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July Quarterly Update for 2019 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

MLN Matters Number: MM11334 Revised
Related Change Request (CR) Number: 11334
Related CR Release Date: June 28, 2019
Effective Date: July 1, 2019
Related CR Transmittal Number: R4328CP
Implementation Date: July 1, 2019

Note: We revised this article on July 2, 2019, to reflect the revised CR11334 issued on June 28. CMS revised the CR to include a correction to the fee schedule amounts for HCPCS codes E1353 and E1355. The article includes this correction information on page 4. Also, we revised the CR release date, transmittal number, and the web address of CR11334. All other information remains the same.

PROVIDER TYPE AFFECTED

This MLN Matters Article is for providers and suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) items or services that Medicare pays for under the DMEPOS fee schedule.

PROVIDER ACTION NEEDED

CR11334 informs DME MACs about the changes to the DMEPOS fee schedule which Medicare updates on a quarterly basis, when necessary, to implement fee schedule amounts for new codes and correct any fee schedule amounts for existing codes. Make sure that your billing staffs are aware of these changes.

BACKGROUND

Sections 1834(a), (h), and (i) of the Social Security Act (the Act) requires payment on a fee schedule basis for DMEPOS and surgical dressings by. Also, payment on a fee schedule basis is a regulatory requirement at 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 that are subject to the adjusted fee schedule amounts under section 1834(a)(1)(F) of the Act as well as codes that are not subject to the fee schedule Competitive Bidding Program (CBP) adjustments.

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KEY POINTS for CR11334

Fee Schedule Adjustment Methodologies

Section1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for certain items furnished on or after January 1, 2016, in areas that are not competitive bid areas, based on information from CBPs for DME. Section 1842(s)(3)(B) of the Act provides authority for making adjustments to the fee schedule amounts for enteral nutrients, equipment, and supplies (enteral nutrition) based on information from CBPs.

The methodologies for adjusting DMEPOS fee schedule amounts under this authority are at 42 CFR Section 414.210(g). Additional information on adjustments to the fee schedule amounts based on information from CBPs is available in:

1. Transmittal 3551, Change Request (CR) 9642, June 23, 2016: See related article at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/mm9642.pdf.

2. Transmittal 3416, CR 9431, November 23, 2015: See related article at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/mm9431.pdf.

3. Transmittal 4209, CR 11064, January 18, 2019: See related article at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/mm11064.pdf. Also, CR11064 provides information on the adjusted fee payment basis for items and services furnished from January 1, 2019, through December 31, 2020, in the following three areas:

    - Rural and noncontiguous non-CBAs
    - Non-rural and contiguous non-CBAs and in
    - Former CBAs during a temporary gap in the DMEPOS CBP

Because of a delay in announcement of the next round of the CBP, contracts will not be in effect in Round 1, Round 2, or the National Mail Order Competitive Bidding Areas (CBAs) beginning January 1, 2019, resulting in a temporary gap period in the CBP. Additional program instructions for payment of items furnished in former CBAs is available in Transmittal 4275, CR 11233, April 5, 2019. See the related article at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM11233.pdf.

Fee Schedule and ZIP Code Files

CR11334 gives instructions for the July 2019 DMEPOS Rural ZIP code file containing the Quarter 3 2019 Rural ZIP code changes. Also included in the update is the Former CBA ZIP code file containing the Quarter 3 2019 Round 1 2017 and Round 2 Re-compete CBA ZIP codes.

The ZIP code associated with the address used for pricing a DMEPOS claim determines the payment applicability for the rural fee for codes with rural and non-rural adjusted fee schedule amounts. The DMEPOS Rural ZIP code file contains the ZIP codes designated as rural areas. ZIP codes for non-continental MSA are not included in the DMEPOS Rural ZIP code file. The update for the DMEPOS Rural ZIP code file occurs quarterly, or as the Centers for Medicare & Medicaid Services (CMS) deems necessary. Regulations at 42 CFR 414.202 define a rural area to be a geographical area represented by a postal ZIP code where at least 50 percent of the estimated total geographical area of the ZIP code is outside any Metropolitan Statistical Area (MSA). A rural area also includes any ZIP Code within an MSA excluded from a CBA established for that MSA.

The ZIP code associated with the permanent address of the beneficiary determines applicability of the adjusted fee schedule amounts in former CBAs. During a gap in the CBP, a former CBA ZIP code file will contain the ZIP codes for Round 1 2017 and Round 2 Re-compete CBAs and CMS updates these on a quarterly basis as necessary.

The following DMEPOS fee schedule and ZIP code Public Use Files (PUFs) are available for State Medicaid Agencies, managed care organizations, and other interested parties shortly after the release of the data files at www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.html:

1. DMEPOS Fee schedule PUF
2. DME PEN Fee schedule PUF
3. DME Rural code PUF
4. Former CBA Fee schedule PUF
5. Former CBA National Mail Order Diabetic Testing Supply (DTS) Fee schedule PUF
6. Former CBA ZIP code PUF

SPECIFIC CODING and PRICING ISSUES

Therapeutic Continuous Glucose Monitors (CGMs)

Beginning in 2018, therapeutic CGMs, classified by the Food and Drug Administration (FDA) as a Class II device, became available for patient use. Previously, therapeutic CGMs were Class III devices. For items classified under the DME benefit, the annual covered item update described in Section 1834(a) (14) of the Act provides for different fee schedule updates for FDA Class II and Class III devices. The current fees for codes K0553 and K0554 are for Class III therapeutic CGMs.

As part of the July fee schedule update, the fee schedule amounts for code K0553 (Supply allowance for therapeutic Continuous Glucose Monitor (CGM), includes all supplies and accessories, 1 month supply = 1 unit of service) and code K0554 (Receiver (monitor), dedicated, for use with therapeutic glucose continuous monitor system) require changes to implement the different covered item update amounts mandated by Section 1834(a)(14) of the Act for class III DME versus other items of DME. These changes are:

1. HCPCS modifier KF is required when billing claims for Class III DME. Therefore, effective for claims with dates of service on or after January 1, 2019, that are processed on or after July 1, 2019, suppliers should include modifier KF on claims for therapeutic CGMs (code K0554) that are Class III devices as well as claims for supplies (code K0553) used with the Class III devices. Fee schedule amounts for codes K0553 and K0554 with the KF modifier added to the fee schedule, pays claims for Class III therapeutic CGMs and related supplies only, based on the mandated covered item update factors for Class III DME items.
2. Second, effective for claims with dates of service on or after January 1, 2019, that are processed on or after July 1, 2019, for therapeutic CGMs (code K0554), such as the Dexcom Mobile G6 device, and related supplies (K0553) that are not Class III devices, should be submitted **without** the KF modifier. Fee schedule amounts for codes K0553 and K0554 without the KF modifier are available to pay claims for therapeutic CGMs that are not Class III devices and related supplies, based on the mandated covered item update factors for DME other than Class III items. The calculation of the fee schedule amounts for code K0553 without the KF modifier does not include an allowance for calibration supplies and equipment because therapeutic CGMs that are not Class III items no longer require calibration.

Beginning July 1, 2019, suppliers should bill with the KF modifier when billing for Class III therapeutic CGM receivers under code K0554 and supplies for Class III therapeutic CGM receivers under code K0553 for dates of service on or after January 1, 2019. Suppliers should bill without the KF modifier when billing for therapeutic CGM receivers that are not Class III items under code K0554 and supplies for therapeutic CGM receivers that are not Class III items under code K0553 for dates of service on or after January 1, 2019.

As part of the July update, CMS is correcting the fee schedule amounts for HCPCS codes E1353 and E1355, effective January 1, 2019. The fee schedule amounts for these codes on the April and January 2019 fee schedule files inadvertently omitted the 2009 covered item -9.5% change required by Section 1834(a)(14)(J) of the Act.

ADDITIONAL INFORMATION

The official instruction, CR11334, issued to your MAC regarding this change is available at https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R4328CP.pdf.

If you have questions, your MACs may have more information. Find their website at http://go.cms.gov/MAC-website-list.

DOCUMENT HISTORY

Date of Change	Description
July 2, 2019	We revised this article to reflect the revised CR11334 issued on June 28. CMS revised the CR to include a correction to the fee schedule amounts for HCPCS codes E1353 and E1355. The article includes this correction information on page 4. Also, we revised the CR release date, transmittal number, and the web address of CR11334. All other information remains the same.
June 25, 2019	Initial article released.