



April Quarterly Update for 2020 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

MLN Matters Number: MM11702

Related Change Request (CR) Number: 11702

Related CR Release Date: March 20, 2020

Effective Date: April 1, 2020

Related CR Transmittal Number: R10004CP

Implementation Date: April 6, 2020

PROVIDER TYPES 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 reimburses under the DMEPOS fee schedule.

PROVIDER ACTION NEEDED

CR 11702 informs DME MACs about the changes to the DMEPOS fee schedule that Medicare updates on a quarterly basis when necessary to implement fee schedule amounts for new codes. In addition, the update corrects any fee schedule amounts for existing codes and updates to the DMEPOS Rural ZIP code file. The update process for the DMEPOS fee schedule is available in the Medicare Claims Processing Manual, Chapter 23, Section 60 at: <https://www.cms.gov/files/document/chapter-23-fee-schedule-administration-and-coding-requirements.pdf>. Make sure your billing staff is aware of this update.

BACKGROUND

CR 11702 provides instructions for the April 2020 DMEPOS Rural ZIP code file containing the Quarter 2, 2020 Rural ZIP code changes. Also included in the update is the former Competitive Bidding Area (CBA) ZIP code file containing the Quarter 2, 2020 Round 1 2017 and Round 2 Re-compete CBA ZIP codes. An April update to the 2020 DMEPOS and PEN fee schedule files is not required.

The following DMEPOS fee schedule and ZIP code Public Use Files (PUFs) will be 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 Zip code PUF
4. Former CBA Fee schedule PUF
5. Former CBA National Mail Order Diabetic Testing Supply (DTS) Fee schedule PUF
6. Former CBAZIP code PUF

Payment on a fee schedule basis is required for DME, prosthetic devices, orthotics, prosthetics and surgical dressings by Section 1834(a), (h), and (i) of the Social Security Act (the Act). Additionally, 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 Healthcare Common Procedure Coding System (HCPCS) codes that are subject to the adjusted fee schedule amounts under 1834(a)(1)(F) of the Act, as well as codes that are not subject to the fee schedule Competitive Bidding Program (CBP) adjustments.

Section 1834(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 (CBAs), based on information from CBPs for DME. Section 1842(s)(3)(B) of the Act provides authority for making adjustments to the fee schedule amount for enteral nutrients, equipment and supplies (enteral nutrition) based on information from CBPs.

The established 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 Transmittal 4487, CR 11570, January 3, 2020 at: <https://www.cms.gov/files/document/mm11570.pdf>. Also, CR 11570 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.

Due to a delay in announcement of the next round of the CBP, contracts are not in effect in Round 1, Round 2, or the National Mail Order 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 at: <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM11233.pdf>

The ZIP code associated with the address used for pricing a DMEPOS claim determines 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 designated as rural areas. ZIP codes for non-continental Metropolitan Statistical Areas (MSA) are not included in the DMEPOS Rural ZIP code file. The DMEPOS Rural ZIP code file updates on a quarterly basis as necessary. Regulations in Section 414.202 define a rural area to be a geographical area represented by a postal ZIP code where at least 50 percent of the total geographical area of the ZIP code estimated to be outside any MSA. A rural area also includes any ZIP Code within an

MSA excluded from a competitive bidding area established for that MSA. During a gap in the CBP, a former CBA ZIP code file will contain the ZIP codes and a quarterly update as necessary.

ADDITIONAL INFORMATION

The official instruction, CR 11702, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/10004cp.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
March 20, 2020	Initial article released.

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