



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

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Related Change Request (CR) Number: 12345

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Provider Types Affected

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

Provider Action Needed

This Article tells you about the changes to the DMEPOS fee schedules that Medicare updates on a quarterly basis, when necessary. Make sure your billing staff is aware of these changes.

Background

CMS updates the DMEPOS fee schedule as needed 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.

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

Key Points of CR 12345

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

[Sections 3712\(a\) and \(b\) of the CARES Act](#) require the following:

1. For items and services subject to the fee schedule adjustments provided in rural or non-contiguous areas, we continue to base the fee schedule amounts on a blend of 50% of the adjusted fee schedule amounts and 50% of the unadjusted fee schedule amounts (that is, no change from the up-to-date fee schedule amounts) through December 31, 2020, or the duration of the COVID-19 public health emergency (PHE), whichever is later.
2. For items and services subject to the fee schedule adjustments you provide in non-rural contiguous non-CBAs, we will base the fee schedule amounts on a blend of 75% of the adjusted fee schedule amounts and 25% 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 PHE.

The ZIP code associated with the address we use for pricing a DMEPOS claim determines the rural fee schedule payment for codes with rural and non-rural adjusted fee schedule amounts. The DMEPOS Rural ZIP code file has the ZIP codes for rural areas.

We don't include ZIP codes for non-contiguous Metropolitan Statistical Areas (MSAs) in the DMEPOS Rural ZIP code file. We update the DMEPOS Rural ZIP code file on a quarterly basis as necessary. Regulations in [Section 414.202](#) define a rural area to be a geographical area with 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 CBA shown for that MSA. A former CBA ZIP code file has the CBA ZIP codes we use in pricing a claim for an item you provide in a CBA. We update that file quarterly as necessary.

For July 1, 2021, there are no updates to the following:

1. PEN fee schedule file
2. DMEPOS Rural ZIP code file for Quarter 3, 2021
3. Former CBA fee schedule file
4. Former CBA National Mail Order diabetic testing supply fee schedule
5. Former CBA ZIP code file

These files and the update to the DMEPOS fee schedule file will be available as [Public Use Files \(PUFs\)](#) for State Medicaid Agencies, managed care organizations, and other interested parties.

Wheelchair Accessories and Seat and Back Cushions used with Complex Rehabilitative Manual Wheelchairs and Certain Manual Wheelchairs under [Section 106\(b\) of the Further Consolidated Appropriations Act \(FCAA\), 2020](#)

During January 1, 2020, through June 30, 2021, [Section 106\(b\) of the FCAA](#) exempts wheelchair accessories and seat and back cushions you provide for complex rehabilitative manual wheelchairs (HCPCS codes K0005, E1161, E1231, E1232, E1233 and E1234) and other manual wheelchairs (as of October 1, 2018, HCPCS codes E1235, E1236, E1237, E1238, and K0008 or any successor to these codes) from application of adjusted fee schedule

amounts.

We didn't adjust the fee schedule amounts associated with the KU modifier using information from the CBP for dates of service January 1, 2020, through June 30, 2021. This affects the HCPCS codes in [Attachment A of CR 12345](#). The KU modifier on the DMEPOS fee schedule file identifies the unadjusted fee schedule amounts associated with [Section 106\(b\) of the FCAA](#).

Effective for dates of service on or after July 1, 2021, we continue the KU modifier fee schedule amounts for wheelchair accessories (including seating systems) and seat and back cushions you provide for wheelchair codes E1161, E1231, E1232, E1233, E1234, E1235, E1236, E1237, E1238, K0005 and K0008. We continue to pay for these items when you provide them for a complex rehabilitative or certain manual wheelchairs and bill them with the KU modifier. We pay for them using the unadjusted fee schedule amount we updated in accordance with [Section 1834\(a\)\(14\) of the Act](#). Continue to add the KU modifier when billing the manual wheelchair accessories and seat and back cushion codes listed in [Attachment A of CR 12345](#) when you provide them in connection with manual wheelchairs codes E1161, E1231, E1232, E1233, E1234, E1235, E1236, E1237, E1238, K0005, and K0008.

More Information

We issued [CR 12345](#) to your MAC as the official instruction for this change.

For more information, contact your [MAC](#).

Document History

Date of Change	Description
July 2, 2021	Initial article released.

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