer to any of these codes.

**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 |         | FIS                       | MCS | VMS | CWF |       |
| 8865.1   | The DME MACs, Part B MACs and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T140101.V0831. The file is available for download on or after August 31, 2014.         |                | X |     | X       |                           |     |     |     | VDC   |
| 8865.1.1 | 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   |
| 8865.2   | The Part A MACs, HHH MACs and/or VDCs shall retrieve the DMEPOS fee schedule file (filename:MU00.@BF12393.DMEPOS.T140101.V0831.FI). The file is available for download on or after August 31, 2014.      | X              |   | X   |         |                           |     |     |     | VDC   |
| 8865.2.1 | 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   |

| Number | Requirement   | Responsibility |   |             |                            |                           |             |             |             |       |
|--------|---|----------------|---|-------------|----------------------------|---------------------------|-------------|-------------|-------------|-------|
|        |   | A/B MAC        |   |             | D<br>M<br>E<br>M<br>A<br>C | Shared-System Maintainers |             |             |             | Other |
|        |   | A              | B | H<br>H<br>H |                            | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 8865.3 | Contractors shall use the 2014 fee schedule amounts from the DMEPOS fee schedule files(s) of business requirements 1 and 2 to pay claims with dates of service on or after October 1, 2014.   | X              | X | X           | X                          |                           |             |             |             |       |
| 8865.4 | Contractors shall be aware that the 2014 fees for the splint, cast and intraocular lenses (IOLs) codes referenced in the above policy section are available on the DMEPOS fee schedule files. | X              | X | X           |                            |                           |             |             |             |       |

### III. PROVIDER EDUCATION TABLE

| Number | Requirement  | Responsibility |   |             |                            |      |
|--------|--|----------------|---|-------------|----------------------------|------|
|        |  | A/B MAC        |   |             | D<br>M<br>E<br>M<br>A<br>C | CEDI |
|        |  | A              | B | H<br>H<br>H |                            |      |
| 8865.5 | MLN Article: A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> 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. | X              | X | X           | X                          |      |

### 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:   |
|--------------------------|--|
| 8865.4                   | CR 8645, Transmittal 2902, April Quarterly Update for 2014 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule |

**Section B: All other recommendations and supporting information:** CR 6270, Transmittal 1630 Update for 2009 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

CR 7248, Transmittal 2142 Update for 2011 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule.

## **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) or Contractor Manager, as applicable.

## **VI. FUNDING**

### **Section A: For Medicare Administrative Contractors (MACs):**

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**ATTACHMENTS: 0**