



April Quarterly Update for 2021 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

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PROVIDER TYPES AFFECTED

This MLN Matters Article is for providers and suppliers submitting claims to Medicare Administrative Contractors (MACs) for DMEPOS items or services Medicare pays for using the DMEPOS fee schedule for Medicare patients.

PROVIDER ACTION NEEDED

This article tells you about the changes to the DMEPOS fee schedules that Medicare updates on a quarterly basis, 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

CMS updates the DMEPOS fee schedule as required by statute and regulations. Medicare must pay for certain DMEPOS and surgical dressings under [Sections 1834\(a\), \(h\), and \(i\)](#) of the Social Security Act (the Act) on a fee schedule basis. 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 fee schedule adjustments using information on the payment determined 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.

Section 1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for DME items included in the CBP for payment of the items in areas that are not Competitive Bidding Areas (CBAs). [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 the CBP. The methodologies for adjusting DMEPOS fee schedule amounts under this authority are established at [42 CFR Section 414.210\(g\)](#).

KEY POINTS

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2020

Section 3712 of the CARES Act was signed into law on March 27, 2020. Additional information on Section 3712 of the CARES Act is available in the MLN Matters article [MM11784](#), related to CR 11784, dated May 8, 2020.

Sections 3712(a) and (b) of the CARES Act, respectively, require 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% of the adjusted fee schedule amounts and 50% of the unadjusted fee schedule amounts (i.e., 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% of the adjusted fee schedule amounts and 25% of the unadjusted fee schedule amounts (i.e., 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.

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 is updated 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% 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 competitive bidding area established for that MSA. A former CBA ZIP code file contains the competitive bidding area ZIP codes used in pricing a claim for an item furnished in a CBA and will be updated on a quarterly basis as necessary.

Additional information on the 2021 DMEPOS fee schedules is available in MLN article [MM12063](#), related to CR 12063.

CR 12193 provides updates for the following:

1. DMEPOS fee schedule file
2. Parenteral and Enteral Nutrition (PEN) file
3. Former CBA fee schedule and ZIP code file
4. DMEPOS Rural ZIP code file containing the Quarter 2, 2021 updates

These files will 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 at

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule>

Consolidated Appropriations Act of 2021 Changes to the Oxygen and Oxygen Equipment Fee Schedule Amounts

The Consolidated Appropriations Act of 2021 ([Public Law 116-260](#)) became law on December 27, 2020. Effective April 1, 2021, Section 121 of Division H of Title II of this Act eliminates the budget neutrality requirement set forth in Section 1834(a)(9)(D)(ii) of the Act for separate classes and national limited monthly payment rates established for any item of oxygen and oxygen equipment using the authority in Section 1834(a)(9)(D)(i) of the Act.

Effective for claims with dates of service on or after April 1, 2021, we are adjusting the fee schedule amounts for **HCPCS codes E0424, E0431, E0433, E0434, E0439, E0441, E0442, E0443, E0444, E0447, E1390, E1391, E1392, E1405, E1406, and K0738** to remove a percentage reduction necessary to meet the budget neutrality requirement previously that Section 1834(a)(9)(D)(ii) of the Act required.

New Codes Added

We added the new DMEPOS HCPCS codes K1013, K1014, K1015, K1016, K1017, K1018, K1019, and K10120. The codes are effective April 1, 2021. Don't use the new codes for billing purposes until they are effective on April 1, 2021.

Codes deleted from the HCPCS file, effective April 1, 2021, are:

- K1010
- K1011
- K1012

As part of this update, we aren't adding any fee schedules to the DMEPOS fee schedule file for new HCPCS codes effective April 1, 2021. Until national Medicare coverage and payment guidelines are established for these codes, the Medicare coverage and payment determinations for these items are based on the discretion of the DME MACs processing claims for these items. The DME MACs and A/B MACs will 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, an NCD or program instructions, must be paid on a capped rental basis in accordance with regulations at [42 CFR 414.229](#)). Program instructions on DMEPOS gap-fill pricing are available in the Medicare Claims Processing Manual, [Chapter 23](#), Section 60.3 and 60.3.1.

2021 DMEPOS Fee Schedule Amounts

On December 11, 2020, we released the 2021 DMEPOS fee schedule amounts. The DMEPOS and PEN public use files contain fee schedules for certain items that we adjusted based on

information from the Medicare DMEPOS CBP in accordance with Section 1834(a)(1)(F) and 1842(s)(3)(B) of the Act. Corrections were required for the fee schedule amounts for some of these items and CMS released revised January 2021 DMEPOS and PEN public use fee schedule files on March 1, 2021.

The DME MACs will adjust claims impacted by this correction with dates of service on or after January 1, 2021, if you bring such claims to their attention.

The April 2021 update to the DMEPOS fee schedule includes a revision to the fee schedule amounts for HCPCS code A4563, effective January 1, 2021.

ADDITIONAL INFORMATION

The official instruction, CR 12193, issued to your MAC regarding this change, is available at <https://www.cms.gov/files/document/r10681cp.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 12, 2021	Initial article released.

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