



Calendar Year 2022 Update for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

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Provider Types Affected

This MLN Matters Article is for suppliers and other providers who bill Medicare Administrative Contractors (MACs) for DMEPOS they provide to Medicare patients.

Provider Action Needed

In this Article, you'll learn about:

- The Calendar Year (CY) 2022 annual update for the DMEPOS fee schedule
- Fee schedule amounts for new and existing codes, as applicable
- Changes to DMEPOS payment policies

Make sure your billing staff knows about these changes.

Background

We update the DMEPOS fee schedules quarterly, as necessary:

- To show fee schedule amounts for new and existing codes
- To apply changes in payment policies

We pay for certain DMEPOS products and surgical dressings on a fee schedule basis based on [Sections 1834\(a\), \(h\), and \(i\)](#) of the Social Security Act (the Act) and [42 Code of Federal Regulations \(CFR\) Section 414.102](#) for Parenteral and Enteral Nutrition (PEN), splints, casts, and Intraocular Lenses (IOLs) inserted in a physician's office.

The DMEPOS and PEN fee schedule files contain HCPCS codes subject to fee schedule adjustments using information on the payment we decide for these items under the DMEPOS Competitive Bidding Program (CBP), as well as codes that aren't subject to the CBP or fee schedule adjustments.

The COVID-19 Aid, Relief, and Economic Security Act of 2020 (CARES Act)

[Section 3712 of the CARES Act](#) became law on March 27, 2020. Fees in the January 2022 fee schedule update continue to show the CARES Act requirements. Sections 3712(a) and (b) of the CARES Act, respectively, require:

- For items and services subject to the fee schedule adjustments provided in rural or non-contiguous areas, the fee schedule amounts will continue to be based on a blend of 50% of the adjusted fee schedule amount and 50% of the unadjusted fee schedule amounts through December 31, 2020, or the duration of the COVID-19 Public Health Emergency (PHE), whichever is later
- For items and services subject to the fee schedule adjustments provided in non-rural contiguous, non-Competitive Bid Areas (CBAs), the fee schedule amounts will be based on a blend of 75% of the adjusted fee schedule amounts and 25% of the unadjusted fee schedule amounts for claims with dates of service beginning March 6, 2020, and continuing until the end of the COVID-19 PHE

Since the PHE continues, the 2022 DMEPOS and PEN fee schedule files still have the rural and non-contiguous, non-CBA 50/50 blended fees and the non-rural contiguous non-CBA 75/25 blended fees.

For the 2022 fee schedule update, the following fee schedule adjustments apply in non-CBAs based on the areas in which you provide the items and services:

1. Fee Schedule Amounts for Areas within the Contiguous U.S.

The adjusted fee schedule amounts for items provided in non-competitively bid rural areas are based on a blend of 50% of the adjusted fee schedule amount and 50% of the unadjusted fee schedule amount for the item.

The adjusted fee schedule amounts for items provided in non-competitively bid, non-rural areas are based on a blend of 75% of the adjusted fee schedule amount and 25% of the unadjusted fee schedule amount for the item.

To decide the adjusted fee schedule amounts, we use the average of the Single Payment Amounts (SPAs) from CBAs located in 8 different regions of the contiguous U.S. to adjust the fee schedule amounts for the states located in each of the 8 regions. These regional SPAs (RSPAs) are also subject to these limits:

- National ceiling: 110% of the average of the RSPAs for all contiguous states plus the District of Columbia
- National floor: 90% of the average of the RSPAs for all contiguous states plus the District of Columbia

This applies to competitively bid items you provide in the contiguous U.S., or those included in more than 10 CBAs. We adjust fee schedule amounts for competitively bid items included in 10 or fewer CBAs so they're equal to 110% of the average of the SPAs for the 10 or fewer CBAs.

Also, the ZIP code associated with the address used for pricing a DMEPOS claim decides the rural fee schedule payment applicability for codes with rural and non-rural adjusted fee schedule amounts. The DMEPOS Rural ZIP code file contains the ZIP codes of rural areas. ZIP codes for non-continental Metropolitan Statistical Areas (MSAs) aren't in the DMEPOS Rural ZIP code file, which is updated quarterly, as necessary. Regulations at [42 CFR 414.202](#) define a rural area as a geographical area represented by a postal ZIP code where at least 50% of the total geographical area of the ZIP code is estimated to be outside any MSA. A rural area also includes any ZIP code within an MSA that's excluded from a CBA established for that MSA.

2. Fee Schedule Amounts for Areas Outside the Contiguous U.S.

In accordance with the CARES Act and [42 CFR 414.210\(g\)\(9\)\(iii\)](#), we base fee schedule amounts for items provided in areas outside the contiguous U.S. such as Alaska, Hawaii, and Guam, on a blend of 50% of the adjusted fee schedule amount and 50% of the unadjusted fee schedule amount updated by the covered item updates in [Sections 1834\(a\)\(14\), 1834\(h\)\(4\), and 1842\(s\)\(B\)](#) of the Act.

Areas outside the contiguous U.S. get adjusted fee schedule amounts so they're equal to the higher of the average of SPAs for CBAs in areas outside the contiguous U.S. (currently only applicable to Honolulu, Hawaii), or the national ceiling amounts described above and calculated based on SPAs for areas within the contiguous U.S.

3. Fee Schedule Amounts for Items Where Contracts Weren't Awarded in Round 2021 of the CBP in CBAs and Former CBAs

Round 2021 of the DMEPOS CBP began on January 1, 2021, and extends through December 31, 2023. On October 27, 2020, [we announced](#) that we'll only award Round 2021 CBP contracts to bidders in the off-the-shelf back and knee brace product categories. We didn't award Round 2021 CBP contracts to bidders who bid in any other product category in Round 2021 of the CBP. In 3 of the 130 CBAs, we didn't award any Round 2021. These areas (Colorado Springs, Colo., Miami-Fort Lauderdale-West Palm Beach, Fla., and Worcester, Mass.) stay as former CBAs during this round.

For items that we included in Round 2021, but didn't award any contracts, the fee schedules for these items and services provided in CBAs are based on the SPAs in effect in the CBA on the last day before the CBP contract period of performance ended (December 31, 2018). We increased these fees by the projected percentage change in the Consumer Price Index for all Urban consumers (CPI-U) for the 12-month period on the date after the contract periods ended. The fee schedule amounts increase once annually on the anniversary date of the first day after the contract period ended with the CPI-U.

For CY 2021, we increased the 2020 adjusted fee schedule amounts by the projected percentage change in the CPI-U of 0.6% for the 12-month period ending January 1, 2021. For CY 2022, we increase the 2021 adjusted fee schedule amounts by the projected percentage change in the CPI-U of 5% for the 12-month period ending January 1, 2022.

A former CBA ZIP code file contains the CBA ZIP codes used in pricing claims for items you provide in a CBA. We'll make quarterly updates as necessary. Beginning January 1, 2022, the former CBA ZIP code file will contain the CBA ZIP codes for items in the 13 product categories where we didn't award contracts in Round 2021 of the CBP.

KE Modifier

As the revised fee schedule amounts are based in part on unadjusted fee schedule amounts, the January 2022 DMEPOS fee schedule files will also continue to incorporate fee schedule amounts for certain codes billed with modifier KE for all non-CBA areas. [CR 6270](#) provides background information on the KE modifier.

In cases where accessories included in the Initial Round One CBP in 2008 were provided for use with base equipment that wasn't included in the 2008 CBP (for example, manual wheelchairs where the KU modifier doesn't apply, canes, and aspirators) suppliers should append the KE modifier to the HCPCS code for the accessory for patients residing in non-rural areas.

KU Modifier

We still base payment for certain manual and power wheelchair accessories when provided in connection with a Group 3 power wheelchair, complex rehabilitative manual wheelchairs, or manual wheelchairs described by HCPCS codes E1235, E1236, E1237, E1238, and K0008, on the unadjusted fee schedule amounts updated. You should continue to append the KU modifier when billing applicable manual and power wheelchair accessories and seat and back cushion codes.

[MM12345](#) contains more information on the wheelchair accessory codes provided in connection with the complex rehabilitative manual and certain other manual wheelchairs.

[MM12453](#) contains a list of the wheelchair accessory and seat and back cushion codes provided in connection with Group 3 power wheelchairs (HCPCS codes K0848 through K0864).

We're providing updates to the following files:

- DMEPOS fee schedule file (The DMEPOS fee schedule file contains fee schedule amounts for non-rural and rural areas.)
- DMEPOS Rural ZIP code file
- DMEPOS PEN fee schedule (The PEN fee schedule file includes state fee schedule amounts for enteral nutrition items and national fee schedule amounts for parenteral nutrition items.)
- Former CBA fee schedule file
- Former CBA National Mail-Order diabetic testing supply fee schedule
- Former CBA ZIP Code Public Use File (PUF)

These updates will also be available as [Public Use Files \(PUFs\)](#) for State Medicaid agencies,

managed care organizations (MCOs), and other interested parties.

New Codes Added

We're adding new DMEPOS codes to the HCPCS file, effective January 1, 2022. Don't bill these new codes until they're effective. The new codes are:

- A4436: Irrigation supply; sleeve, reusable, per month
- A4437: Irrigation supply; sleeve, disposable, per month

For gap-filling purposes, the deflation factors for 2021 by payment category are:

- 0.403 for Oxygen
- 0.406 for Capped Rental
- 0.407 for Prosthetics and Orthotics
- 0.516 for Surgical Dressings
- 0.561 for PEN
- 0.859 for Splints and Casts
- 0.845 for IOLs

Codes Deleted

We're deleting Code A4397 (Irrigation supply; sleeve, each) from the DMEPOS fee schedule file effective January 1, 2022.

2022 Fees Update Factor of 5.1%

For CY 2022, we apply an update factor of 5.1% to certain DMEPOS fee schedule amounts that aren't adjusted using information from CBPs.

We update certain DMEPOS fee schedule amounts by the percentage increase in the CPI-U (U.S. city average) for the 12-month period ending June 30, 2021, adjusted by the change in the economy-wide productivity equal to the 10-year moving average of changes in annual economy-wide private non-farm business multi-factor productivity (MFP). The MFP adjustment is 0.3% and the CPI-U increase is 5.4%. Thus, we reduce the 5.4% increase in the CPI-U by the 0.3% increase in the MFP. That results in a net increase of 5.1% for the update factor.

We discussed above adjusting fees using information from CBPs.

2022 Oxygen and Oxygen Equipment Fee Schedule Amounts

We no longer apply a budget neutrality offset to oxygen payment classes and items in accordance with [Section 121, Division H, Title II of the Consolidated Appropriations Act of 2021](#) (P.L. 116-260) effective April 1, 2021. Therefore, for CY 2022, we'll update the fee schedule amounts for the following oxygen codes will be updated only by the applicable adjustment methodologies in [42 CFR 414.210\(g\)](#):

- E0424
- E0431
- E0433
- E0434
- E0439
- E0441
- E0442
- E0443
- E0444
- E0447
- E1390
- E1391
- E1392
- E1405
- E1406
- K0738

Note: The CY 2022 update percentage is 5% in former CBAs.

Therapeutic Shoe Modification Codes

We annually adjust the fee schedule amounts for shoe modification codes (A5503 through A5507) to show the most current allowed service data. [Section 1833\(o\)\(2\)\(C\)](#) of the Act requires us to set payment amounts for A5503-A5507 in a way that prevents a net increase in expenditures when substituting these items for therapeutic shoe insert codes A5512, A5513, and A5514.

For 2022, we're updating the weighted average insert fees used to establish the fee schedule amounts for the shoe modification codes with the most current allowed service data for each insert code. The base fees for A5512, A5513, and A5514 will be weighted based on the approximated total allowed services for each code for items provided during CY 2020. We're revising the fee schedule amounts for shoe modification codes A5503-A5507 to show this change, effective January 1, 2022.

Diabetic Testing Supplies

The fee schedule for non-mail order Diabetic Testing Supplies (DTS) (without the KL modifier) for codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259 aren't updated by the annual covered item update. Per [Section 1834\(a\)\(1\)\(H\)](#) of the Act, the fee schedule amounts for these codes were adjusted in CY 2013 so that they're equal to the SPAs for mail-order DTS established in implementing the national mail-order CBP. CRs [8204](#) (February 22, 2013) and [8325](#) (May 17, 2013) contain initial program instructions on these fees, or you can visit the [National Mail-Order Recompete DTS SPAs website](#).

We'll update the non-mail order DTS amounts on the fee schedule each time the SPAs are updated. This can happen no less often than every time we recompute the mail-order CBP

contracts.

The National Mail-Order Recompete CBP for mail-order DTS was effective from July 1, 2016, to December 31, 2018. As of January 1, 2022, payment for non-mail order DTS will continue in accordance with [Section 1834\(a\)\(1\)\(H\)](#) of the Act. These rates will remain in effect until the new SPA rates are set under the national mail-order program.

Effective January 1, 2022, we're adjusting the mail-order DTS (with KL modifier) fee schedule amounts using the methodology for areas that were formerly CBAs during periods when there's a temporary lapse in the CBP. As of December 31, 2018, we increase the National Mail-Order Recompete DTS SPAs by the projected percentage change in the CPI-U for the 12-month period on the date after the contract periods ended. The fee schedule amounts are increased once every 12 months on the anniversary date of the first day after the contract period ended with the CPI-U.

- For CY 2021, the adjusted CY 2020 mail-order DTS fees show the increase in the CPI-U of 0.6% for the 12-month period ending January 1, 2021
- For CY 2022, we increase the 2021 adjusted fee schedule amounts by the projected percentage change in the CPI-U of 5% for the 12-month period ending January 1, 2022

We'll use the national mail-order adjusted fee schedule amounts in paying mail-order DTS claims in all parts of the U.S., including all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.

2022 Maintenance and Servicing Payment Amount for Certain Oxygen Equipment

We're updating the payment amount for maintenance and servicing for certain oxygen equipment is also updated for 2022. (Instructions for payment on these claims are in [CR 6792](#) and [CR 6990](#).) Payment for maintenance and servicing of certain oxygen equipment can occur every 6 months, beginning 6 months after the end of the 36th month of continuous use or the end of the supplier's or manufacturer's warranty, whichever is later. This applies to HCPCS codes E1390, E1391, E0433, or K0738, billed with the MS modifier. Payment can't occur more than once per patient, regardless of the combination of oxygen concentration equipment and transfilling equipment used by the patient, for any 6-month period.

Per [42 CFR 414.210\(e\)\(5\)\(iii\)](#), we base the 2010 maintenance and servicing fee for certain oxygen equipment was based on 10% of the average price of an oxygen concentrator. We adjust the 2022 maintenance and servicing fee by the 5.1% MFP-adjusted covered item update factor to yield a CY 2022 maintenance and servicing fee of \$76.90 for oxygen concentrators and transfilling equipment.

2022 Labor Payment Amounts for Repairs & Service Codes

Included in [Attachment A of CR 12521](#) are the CY 2022 allowed payment amounts for HCPCS labor payments codes K0739, L4205, and L7520. Since the percentage increase in the CPI-U for the 12-month period ending with June 30, 2021, is 5.4%, we apply this change to the 2022

labor payment amounts to update the CY 2022 rates. The 2022 labor payment amounts in Attachment A are effective for claims you send using K0739, L4205, and L7520 with dates of service from January 1, 2022, through December 31, 2022.

Specific Coding and Pricing Issues

As discussed earlier, we added the following codes to the HCPCS file, effective January 1, 2022:

- A4436 (Irrigation supply; sleeve, reusable, per month), and
- A4437 (Irrigation supply; sleeve, disposable, per month)

HCPCS code A4397 (Irrigation supply; sleeve, each) is discontinued effective December 31, 2021. Continuity of pricing regulations in [42 CFR 414.236](#) say that when there's a single code that describes 2 or more distinct complete items and separate codes are subsequently established for each item, the fee schedule amounts that applied to the single code continue to apply to each of the items described by the new codes.

The irrigation supply sleeve code A4397 is divided into separate reusable and disposable irrigation sleeve codes. The fee schedule amount for 1 month of the sleeves is equivalent to the A4397 fee schedule amount multiplied by the monthly use limit of 4. Therefore, the current monthly fee schedule amounts will continue to apply to codes A4436 and A4437 effective January 1, 2022. Medicare pays in advance for the month's supply of irrigation sleeves and suppliers must ensure that the patient has enough sleeves to last for the entire month. If the patient needs more replacement sleeves before the end of the month, the supplier must deliver the additional sleeves to the patient.

More Information

We issued [CR 12521](#) to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
December 2, 2021	Initial article released.

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