CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 12398	**Date: December 7, 2023**
	Change Request 13463

SUBJECT: Calendar Year 2024 Update for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to update annually 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: January 1, 2024
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 2, 2024

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
R	23/60.1 Record Layout for the DMEPOS Fee Schedule
R	23/60.3 Gap-filling for DMEPOS Fees

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: 12398	Date: December 7, 2023	Change Request: 13463

SUBJECT: Calendar Year 2024 Update for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

EFFECTIVE DATE: January 1, 2024
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 2, 2024

I. GENERAL INFORMATION

A. Background: The purpose of this change request is to update annually the DMEPOS fee schedule 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 certain Durable Medical Equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by §1834(a), (h), and (i) of the Social Security Act (the Act). Also, 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. Effective January 1, 2024, the DMEPOS fee schedule file will include national payment amounts for lymphedema compression treatment items established in accordance with §1834(z) of the Act and regulations at 42 CFR §414.1650.

Section 1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for DME items included in the DMEPOS Competitive Bidding Program (CBP) for payment of the items in areas that are not included in the CBP. Sections 1834(h)(1)(H)(ii) and 1842(s)(3)(B) of the Act provide authority to adjust the fee schedule amounts for off-the-shelf orthotics or braces and enteral nutrients, equipment, and supplies (enteral nutrition), respectively, based on information from the CBP. The methodologies for adjusting DMEPOS fee schedule amounts under this authority are established at 42 CFR §414.210(g). The DMEPOS and PEN fee schedule files contain Healthcare Common Procedure Coding System (HCPCS) codes that are subject to fee schedule adjustments using information on the payment determined for these items under the CBP, as well as codes that are not subject to the CBP or fee schedule adjustments.

1. The Consolidated Appropriations Act, 2023

On December 29, 2022, the Consolidated Appropriations Act (CAA), 2023 was signed into law. Section 4139 of this legislation required that the fee schedule amounts for items and services furnished in non-rural contiguous non-competitive bidding areas (CBAs) continue to be based on a blend of 75 percent of the adjusted fee schedule amounts and 25 percent of the unadjusted fee schedule amounts for claims with dates of service for the remainder of the COVID-19 public health emergency or December 31, 2023, whichever is later. The COVID-19 public health emergency ended on May 11, 2023. Therefore, beginning January 1, 2024, the fee schedule amounts for items and services furnished in non-rural contiguous non-CBAs is based on 100 percent of the fee schedule amounts adjusted in accordance with §414.210(g). Additional details are available in the Home Health Prospective Payment System final rule (CMS-1780-F) published on November 13, 2023 in the Federal Register which is available at https://www.cms.gov/medicare/payment/fee-schedules/dmepos-fee-

schedule/dmepos-laws-regulations

Beginning January 1, 2024, there will be a gap period in the DMEPOS CBP. All Medicare Round 2021 DMEPOS CBP contracts for Off-the-Shelf (OTS) back braces and OTS knee braces expire on December 31, 2023. Additional information on the gap period can be found at https://www.cms.gov/medicare/payment/fee-schedules/dmepos-competitive-bidding and www.dmecompetitivebid.com

During the gap period payment for items and services that were included in the CBP are equal to 80 percent of the lesser of the supplier's charge or the fee schedule amount for the item. Pursuant to §414.210(g)(10), the fee schedules for items and services furnished in former CBAs are based on the single payment amounts (SPAs) in effect in the CBA on the last day before the CBP contract period of performance ended, increased by the projected percentage change in the CPI-U for the 12-month period on the date after the contract periods ended. The fee schedule amounts are increased once every 12 months on the anniversary date of the first day after the contract period ended with the CPI-U.

For items where contracts were awarded in Round 2021, for CY 2024, the fee schedule amounts for items furnished in areas that were CBAs as of December 31, 2023, are adjusted based on the SPAs for each specific CBA, increased by the projected percentage change in the CPI-U of 2.9 percent for the 12-month period ending January 1, 2024. Similarly, for items that were included in Round 2021 but where contracts were not awarded in Round 2021 of the CBP, the 2023 adjusted fee schedule amounts are increased by the projected CPI-U of 2.9 percent for CY 2024.

A former CBA ZIP code file contains the CBA ZIP codes used in pricing a claim for an item furnished in a CBA and will be updated on a quarterly basis as necessary. Beginning January 1, 2024, the former CBA ZIP code file will contain the ZIP codes for the CBAs included in Round 2021.

2. DMEPOS Rural Zip Codes

Also, 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 fee schedule amounts adjusted in accordance with §414.210(g). The DMEPOS Rural ZIP code file contains the ZIP codes designated as rural areas. ZIP codes for non-contiguous 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 §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.

3. KE Modifier

As the rural and non-contiguous adjusted fee schedule amounts are based in part on updated 2015 fee schedule amounts, the January 2024 DMEPOS fee schedule files will also continue to incorporate fee schedule amounts for certain codes billed in conjunction with modifier KE for rural and non-contiguous, non-CBA areas. The non-rural fees for these KE codes will be populated with zeros on the fee schedule file since KE is not a valid option for areas without blended fees effective January 1, 2024. 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 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 rural or non-contiguous, non-competitive bid areas, suppliers should append the KE modifier to the HCPCS code for the accessory.

B. Policy: This instruction provides updates for the following files:

1. DMEPOS fee schedule file for 2024
2. DMEPOS Rural ZIP code file for 2024 (Quarter 1)
3. DMEPOS Parenteral and Enteral Nutrition (PEN) fee schedule file for 2024
4. Former CBA Fee schedule file
5. Former CBA National Mail Order diabetic testing supply fee schedule
6. Former CBA ZIP Code

These updates will also be available as Public Use Files (PUFs) for State Medicaid Agencies, managed care organizations, and other interested parties on the CMS website at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.

Codes Added and Deleted

New DMEPOS codes added to the Healthcare Common Procedure Coding System file, effective January 1, 2024 are listed in the business requirements below.

Migration of Temporary HCPCS Codes

Attachment B includes new codes to the DMEPOS fee schedule file effective January 1, 2024. These new codes are permanent codes that were established as part of the First Biannual (B1) 2023 Non-Drug and Non-Biological Items and Services HCPCS Coding Cycle for supplies and other products to replace temporary HCPCS Level II code ("K" code) that became effective January 1, 2020 through 2022. The fee schedule amounts for the new permanent codes are the corresponding fee schedule amounts for the temporary "K" codes. Also, the corresponding temporary "K" codes for the supplies and other products are deleted from the fee schedule file effective January 1, 2024.

New HCPCS and Fee Schedule Amounts for Lymphedema Compression Treatment Items

The Home Health Prospective Payment System final rule (CMS-1780-F) finalized changes to establish a new benefit category for standard and custom fitted compression garments and additional lymphedema compression treatment items under Medicare Part B in accordance with section 4133 of the Consolidated Appropriations Act (CAA), 2023. The lymphedema compression treatment items benefit category encompasses standard and custom fitted compression garments and additional lymphedema compression treatment items that are primarily and customarily used to serve a medical purpose, are for the treatment of lymphedema, and are prescribed by an authorized practitioner effective for items furnished on or after January 1, 2024.

As noted above, national payment amounts developed in accordance with the methodology in section 1834(z) of the Act and our regulations at section 414.1650 are being added to the DMEPOS fee schedule file. In accordance with §1833(a)(1)(GG) of the Act, the Medicare payment for lymphedema compression treatment items is equal to 80 percent of the lesser of the supplier's charge for the item or the national payment amount. The national payment amounts for lymphedema compression treatment items are increased on an annual basis beginning on January 1 of the year subsequent to the year in which the payment amounts are initially established based on the percent change in the Consumer Price Index for all Urban Consumers (CPI-U) for the 12-month period ending with June of the previous year.

As discussed in the 2024 final rule (CMS 1780-F), where Medicaid state plan payment amounts are available for a lymphedema compression treatment item, the Medicare national payment amount for the item is established using 120 percent of the average of Medicaid payment amounts. Where Medicaid state plan payment amounts are not available for an item, the Medicare national payment amount for the item is established using the average of average internet retail prices and payment amounts established by TRICARE insurance program. If TRICARE payment amounts are not available for the item, the Medicare national

payment amount for the item is established using average internet retail prices.

The following general categories of lymphedema compression treatment items are included in the new benefit:

- Standard daytime gradient compression garments
- Custom daytime gradient compression garments
- Nighttime gradient compression garments
- Gradient compression wraps
- Accessories (e.g., zippers, linings, padding or fillers, etc.) necessary for the effective use of a gradient compression garment or wrap
- Compression bandaging systems/supplies

HCPCS codes for lymphedema compression treatment items are included in the HCPCs file effective January 1, 2024 which is available at https://www.cms.gov/medicare/coding-billing/healthcare-common-procedure-system/alpha-numeric

Effective January 1, 2024, national payment amounts for lymphedema compression treatment items are added to the DMEPOS fee schedule file for the following new HCPCS codes:

A6520, A6521, A6522, A6523, A6524, A6525, A6526, A6527, A6528, A6529, A6530, A6533, A6534, A6535, A6536, A6537, A6538, A6539, A6540, A6541, A6552, A6553, A6554, A6555, A6556, A6557, A6558, A6562, A6563, A6564, A6565, A6566, A6567, A6568, A6569, A6570, A6571, A6572, A6573, A6574, A6575, A6576, A6577, A6578, A6579, A6580, A6581, A6582, A6583, A6585, A6586, A6587, A6588, A6589, A6594, A6595, A6596, A6597, A6598, A6599, A6600, A6601, A6602, A6603, A6604, A6605, A6606, A6607, A6608, A6610

Payment for any covered claims for items described by HCPCS codes A6559-A6561 will be made by the DME MACs on an individual, claim-by-claim basis until sufficient data can be gathered to develop national payment amounts.

On the fee schedule file, a new payment category indicator of 'LC' will identify lymphedema compression treatment items. The 'LC' indicator will be added to the record layout for the DMEPOS fee schedule in Publication 100-04 Medicare Claims Processing Manual, Chapter 23, Section 60.1 as part of this update.

Additional claims processing instructions are available in Change Request (CR) 13286 titled Implementation of New Benefit Category for Lymphedema Compression Treatment Items.

New and Deleted Fee Schedule Amounts

As part of this update:

Fee schedules amounts are added to the DMEPOS fee schedule file for new and revised HCPCS codes effective January 1, 2024.

The listing of A6545 without a modifier is deleted from the DMEPOS fee schedule file as part of this update as there are no payment amounts associated with this listing.

In Home Health Prospective Payment System final rule (CMS-1780-F) published on November 13, the existing definition of a brace is codified at 42 CFR 414.410.2 and the final rule clarified that the definition included newer technology-powered devices. As a result, the administrative fields for the following codes that identify devices discussed in the final rule are revised to reflect that they fall under the orthotic benefit category effective January 1, 2024: K1007, L8701 and L8702. Payment for covered devices described by these codes

should be made on an individual consideration basis until national fees are established through the HCPCS public meeting process.

Fees for the 'KU' modifier when billed with wheelchair code E2398 are included in the January 2024 file for billing when these items are furnished in connection with a Group 3 power wheelchair, complex rehabilitative manual wheelchair (identified by HCPCS codes K0005, E1161, E1231, E1232, E1233 and E1234), and certain manual wheelchairs described by HCPCS codes E1235, E1236, E1237, E1238, and K0008.

Instructions for Gap-filling DMEPOS fees are available in publication 100-04, Medicare Claims Processing Manual, chapter 23, section 60.3. For gap-filling purposes, the deflation factors in the updated manual section by payment category are:

- 0.359 for Oxygen
- 0.361 for Capped Rental
- 0.362 for Prosthetics and Orthotics
- 0.460 for Surgical Dressings
- 0.500 for Parental and Enteral Nutrition (PEN)
- 0.765 for Splints and Casts
- 0.752 for Intraocular Lenses (IOL)

2024 Fees Update Factor of 2.6 Percent

For CY 2024, an update factor of 2.6 percent is applied to certain DMEPOS fee schedule amounts that are not adjusted using information from CBPs.

In accordance with the statutory sections 1834(a)(14), 1834(h)(4) and 1842(s)(1)(B) of the Act, certain DMEPOS fee schedule amounts are updated for 2023 by the percentage increase in the CPI-U for the 12-month period ending June 30, 2023, adjusted by the change in the economy-wide productivity equal to the 10-year moving average of changes in annual economy-wide private nonfarm business Multi-Factor Productivity (MFP). In the above statutory sections, the productivity measure referenced in section 1886(b)(3)(B)(xi)(II) was published by the United States Bureau of Labor Statistics (BLS) as private nonfarm business MFP. Beginning with the November 18, 2021 release of productivity data, BLS replaced the term multifactor productivity with Total Factor Productivity (TFP).

For CY 2024, the TFP adjustment is 0.4 percent and the CPI- U percentage increase is 3.0 percent. Thus, the 3.0 percentage increase in the CPI-U is reduced by the 0.4 percentage increase in the TFP resulting in a net increase of 2.6 percent for the update factor.

Fees adjusted using information from CBPs will be updated pursuant to the applicable adjustment methodologies outlined in 42 CFR §414.210(g) discussed in the Background section above.

Therapeutic Shoe Modification Codes

As CMS has done annually, CMS is also adjusting the fee schedule amounts for shoe modification codes A5503 through A5507 to reflect the most current allowed service data. Section 1833(o)(2)(C) of the Act required that the payment amounts for shoe modification codes A5503 through A5507 be established in a manner that prevented a net increase in expenditures when substituting these items for therapeutic shoe insert codes (A5512, A5513 and A5514). To establish the fee schedule amounts for the shoe modification codes, the base fees for codes A5512 and A5513 were weighted based on the approximated total allowed services for each code for items furnished during the second quarter of calendar year 2004. For 2024, CMS is updating the weighted average insert fees used to establish the fee schedule amounts for the shoe modification codes with the most

current allowed service data for each insert code. The base fees for A5512, A5513 and A5514 will be weighted based on the approximated total allowed services for each code for items furnished during the calendar year 2022. The fee schedule amounts for shoe modification codes A5503 through A5507 are being revised to reflect this change, effective January 1, 2024.

Diabetic Testing Supplies

The fee schedule amounts for non-mail order Diabetic Testing Supplies (DTS) (without KL modifier) for codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, A4259 are not updated by the annual covered item update. In accordance with section 1834(a)(1)(H) of the Act, the fee schedule amounts for these codes were adjusted in CY 2013 so that they are equal to the SPAs for mail order DTS established in implementing the national mail order CBP under section 1847 of the Act. Initial program instructions on these fees are available in Transmittal 2709, CR 8325, dated May 17, 2013 and Transmittal 2661, CR 8204, dated February 22, 2013. The National Mail-Order Recompete DTS SPAs are available at the following website: https://www.dmecompetitivebid.com/palmetto/cbic.nsf/DocsCat/Home.

The non-mail order DTS amounts on the fee schedule will be updated each time the single payment amounts are updated. This can happen no less often than every time the mail order CBP contracts are recompeted.

The National Mail Order Recompete CBP for mail order diabetic supplies was effective July 1, 2016 to December 31, 2018. As of January 1, 2024, payment for non-mail order diabetic supplies at the National Mail Order Recompete SPAs will continue in accordance with section 1834(a)(1)(H) of the Act and these rates will remain in effect until new SPA rates are established under the national mail order program.

Effective January 1, 2024, the fee schedule amounts for mail order DTS (with KL modifier) are adjusted using the methodology for areas that were formerly CBAs during periods when there is a temporary lapse in the CBP. The National Mail-Order Recompete DTS SPAs of December 31, 2018 are increased by the projected percentage change in the CPI-U for the 12-month period on the date after the contract periods ended. The fee schedule amounts are increased once every 12 months on the anniversary date of the first day after the contract period ended with the CPI-U. For dates of service between January 1, 2019 and December 31, 2019, the National Mail-Order Recompete SPAs are updated by the projected change of 2.5 percent. For CY 2020, the adjusted CY 2019 mail order DTS fees are updated by the projected percentage change in the CPI-U of 2.4 percent for the 12-month period ending January 1, 2020. For CY 2021, the adjusted CY 2020 mail order DTS fees are updated by the projected percentage change in the CPI-U of 0.6 percent for the 12-month period ending January 1, 2021. For CY 2022, the 2021 adjusted fee schedule amounts are increased by the projected percentage change in the CPI-U of 5.0 percent for the 12-month period ending January 1, 2022. For CY 2023, the 2022 adjusted fee schedule amounts are increased by the projected percentage change in the CPI-U of 6.4 percent for the 12-month period ending January 1, 2023. For CY 2024, the 2023 adjusted fee schedule amounts are increased by the projected percentage change in the CPI-U of 2.9 percent for the 12-month period ending January 1, 2024. The national mail order adjusted fee schedule amounts will be used in paying mail order diabetic testing supply claims in all parts of the United States, including the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam and the American Samoa.

2024 Maintenance and Servicing Payment Amount for Certain Oxygen Equipment

For 2024, the payment amount for maintenance and servicing for certain oxygen equipment. Payment for claims for maintenance and servicing of oxygen equipment was instructed in Transmittal 635, CR 6792, dated February 5, 2010 and Transmittal 717, CR 6990, dated June 8, 2010. To summarize, payment for maintenance and servicing of certain oxygen equipment can occur every 6 months beginning 6 months after the end of the 36th month of continuous use or end of the supplier's or manufacturer's warranty, whichever is later for either HCPCS code E1390, E1391, E0433 or K0738, billed with the "MS" modifier. Payment cannot occur more than once per beneficiary, regardless of the combination of oxygen concentrator equipment and/or transfilling

equipment used by the beneficiary, for any 6-month period.

Per 42 CFR §414.210(e)(5)(iii), the 2010 maintenance and servicing fee for certain oxygen equipment was based on 10 percent of the average price of an oxygen concentrator. For CY 2011 and subsequent years, the maintenance and servicing fee is adjusted by the covered item update for DME as set forth in §1834(a)(14) of the Act. Thus, the 2024 maintenance and servicing fee is adjusted by the 2.6 percent TFP-adjusted covered item update factor to yield a CY 2024 maintenance and servicing fee of $85.76 for oxygen concentrators and transfilling equipment.

2024 Labor Payment Amounts for Repairs & Service Codes

Included in Attachment A are the CY 2024 allowed payment amounts for HCPCS labor payment codes K0739, L4205 and L7520. Since the percentage increase in the CPI- U for the twelve-month period ending with June 30, 2024 is 3.0 percent, this change is applied to the 2023 labor payment amounts to update the rates for CY 2023. The 2024 labor payment amounts in Attachment A are effective for claims submitted using HCPCS codes K0739, L4205 and L7520 with dates of service from January 1, 2024 through December 31, 2024.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13463.1	The DME MACs, A/B MACs Part B and/or Virtual Data Center (VDC) shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T240101.V1205). The file is available for download on or after December 5, 2023.		X		X					VDC
13463.1.1	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					VDC
13463.2	The A/B MACs Part A, A/B MACs Part Home Health and Hospice (HHH) and/or VDC shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T240101.V1205.FI). The file is available for download on or after December 5, 2023.	X		X						VDC
13463.2.1	Contractors shall notify CMS of successful receipt via email to price_file_receipt@cms.hhs.gov stating the	X		X						VDC

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	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).									
13463.3	The DME MACs and/or VDC shall retrieve the PEN fee schedule file (filename: MU00.@BF12393.PEN.CY24.V1205). The file is available for download on or after December 5, 2023.				X					VDC
13463.3.1	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
13463.4	The DME MACs, A/B MACs Part B, A/B MACs Part A, A/B MACs Part HHH and/or the Virtual Data Centers (VDCs) shall retrieve the CY 2024 Rural ZIP code file (filename: MU00.@DMECBIC.RURZIP. C24Q01.V1205) on or after December 5, 2023.	X	X	X	X					VDC
13463.4.1	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					
13463.5	Contractors shall use the DMEPOS files in requirements 13463.1 and 13463.2 and the Rural Zip code file in requirement 13463.4 to pay claims for items with dates of service beginning January 1, 2024. NOTE: Change request numbers will be added with final release.	X	X		X					VDC
13463.6	The DME MACs shall use the PEN fee schedule file in requirement 13463.3 and the Rural Zip code file in requirement 13463.4 to pay claims with dates of service beginning January 1, 2024.				X					VDC

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	NOTE: Change request number will be added with final release.									
13463.7	Contractors shall be aware the HCPCS codes listed below will be added to the HCPCS effective January 1, 2024, and shall be added to the Common Working File (CWF) categories (category codes in parentheses) and systems where necessary: A4287 (60) A4457 (60,67) A4468 (60) A4540 (60) A4541 (16,60) A4542 (16,60) A7023 (60) E0492 (60) E0493 (60) E0530 (1, 60) E0678 (1,60) E0679 (1,60) E0680 (1,60) E0681 (1,60) E0682 (1,60) E0732 (1, 60) E0733 (1, 60)				X				X	

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	E0734 (1, 60) E0735 (1, 60) E1301 (60) E2001 (1, 60) E2398 (4) E3000 (1, 60) L3161 (60) L5615 (03,60) L5926 (03,60) K1007 (3) L8701 (3) L8702 (3)									
13463.8	CWF shall delete the HCPCS codes below from the noted CWF categories: K1001 (1,60) K1002 (1,60) K1003 (60) K1005 (60) K1006 (1,60) K1009 (1,60) K1013 (60,67) K1014 (3,60))								X	

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	K1015 (60) K1016 (1,60) K1017 (16,60) K1018 (1,60) K1019 (16,60) K1020 (1,60) K1021 (60) K1022 (3,60) K1023 (60) K1024 (1,60) K1025 (1,60) K1026 (60) K1028 (60) K1029 (60) K1031 (1,60) K1032 (1,60) K1033 (1,60) L8701 (1) L8702(1)									
13463.9	Contractors shall use 2024 allowed payment amounts for codes K0739, L4205, and L7520 in Attachment A to pay claims with dates of service from January 1, 2024 through December 31, 2024.	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13463.10	Contractors shall use the 2024 maintenance and servicing fee for certain oxygen equipment of $85.76 for claims with dates of service January 1, 2024 thru December 31, 2024. Payment is based on the lower of the supplier's actual charge or the maintenance and servicing fee.			X	X	X				
13463.11	Contractors shall establish HCPCS codes E2398 with KU and KM proc option effective January 1, 2024.				X					
13463.12	Contractors shall add HCPCS code E2398 to the LIKE PROCEDURE CODE GROUPS screen within the mnemonic MAN-WC-KU-MOD effective January 1, 2024.				X					
13463.13	Contractors shall provide local pricing, if instructed, in accordance with the schedule outlined below. DME MACs or A/B MACs Part B shall forward changes to CMS/Division Data Systems: price_file_receipt@cms.hhs.gov Changes to CMS/Division Data Systems: March 1, 2024; May 1, 2024; Sept 2, 2024, Nov 1, 2024		X		X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
13463.14	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN	X	X	X	X	

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	Connects newsletter. Subscribe to the "MLN Connects" listserv to get MLN content notifications. You don't need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.					

IV. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
10	Instructions on payment for maintenance and servicing of certain oxygen equipment are located in CRs 6792 and 6990.
5	Additional claims systems instructions are found in Change Request 9239 Implementation of Adjusted DMEPOS Fee Schedule Amounts Using Information from the National Competitive Bidding Program (CBP).

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

V. CONTACTS

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: 2

Medicare Claims Processing Manual
Chapter 23 - Fee Schedule Administration and Coding Requirements

Table of Contents
(Rev. 12398; Issued: 12-07-23)

60.1 - Record Layout for DMEPOS Fee Schedule
(Rev. 12398; Issued: 12-07-23; Effective:01-01-24; Implementation:01-02-24)

Sort Sequence: Category, HCPCS, 1st Modifier, 2nd Modifier State

Field Name	Pic	Position	Comment
Year	X(4)	1 - 4	Applicable Update Year
HCPCS Code	X(5)	5 - 9	All current year active and deleted codes subject to DMEPOS floors and ceilings
1st Modifier	X(2)	10 - 11	
2nd Modifier	X(2)	12 - 13	
Jurisdiction	X	14	D = DME MAC Jurisdiction L = Local A/B MAC (B) jurisdiction J = Joint DME MAC/A/B MAC (B) jurisdiction
Category	X(2)	15 - 16	IN = Inexpensive/Routinely Purchased FS = Frequently Serviced CR = Capped Rental OX = Oxygen & Oxygen Equipment OS = Ostomy, Tracheostomy & Urologicals SD = Surgical Dressings PO = Prosthetics & Orthotics SU = Supplies TE = TENS TS = Therapeutic Shoes SC = Splints and Casts IL = Intraocular Lenses *LC = Lymphedema Compression Treatment Items*
HCPCS Action	X	17	Indicates active/delete status in HCPCS file A = Active Code D = Deleted Code, price provided for grace period processing only
Region	X(2)	18 - 19	This amount is not used for pricing claims. It is on file for informational purposes. 00 = For all non Prosthetic and Orthotic Services 01 - 10 = For Prosthetic and Orthotic Services only. This field denotes the applicable regional fee schedule.
State	X(2)	20 - 21	

Original Base Fee	9(5)V99	22 - 28	This amount is not used for pricing claims. It is on file for informational purposes. For capped rental services, this amount represents the base fee after adjustments for rebasing and statewide conversions. The base year for E0607 and L8603 is 1995. Since pricing amounts for E1405 and E1406 are developed by summing pricing amounts from source codes, they do not have a true base fee. For these codes, this field will be filled with zeros. Beginning January 1, 2016, this field will include the Competitive Bidding Rural Fee Amount for specific HCPCS codes. A new indicator field (RURAL FEE INDICATOR) shall be populated with a value of "R" when the Rural Fee is present in this field.
Ceiling	9(5)V99	29 - 35	This amount is not used for pricing claims. It is on file for informational purposes and could be integrated into other processes (i.e., IR review, validation, inquiries). **NOTE**: Since E0607 is priced via national IR, it is not priced using floors and ceilings. For E0607, this field will be filled with zeros. Since pricing amounts for E1405 and E1406 are developed by summing pricing amounts from source codes, they are not subject to ceilings and floors. Since non-mail order (no-KL) codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259 are priced using National Mail order single payment amounts, they are not subject to ceilings and floors. Splints, casts and intraocular lenses are national fee schedule amounts not subject to ceilings. For these codes, this field will be filled with zeros. Beginning January 1, 2016, this field will also be filled with zeros for codes whose fees are adjusted using DMEPOS competitive bid information.
Floor	9(5)V99	36 - 42	This amount is not used for pricing claims. It is on file for informational purposes and could be integrated into other processes (i.e., IR review, validation, inquiries). **NOTE**: Since E0607 is priced via national IR, it is not priced using floors and ceilings. For E0607, this field will be filled with zeros. Since pricing amounts for E1405 and E1406 are developed by summing pricing amounts from source codes, they are not subject to ceilings and floors. Since non-mail order (no-KL) codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259 are priced using National Mail order single payment amounts, they are not subject to ceilings and floors. Splints, casts and intraocular lenses are national fee schedule amounts not subject to floors. For these codes, this field will be filled with zeros. Beginning January 1, 2016, this field will also be filled with zeros for codes whose fees are adjusted using DMEPOS competitive bid information.
Updated Fee Schedule Amount	9(5)V99	43 - 49	Amount used for pricing.

Filler	X	50	Set to spaces
Pricing Change Indicator	X	51	0 = No change to the updated fee schedule amount since previous release. 1 = A change has occurred to the updated fee schedule amount since the previous release.
Rural Fee Indicator	X(01)		R = Rural Fee is present in the Original Base Fee field
Filler	X(8)	53 - 60	Set to spaces

60.3 - Gap-filling DMEPOS Fees

(Rev. 12398; Issued: 12-07-23; Effective:01-01-24; Implementation:01-02-24)

If a HCPCS code is new and describes items and services that have a fee schedule pricing history (classified and paid for previously under a different code), the fee schedule amounts for the new code are established using the process included in section 60.3.1 of this manual.

The DME MACs and A/B MACs Part B shall gap-fill the DMEPOS fee schedule for items for which charge data were unavailable during the fee schedule data base year using the fee schedule amounts for comparable equipment. Fee schedule amounts for new HCPCS codes for items and services without a fee schedule pricing history are established using existing fee schedule amounts for comparable items when items with existing fee schedule amounts are determined to be comparable to the new items and services. A comparison can be based on, but not limited to the following components: physical, mechanical, electrical, function and intended use, and additional attributes and features. When examining whether an item is comparable to another item, the analysis can be based on the items as a whole, its subcomponents, or a combination of items. A new product does not need to be comparable within each category, and there is no prioritization to the categories.

Examples of Attributes in Each Component Category

- Physical: Aesthetics, Design, Customized vs. Standard, Material, Portable, Size, Temperature Range/Tolerance, Weight

- Mechanical: Automated vs. Manual, Brittleness, Ductility, Durability, Elasticity, Fatigue, Flexibility, Hardness, Load Capacity, Flow-Control, Permeability, Strength

- Electrical: Capacitance, Conductivity, Dielectric Constant, Frequency, Generator, Impedance, Piezo-electric, Power, Power Source, Resistance

- Function and Intended Use: Function, Intended Use

- Additional Attributes and Features: "Smart", Alarms, Constraints, Device Limitations, Disposable, Parts, Features, Invasive vs. Non-Invasive.

If unable to identify comparable item(s), other sources of pricing data can be used to calculate the gap-filled fee schedule amount for the new item. These sources include using supplier or commercial price lists with prices in effect during the fee schedule data base year. Data base "year" refers to the time period mandated by the statute and/or regulations from which Medicare allowed charge data is to be extracted in order to compute the fee schedule amounts for the various DMEPOS payment categories. For example, the fee schedule base year for inexpensive or routinely purchased durable medical equipment is the 12 month period ending June 30, 1987. Supplier price lists include catalogues and other retail price lists (such as internet retail prices) that provide

information on commercial pricing for the item. Potential appropriate sources for such commercial pricing information can also include payments made by Medicare Advantage plans as well as verifiable information from supplier invoices and non-Medicare payer data (e.g., fee schedule amounts comprised of the median of the commercial pricing information adjusted as described below). DME MACs and A/B MACs shall gap-fill based on current instructions released each year for implementing and updating the payment amounts.

If the only available price information is from a period other than the base period, apply the deflation factors that are included in the current year implementation instructions against current pricing in order to approximate the base year price for gap-filling purposes.

The deflation factors for gap-filling purposes are:

Year*	**OX**	**CR**	**PO**	**SD**	**PE**	**SC**	**IL**
1987	0.965	0.971	0.974	n/a	n/a	n/a	n/a
1988	0.928	0.934	0.936	n/a	n/a	n/a	n/a
1989	0.882	0.888	0.890	n/a	n/a	n/a	n/a
1990	0.843	0.848	0.851	n/a	n/a	n/a	n/a
1991	0.805	0.810	0.813	n/a	n/a	n/a	n/a
1992	0.781	0.786	0.788	n/a	n/a	n/a	n/a
1993	0.758	0.763	0.765	0.971	n/a	n/a	n/a
1994	0.740	0.745	0.747	0.947	n/a	n/a	n/a
1995	0.718	0.723	0.725	0.919	n/a	n/a	n/a
1996	0.699	0.703	0.705	0.895	0.973	n/a	n/a
1997	0.683	0.687	0.689	0.875	0.951	n/a	n/a
1998	0.672	0.676	0.678	0.860	0.936	n/a	n/a
1999	0.659	0.663	0.665	0.844	0.918	n/a	n/a
2000	0.635	0.639	0.641	0.813	0.885	n/a	n/a
2001	0.615	0.619	0.621	0.788	0.857	n/a	n/a
2002	0.609	0.613	0.614	0.779	0.848	n/a	n/a
2003	0.596	0.600	0.602	0.763	0.830	n/a	n/a
2004	0.577	0.581	0.582	0.739	0.804	n/a	n/a
2005	0.563	0.567	0.568	0.721	0.784	n/a	n/a
2006	0.540	0.543	0.545	0.691	0.752	n/a	n/a
2007	0.525	0.529	0.530	0.673	0.732	n/a	n/a
2008	0.500	0.504	0.505	0.641	0.697	n/a	n/a
2009	0.508	0.511	0.512	0.650	0.707	n/a	n/a
2010	0.502	0.506	0.507	0.643	0.700	n/a	n/a
2011	0.485	0.488	0.490	0.621	0.676	n/a	n/a
2012	0.477	0.480	0.482	0.611	0.665	n/a	n/a
2013	0.469	0.472	0.473	0.600	0.653	n/a	0.983
2014	0.459	0.462	0.464	0.588	0.640	0.980	0.963
2015	0.459	0.462	0.463	0.588	0.639	0.978	0.962
2016	0.454	0.457	0.458	0.582	0.633	0.969	0.952
2017	0.447	0.450	0.451	0.572	0.623	0.953	0.937
2018	0.435	0.437	0.439	0.556	0.605	0.927	0.911
2019	0.427	0.430	0.431	0.547	0.595	0.912	0.896
2020	0.425	0.427	0.429	0.544	0.592	0.906	0.891
2021	0.403	0.406	0.407	0.516	0.561	0.859	0.845
2022	0.370	0.372	0.373	0.473	0.515	0.788	0.774
2023	*0.359*	*0.361*	*0.362*	*0.460*	*0.500*	*0.765*	*0.752*

* Year price in effect

Payment Category Key:

OX	Oxygen & oxygen equipment (DME)
CR	Capped rental (DME)
IN	Inexpensive/routinely purchased (DME)
FS	Frequently serviced (DME)
SU	DME supplies
PO	Prosthetics & orthotics
SD	Surgical dressings
OS	Ostomy, tracheostomy, and urological supplies
PE	Parental and enteral nutrition
TS	Therapeutic Shoes
SC	Splints and Casts
IL	Intraocular Lenses inserted in a physician's office

IN, FS, OS and SU category deflation factors=PO deflation factors

After deflation, the result must be increased by 1.7 percent and by the cumulative covered item update to complete the gap-filling (e.g., an additional .6 percent for a 2002 DME fee).

Note that when gap-filling for capped rental items, it is necessary to first gap-fill the purchase price then compute the base period fee schedule at 10 percent of the base period purchase price.

For used equipment, establish fee schedule amounts at 75 percent of the fee schedule amount for new equipment.

When gap-filling, for those DME MAC or A/B MAC Part B areas where a sales tax was imposed in the base period, add the applicable sales tax, e.g., five percent, to the gap-filled amount where the gap-filled amount does not take into account the sales tax, e.g., where the gap-filled amount is computed from pre-tax price lists or from another DME MAC or A/B MAC Part B area without a sales tax. Likewise, if the gap-filled amount is calculated from another DME MAC's or A/B MAC's fees where a sales tax is imposed, adjust the gap- filled amount to reflect the applicable local sales tax circumstances.

Contractors send their gap-fill information to CMS. After receiving the gap-filled base fees each year, CMS develops national fee schedule floors and ceilings and new fee schedule amounts for these codes and releases them as part of the July update file each year and during the quarterly updates.

If within 5 years of establishing fee schedule amounts using supplier or commercial prices, the supplier or commercial prices decrease by less than 15 percent, CMS can make a one-time adjustment to the fee schedule amounts using the new prices. The new supplier or commercial prices would be used to establish the new fee schedule amounts in the same way that the older prices were used, including application of the deflation formula of this section.

Attachment A

2024 Labor Payment Amounts for Repairs & Service Codes

K0739 Repair or nonroutine service for durable medical equipment other than oxygen equipment requiring the skill of a technician, labor component, per 15 minutes

L4205 Repair of orthotic device, labor component, per 15 minutes

L7520 Repair prosthetic device, labor component, per 15 minutes

STATE	K0739	L4205	L7520
AK	$35.79	$40.80	$48.00
AL	$19.01	$28.31	$38.45
AR	$19.01	$28.31	$38.45
AZ	$23.50	$28.28	$47.32
CA	$29.17	$46.48	$54.18
CO	$19.01	$28.31	$38.45
CT	$31.74	$28.96	$38.45
DC	$19.01	$28.28	$38.45
DE	$34.99	$28.28	$38.45
FL	$19.01	$28.31	$38.45
GA	$19.01	$28.31	$38.45
HI	$23.50	$40.80	$48.00
IA	$19.01	$28.28	$46.03
ID	$19.01	$28.28	$38.45
IL	$19.01	$28.28	$38.45
IN	$19.01	$28.28	$38.45
KS	$19.01	$28.28	$48.00
KY	$19.01	$36.26	$49.16
LA	$19.01	$28.31	$38.45
MA	$31.74	$28.28	$38.45
MD	$19.01	$28.28	$38.45
ME	$31.74	$28.28	$38.45
MI	$19.01	$28.28	$38.45
MN	$19.01	$28.28	$38.45
MO	$19.01	$28.28	$38.45
MS	$19.01	$28.31	$38.45
MT	$19.01	$28.28	$48.00
NC	$19.01	$28.31	$38.45
ND	$23.69	$40.71	$48.00
NE	$19.01	$28.28	$53.61
NH	$20.41	$28.28	$38.45
NJ	$25.65	$28.28	$38.45
NM	$19.01	$28.31	$38.45
NV	$30.27	$28.28	$52.40
NY	$34.99	$28.31	$38.45
OH	$19.01	$28.28	$38.45
OK	$19.01	$28.31	$38.45
OR	$19.01	$28.28	$55.29
PA	$20.41	$29.15	$38.45
PR	$19.01	$28.31	$38.45
RI	$22.65	$29.17	$38.45

STATE	K0739	L4205	L7520
SC	$19.01	$28.31	$38.45
SD	$21.25	$28.28	$51.41
TN	$19.01	$28.31	$38.45
TX	$19.01	$28.31	$38.45
UT	$19.06	$28.28	$59.87
VA	$19.01	$28.28	$38.45
VI	$19.01	$28.31	$38.45
VT	$20.41	$28.28	$38.45
WA	$30.27	$41.50	$49.31
WI	$19.01	$28.28	$38.45
WV	$19.01	$28.28	$38.45
WY	$26.51	$37.76	$53.61

Attachment B

Effective January 1, 2024, the fee schedules for the below HCPCS Level II temporary codes are mapped to the new permanent codes on the DMEPOS fee schedule file.

HCPCS Application number/ Medicare Electronic Application Request Information System (MEARIS) number	Temporary Code	Permanent Code	Long Descriptor
19.118	K1001	E0530	Electronic positional obstructive sleep apnea treatment equipment, with sensor, includes all components and accessories, any type
19.117	K1002	E0732	Cranial electrotherapy stimulation (ces) system, any type
20.078	K1006	E2001	Suction pump, home model, portable or stationary, electric, any type, for use with external urine management system
20.077	K1009	E3000	Speech volume modulation system, any type, including all components and accessories
20.156	K1014	L5615	Addition, endoskeletal knee-shin system, 4 bar linkage or multiaxial, fluid swing and stance phase control
20.07	K1016	E0733	Transcutaneous electrical nerve stimulator for electrical stimulation of the trigeminal nerve
20.07	K1017	A4541	Monthly supplies for use of device coded at E0733
20.086	K1018	E0734	External upper limb tremor stimulator of the peripheral nerves of the wrist
20.086	K1019	A4542	Supplies and accessories for external upper limb tremor stimulator of the peripheral nerves of the wrist
20.173	K1020	E0735	Non-invasive vagus nerve stimulator
21.053	K1022	L5926	Addition to lower extremity prosthesis, endoskeletal, knee disarticulation, above knee, hip disarticulation, positional rotation unit, any type
21.032	K1024	E0680	Non-pneumatic compression controller with sequential calibrated gradient pressure
21.070	K1025	E0682	Non-pneumatic sequential compression garment, full arm
HCP210903LPG21	K1031	E0681	Non-pneumatic compression controller without calibrated gradient pressure
HCP210903PMKF3	K1032	E0678	Non-pneumatic sequential compression garment, full leg

HCP210903WBEG8	K1033	E0679	Non-pneumatic sequential compression garment, half leg