

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 10168</b>	<b>Date: June 5, 2020</b>
	<b>Change Request 11810</b>

**SUBJECT: July 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: July 1, 2020**

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

**IMPLEMENTATION DATE: July 6, 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.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
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: 10168	Date: June 5, 2020	Change Request: 11810
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**EFFECTIVE DATE: July 1, 2020**

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

**IMPLEMENTATION DATE: July 6, 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.

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 3, 2020 updates

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>

### **Interim Final Rule With Comment Period (CMS-5531-IFC)**

The interim final rule with comment period (CMS-5531-IFC) entitled The Medicare and Medicaid Programs, Basic Health Program and Exchanges; Additional Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency and Delay of Certain Reporting Requirements for the Skilled Nursing Facility Quality Reporting Program was published in the **Federal Register** on Friday, May 8, 2020. The IFC implements section 3712 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was signed into law on March 27, 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 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.

DMEPOS and PEN fee schedule files containing the revised non-rural 75/25 blended fees were transmitted in late April to the DME MACs for implementation.

Since the public health emergency has not ceased, the July 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. 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), for beneficiaries residing in non-rural areas, suppliers should append the KE modifier to the

HCPCS code for the accessory.

## Further Consolidated Appropriations Act, 2020

The Further Consolidated Appropriations Act, 2020 (Pub. L. 116-94) was signed into law on December 20, 2019. Section 106 of the Act mandates that, during the period beginning on January 1, 2020 and ending June 30, 2021, the adjustments to the Medicare fee schedule amounts for certain durable medical equipment (DME) based on information from competitive bidding programs not be applied to wheelchair accessories (including seating systems) and seat and back cushions furnished in connection with complex rehabilitative manual wheelchairs (HCPCS codes E1161, E1231, E1232, E1233, E1234 and K0005) and certain manual wheelchairs currently described by HCPCS codes E1235, E1236, E1237, E1238, and K0008. As a result, KU modifier fees for wheelchair accessory and seat and back cushion HCPCS codes impacted by this change have been added to the DMEPOS fee schedule file as part of this update and are effective for dates of service through June 30, 2021. The fees for items denoted with the HCPCS modifier KU represent the unadjusted fee schedule amounts (i.e., the CY 2015 fee schedule amount updated to the present calendar year by the DMEPOS covered item updates). Additional instructions, as well as the applicable complex rehabilitative and certain manual wheelchair accessory codes associated with this provision are listed in Transmittal 10019, Change Request 11635, dated May 7, 2020.

## Other Payment Changes

Effective January 1, 2020, the parenteral nutrition solution code B4185 *Parenteral nutrition solution, per 10 grams lipids* was divided into two HCPCS codes B4187 *Omegaven, 10 grams lipids* and B4185 *Parenteral nutrition solution, not otherwise specified, 10 grams lipids*. Prior to this change, all claims for lipids furnished as part of parenteral nutrition fell under code B4185. Payment regulations at 42 CFR §414.110 specify that when there is a single code that describes two or more distinct complete items and separate codes are subsequently established for each item, the fee schedule amounts that applied to the single code continue to apply to each of the items described by the new codes. As required by this regulation, the fee schedule amounts for code B4185 apply to new code B4187 and revised code B4185 effective for items and services furnished on or after July 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	
11810.1	The DME MACs, A/B MACs Part B and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T180101.V0612). The file is available for download on or after June 12, 2020.		X		X					VDC
11810.1.1	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 that received the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part		X		X					VDC

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FIS	MC	VMS	CWF	
11810.2	The A/B MACs Part A, A/B MACs Part HHH and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T180101.V0612.FI). The file is available for download on or after June 12, 2020.	X		X						VDC
11810.2.1	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 that received the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part B, or both).	X		X						VDC
11810.3	The DME MACs and/or VDCs shall retrieve the PEN fee schedule file (filename: MU00.@BF12393.PEN.CY20.V0612). The file is available for download on or after June 12, 2020.				X					VDC
11810.3.1	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					VDC
11810.4	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 the Virtual Data Centers (VDCs) shall retrieve the CY 2020 Rural ZIP code file (filename: MU00.@DMECBIC.RURZIP.C20Q03.V0612) on or after June 12, 2020.	X	X	X	X					VDC
11810.4.1	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
11810.5	Contractors shall use the CY 2020 DMEPOS fee schedule file, the CY 2020 PEN fee schedule file, and the CY 2020 Rural ZIP code file in business requirements numbers 1 - 4 to pay claims for items	X	X	X	X					

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	
	with dates of service from July 1, 2020 through December 31, 2020.									

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
11810.6	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:
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**Section B: All other recommendations and supporting information:** N/A

### V. CONTACTS

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