mln MATTERS®
KNOWLEDGE • RESOURCES • TRAINING

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

MLN Matters Number: MM11956 Revised
Related Change Request (CR) Number: 11956
Related CR Release Date: October 27, 2020
Effective Date: October 1, 2020
Related CR Transmittal Number: R10410CP
Implementation Date: October 5, 2020

Note: We revised this article to reflect the revised CR11956, issued on October 27, 2020. The CR revision clarified the claims processing jurisdiction for code K1009 and we made that clarification in this article. Also, we revised the CR release date, the transmittal number, and the web address of the CR. All other information remains the same.

PROVIDER TYPES AFFECTED

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

PROVIDER ACTION NEEDED

CR 11956 informs DME MACs about the changes to the DMEPOS fee schedules that Medicare updates quarterly, when necessary, to implement fee schedule amounts for new and existing codes, as applicable, and apply changes in payment policies. Make sure your billing staffs are aware of these changes.

BACKGROUND

The Centers for Medicare & Medicaid Services (CMS) updates the DMEPOS fee schedule as required by Sections 1834(a), (h), and (i) of the Social Security Act (the Act). 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.

Fee Schedule Adjustment Methods

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 methods for adjusting DMEPOS fee schedule amounts under this authority are established 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. Also, with the exception of the changes made by Section 3712 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), 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
- 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 CR 11233, dated April 5, 2019. Related information is available at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid/index.

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 (MSAs) are not included in the DMEPOS Rural ZIP code file. The DMEPOS Rural ZIP code file is updated on a quarterly basis as necessary. Regulations at 42 CFR 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 is estimated to be outside any MSA. A rural area also includes any ZIP Code within an MSA that is excluded from a CBA established for that MSA. During a gap in the CBP, a former CBA ZIP code file will contain the ZIP codes and will be updated on a quarterly basis as necessary.

CR 11956 provides update instructions for the following:

1. DMEPOS fee schedule file
2. PEN fee schedule file
3. DMEPOS Rural ZIP code file containing the Quarter 4, 2020 updates

There are no updates to the DMEPOS, PEN, or Former CBA fee schedule files for October.

These files will also be available as Public Use Files (PUFs) for State Medicaid Agencies, managed care organizations, and other interested parties shortly after the release of the data

files on the CMS website at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.

Section 3712 of the CARES Act

Section 3712 of the CARES Act, signed into law on March 27, 2020, requires the following:

a. For items and services subject to the fee schedule adjustments furnished in rural or non-contiguous areas, the fee schedule amounts will continue to be based on a blend of 50 percent of the adjusted fee schedule amounts and 50 percent of the unadjusted fee schedule amounts (that is, no change from the current fee schedule amounts) through December 31, 2020, or the duration of the COVID-19 public health emergency, whichever is later.

b. For items and services subject to the fee schedule adjustments furnished in non-rural contiguous non-CBAs, the fee schedule amounts will be based on a blend of 75 percent of the adjusted fee schedule amounts and 25 percent of the unadjusted fee schedule amounts (that is, an increase in the fee schedule amounts) for claims with dates of service beginning March 6, 2020, and continuing until the end of the COVID-19 public health emergency.

Since the public health emergency has not ceased, the October 2020 DMEPOS and PEN fee files continue to include the non-rural contiguous non-CBA 75/25 blended fees required by Section 3712(b) of the CARES Act.

Additional information on Section 3712 of the CARES Act is available in CR 11784.

As the revised fee schedule amounts are based in part on unadjusted fee schedule amounts, the DMEPOS fee schedule files will also temporarily incorporate fee schedule amounts for certain codes billed in conjunction with modifier KE for all areas (rural and non-rural).

Background information on the KE modifier is in CR 6270. In cases where accessories included in the Initial Round One CBP in 2008 are furnished for use with base equipment that was not included in the 2008 CBP (for example, manual wheelchairs where the KU modifier does not apply, canes, and aspirators), suppliers should append the KE modifier to the HCPCS code for the accessory.

New Codes Added

Based on a recommendation by the Pricing, Data Analysis, and Coding Contractor (PDAC) to CMS, a review of HCPCS codes for intraurethral drainage devices was performed and the following 3 new codes are added to the October 2020 HCPCS file to improve claims processing identification of replacement items for intraurethral drainage devices. Do not use the new codes for billing purposes until they are effective on October 1, 2020. The new codes are:

- K1010 Indwelling intraurethral drainage device with valve, patient inserted, replacement only, each
- K1011 Activation device for intraurethral drainage device with valve, replacement only, each
- K1012 Charger and base station for intraurethral activation device, replacement only

As part of this update, no fee schedules are added to the DMEPOS fee schedule file for new HCPCS codes effective October 1, 2020. Until national Medicare coverage and payment guidelines have been established for these codes, the Medicare coverage and payment determinations for these items may be made based on the discretion of the MACs processing claims for these items. The DME MACs and A/B MACs Part B shall establish local fee schedule amounts to pay claims for the new codes when applicable, and pay in accordance with the payment rules associated with each payment determination (for example, an item determined to be an expensive item of DME that is reasonable and necessary and not otherwise excluded from coverage by statute, regulations, a National coverage Determination (NCD) or program instructions, must be paid on a capped rental basis in accordance with regulations at CFR 414.229). Program instructions on DMEPOS gap-fill pricing are available in the Medicare Claims Processing Manual, Chapter 23, Sections 60.3 and 60.3.1.

Also, the HCPCS codes listed below are being added to the HCPCS effective October 1, 2020:

- K1006
- K1007
- K1009
- V2524

The claims processing jurisdiction for HCPCS code K1009 is DME MAC when the supplier considers the item DMEPOS and A/B MAC Part B when furnished incident to the professional service of a physician.

Codes Deleted

There are no HCPCS codes deleted from the DMEPOS fee schedule files as part of the October update.

ADDITIONAL INFORMATION

The official instruction for CR 11956, issued to your MAC regarding this change is available at: https://www.cms.gov/files/document/r10410CP.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
April 12, 2021	We replaced an article links with links to the related CRs.
October 28, 2020	We revised this article to reflect the revised CR11956, issued on October 27, 2020. The CR revision clarified the claims processing jurisdiction for code K1009 and we made that clarification in this article. Also, we revised the CR release date, the transmittal number, and the web address of the CR. All other information remains the same.
August 28, 2020	Initial article released.