

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 10410	Date: October 27, 2020
	Change Request 11956

Transmittal 10334, dated August 28, 2020 is being rescinded and replaced by Transmittal 10410, dated, October 27, 2020 to correct Business Requirement (BR) 11956.3, to clarify the claims processing jurisdiction for code K1009 and to specify the appropriate MAC after each Common Working File (CWF) category code. All other information remains the same.

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

I. SUMMARY OF CHANGES: The DMEPOS fee schedules are updated on a quarterly basis, when necessary, in order to implement fee schedule amounts for new and existing codes, as applicable, and apply changes in payment policies. The update process for the DMEPOS fee schedule is located in publication 100-04, Medicare Claims Processing Manual, chapter 23, section 60.

EFFECTIVE DATE: October 1, 2020

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

IMPLEMENTATION DATE: October 5, 2020

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	N/A

III. FUNDING:

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

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 10410	Date: October 27, 2020	Change Request: 11956
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SUBJECT: October Quarterly Update for 2020 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

EFFECTIVE DATE: October 1, 2020

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IMPLEMENTATION DATE: October 5, 2020

I. GENERAL INFORMATION

A. Background: The DMEPOS fee schedules are updated on a quarterly basis, when necessary, in order to implement fee schedule amounts for new and existing codes, as applicable, and apply changes in payment policies. The update process for the DMEPOS fee schedule is located in publication 100-04, Medicare Claims Processing Manual, chapter 23, section 60.

Payment on a fee schedule basis is required for Durable Medical Equipment (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) §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, based on information from Competitive Bidding Programs (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 methodologies for adjusting DMEPOS fee schedule amounts under this authority are established at 42 CFR §414.210(g). Additional information on adjustments to the fee schedule amounts based on information from CBPs is available in Transmittal 4487, Change Request (CR) 11570, dated January 3, 2020. Also, with the exception of the changes made by section 3712 of the 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 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 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, dated April 5, 2019 and on the CMS website 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 (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 at §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 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 will be updated on a quarterly basis as necessary.

B. Policy: This recurring update notification provides update instructions for the following:

1. DMEPOS fee schedule file
2. Parenteral and Enteral Nutrition (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 Coronavirus Aid, Relief, and Economic Security Act (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 (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 percent of the adjusted fee schedule amounts and 25 percent 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.

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 Transmittal 10016, Change Request 11784, dated May 8, 2020.

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 (i.e., rural and non-rural). Background information on the KE modifier was

issued in Transmittal 1630, CR 6270, dated November 7, 2008. In cases where accessories included in the Initial Round One Competitive Bidding Program (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.

- 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

New DMEPOS codes added to the HCPCS file, effective October 1, 2020 are listed in Business Requirement (BR) 3 of this instruction. The new codes are not to be used for billing purposes until they are effective on October 1, 2020.

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 Medicare contractors 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 (e.g., 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 CFR 414.229). Program instructions on DMEPOS gap-fill pricing are available in publication 100-04, Medicare Claims Processing Manual, chapter 23, section 60.3 and 60.3.1.

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 effective October 1, 2020.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
11956.1	The DME Medicare Administrative Contractors (DME MACs), A/B MACs Part B, A/B MACs Part A, A/B MACs Part Home Health and Hospice (HHH) and/or	X	X	X	X					VDC

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	the Virtual Data Centers (VDCs) shall retrieve the CY 2020 Rural ZIP code file (filename: MU00.@DMECBIC.RURZIP.C20Q04.V0910) on or after September 10, 2020.									
11956.1.1	Contractors shall notify CMS of successful receipt via email to price_file_receipt@cms.hhs.gov stating the name of the file received (e.g., DMEPOS) and the entity receiving the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part B, or both).	X	X	X	X					VDC
11956.2	Contractors shall use the Rural Zip code file in requirement 1 to pay claims for items with dates of service from October 1, 2020 through December 31, 2020. An October update to the 2020 DMEPOS and PEN fee schedule files is not required. There are no changes for quarter 4 October 2020 for the DMEPOS and PEN fee schedule files.	X	X	X	X					VDC
11956.3	<p>The HCPCS codes listed below are being added to the HCPCS effective October 1, 2020 and shall be added to the Common Working File (CWF) categories (category codes in parentheses) and systems where necessary as follows:</p> <p>1. K1006 (60) DME MACs only</p> <p>2. K1007 (60) DME MACs only</p> <p>3. K1009 (60, 67) Joint</p> <p>4. K1010 (60) DME MACs only</p> <p>5. K1011 (60) DME MACs only</p> <p>6. K1012 (60) DME MACs only</p> <p>7. V2524 (60) DME MACs only</p>		X		X				X	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H	M A C	
11956.4	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the “MLN Matters” listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.	X	X	X	X	

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Karen Jacobs, Karen.Jacobs@cms.hhs.gov , Anita Greenberg, Anita.Greenberg@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 0