CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal: 901	**Date: May 13, 2011**
	Change Request 7212

SUBJECT: Edit to Deny Claims for Repairs to Capped Rental Durable Medical Equipment (DME)

I. SUMMARY OF CHANGES: This Change Request instructs the contractors to prohibit separate payment for repairs to capped rental items that are billed during the capped rental period, in accordance with the Deficit Reduction Act of 2005.

EFFECTIVE DATE: October 1, 2011
IMPLEMENTATION DATE: October 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-*Only One Per Row.*

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. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 901	Date: May 13, 2011	Change Request: 7212

SUBJECT: Edit to Deny Claims for Repairs to Capped Rental Durable Medical Equipment (DME)

Effective Date: October 1, 2011

Implementation Date: October 3, 2011

I. GENERAL INFORMATION

A. Background: The Office of Inspector General noted in its' April 2010 report (OEI-07-08-00550) that from 2006 to 2008, Medicare erroneously allowed in excess of $4.4 million for repairs and associated labor for capped rental DME during rental periods. Payment for capped rental DME is made on a rental basis for a period not to exceed 13 months of continuous use. Payment for all maintenance, servicing, and repair of capped rental DME is included in the allowed rental payment amounts. Therefore, under no circumstances should separate payment be made for these services prior to the end of the 13-month capped rental period. This basic rule has been in place since the date that the DME fee schedules and capped rental payment rules went into effect on January 1, 1989.

B. Policy: This CR instructs the contractors to ensure editing occurs to prohibit separate payment for maintenance, servicing, and repair of capped rental items during the rental period. Contractors shall not search and adjust claims that have already been processed unless brought to their attention.

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7212.1	Contractors shall deny claims for replacement parts furnished in conjunction with the repair of a capped rental item that are billed with the RB modifier, including claims for parts submitted using code E1399, that are billed during the capped rental period (i.e., the last day of the 13th month of continuous use or before).		X						X		
7212.2	Regional Home Health Intermediaries (RHHI) shall reject claims for replacement parts furnished in conjunction with the repair of a capped rental item that are billed with the RB modifier, including claims for parts submitted using code E1399, that are billed during the capped rental period (i.e., the last day of the 13th month of continuous use or before).					X	X				

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7212.3	Contractors shall deny claims for repairs that are billed with the HCPCS code K0739 for the labor associated with repairs to capped rental items during the capped rental period.		X						X		
7212.3.1	Regional Home Health Intermediaries (RHHI) shall reject for repairs that are billed with HCPCS code K0739 for the labor associated with repairs to capped rental items during the capped rental period.					X	X				
7212.4	Contractors shall use the following ANSI Reason Code, Remark Codes and Medicare Summary Notice (MSN) messages for claims denied or rejected for DME repairs during the capped rental period: 97: The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated. NOTE: refer to the 835 healthcare policy identification segment (loop 2110 service payment information ref), if present. MA 13: Alert: You may be subject to penalties if you bill the patient for amounts not reported with the PR (patient responsibility) group code. N211: Alert: You may not appeal this decision. MSN 16.35: You do not have to pay for this amount. MSN 16.35: Usted no tiene que pagar esta cantidad.		X			X	X		X		
7212.5	Contractors shall not search and adjust claims that have already been processed unless brought to their attention.		X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)						
		A/B	DME	FI	CAR	RHH	Shared-System Maintainers	OTHER

		MAC	MAC		RIER	I	FISS	MCS	VMS	CWF	
7212.6	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 scheduled bulletin.		X			X					

IV. SUPPORTING INFORMATION

Section 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:

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

V. CONTACTS

Pre-Implementation Contact(s): DME MACs: Tracey Herring at Tracey.Herring@cms.hhs.gov or (410) 786-7169 and RHHI's: Wil Gehne at Wilfried.Gehne@cms.hhs.gov or (410) 786- 6148.

Post-Implementation Contact(s): Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs),* and/or *Carriers,* use only one of the following statements:

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.