

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1516	Date: May 23, 2008
	Change Request 6022

Subject: July Quarterly Update for 2008 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: The DMEPOS fee schedules are updated on a quarterly basis in order to implement fee schedule amounts for existing codes that were calculated in error. The initial release of this RN can be found in chapter 23, section 60 of the Medicare Claims Processing internet-only manual.

New / Revised Material

Effective Date: January 1, 2008

Implementation Date: July 7, 2008

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:

SECTION A: For Fiscal Intermediaries and 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):

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:

Recurring Update Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1516	Date: May 23, 2008	Change Request: 6022
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SUBJECT: July Quarterly Update for 2008 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

Effective Date: January 1, 2008

Implementation Date: July 7, 2008

I. GENERAL INFORMATION

A. Background: The DMEPOS fee schedules are updated on a quarterly basis 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 the Medicare Claims Processing Manual (Pub. 100-04), Chapter 23, §60.

B. Policy: This recurring update notification provides specific instructions regarding the July quarterly update for the 2008 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.

HCPCS codes A5083, E0856, E2227, E2228, E2397, L3927, L7611, L7612, L7613, L7614, L7621 and L7622 were added to the HCPCS file effective January 1, 2008. The fee schedule amounts for the aforementioned HCPCS codes may be established as part of this update and are effective for claims with dates of service on or after January 1, 2008. These items were paid on a local fee schedule basis prior to implementation of the fee schedule amounts established in accordance with this update. Claims for the above codes with dates of service on or after January 1, 2008 that have already been processed will not be adjusted to reflect the newly established fees if they are resubmitted for adjustment.

The fee schedule amounts for codes L3905, L3808 and L3806 are being revised as part of this quarterly update to correct fee schedule calculation errors. The revised fee schedule amounts for codes L3905, L3808 and L3806 are being added to the fee schedule file as part of this update.

The fee schedule amounts for HCPCS code E0461 (Volume Control Ventilator, Without Pressure Support Mode, May Include Pressure Control Mode, Used with Non-Invasive Interface (E.G. Mask)) were inadvertently dropped from the January 2008 DMEPOS fee schedule file and the file was subsequently revised to add the fee schedule amounts for code E0461 (per JSM/TDL-08165).

HCPCS code K0672 (Addition to Lower Extremity Orthosis, Removable Soft Interface, All Components, Replacement Only, Each) was added to the HCPCS file effective April 1, 2008.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

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
							F I S S	M C S	V M S	C W F	
6022.1	The DME MACS shall gap-fill base fee schedule amounts for each State in their region for the following new HCPCS code: <u>Prosthetics and Orthotics (PO)</u> K0672		X								
6022.1.1	The DME MACS shall submit ASCII files containing the base fees for the above code to CMS central office by September 16, 2008 for inclusion in the January 2009 DMEPOS Fee Schedule Update.		X								
6022.1.2	Contractors shall establish local fee schedule amounts to pay claims for the code listed in 6022.1, from July 1, 2008, through December 31, 2008.		X								
6022.2	The DME MACS shall follow the instructions for submitting base fee schedule amounts located in §60, Chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04). Base fee schedule amounts submitted to CMS shall not be updated by any update factors other than the 1.7% (1989) update factor for DME, Oxygen, Prosthetics & Orthotics, and Ostomy. The 2007 deflation factors are: .525 for OX; 0.529 for CR; 0.530 for IN, FS, OS, SU and PO; 0.673 for SD; and 0.732 for PE.		X								
6022.3	The DME MACS and local carriers shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T080101.V0506) as soon as possible. The file is available for download on or after May 6, 2008.	X	X		X						
6022.3.1	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., carrier name and number).	X	X		X						
6022.4	The FIs and RHHIs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T0801.V0514.FI) as soon as possible. The file is available for download on or after May 14, 2008.	X		X		X					
6022.4.1	Notification of successful receipt shall be sent via e-mail to price_file_receipt@cms.hhs.gov stating the name of	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 I	Shared-System Maintainers				OTH ER
		M A C	M A C				F I S S	M C S	V M S	C W F	
	the file received and the entity for which they were received (e.g., FI name and number).										
6022.5	Contractors shall use the 2008 DMEPOS fee schedule amounts from the DMEPOS fee schedule file to pay claims with dates of service on or after January 1, 2008.	X	X	X	X	X					
6022.6	Contractors shall adjust previously processed claims for codes L3905, L3808 and L3806 with dates of service on or after January 1, 2008 if they are resubmitted for adjustments.	X	X	X							

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				F I S S	M C S	V M S	C W F	
6022.7	<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 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. 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	X					

IV. SUPPORTING INFORMATION

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:
6022.1.1	Gap-filled base fees should be submitted using the record format described in section 60.1 of chapter 23 of the Medicare Claims Processing Manual. Base fee schedule amounts submitted to CMS shall not be updated by any update factors other than the 1.7% (1989) update factor for DME and prosthetics and orthotics.
6022.1.1	Instructions for gap-filling DMEPOS fees are located in section 60.3 of chapter 23 of the Medicare Claims Processing Manual.

B. For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Karen Jacobs, 410-786-2173

Post-Implementation Contact(s): Karen Jacobs, 410-786-2173

VI. FUNDING

A. For *Fiscal Intermediaries and 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.

B. For *Medicare Administrative Contractors (MACs)*, use the following statement:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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.