Medicare Learning Network
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CMS CENTERS for MEDICARE & MEDICAID SERVICES
Information for Medicare Fee-for-Service Health Care Professionals

News Flash – The Centers for Medicare & Medicaid Services (CMS) is now soliciting bids for the Round 1 Rebid of the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program. **All bids must be submitted in DBidS, the on-line bidding system, by 9 p.m. prevailing Eastern Time on December 21, 2009; all required hardcopy documents that must be included as part of the bid package must be postmarked by 11:59 p.m. on December 21, 2009.** The Round 1 Rebid competitive bidding areas (CBAs), product categories, DBidS information, bidder charts, educational materials, complete RFB instructions, and registration information, can all be found at ***http://www.dmecompetitivebid.com***, which is the Competitive Bidding Implementation Contractor (CBIC) website.

MLN Matters® Number: MM6720 | **Related Change Request (CR) #: 6720**

Related CR Release Date: November 13, 2009 | **Effective Date: January 1, 2010**

Related CR Transmittal #: R1853CP | **Implementation Date: January 4, 2010**

Calendar Year (CY) 2010 Fee Schedule Update for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS)

Provider Types Affected

Providers and suppliers submitting claims to Medicare contractors (carriers, DME Medicare Administrative Contractors (DME MACs), Fiscal Intermediaries (FIs), Medicare Administrative Contractors (MACs), and/or Regional Home Health Intermediaries (RHHIs)) for items or services paid under the DMEPOS fee schedule need to be aware of this article.

Provider Action Needed

This article, based on CR 6720, advises you of the CY 2010 annual update for the Medicare DMEPOS fee schedule. The instructions include information on the data files, update factors, and other information related to the update of the DMEPOS fee schedule.

Key points about these changes are summarized in the Background section below. Please note that the fee schedule for Code E2227 (Manual Wheelchair Accessory, Gear Reduction Drive Wheel, Each) is being revised, effective January 1, 2010, to remove pricing information for one product that was used in calculating

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payment for E2227. That product was erroneously classified as a gear reduction drive wheel when the code was established. Providers should be aware that your Medicare contractor will not adjust previously processed claims for the code E2227 with dates of service on or after January 1, 2009 through December 31, 2009, if they are submitted for adjustments. These changes are effective for DMEPOS provided on or after January 1, 2010. Be sure your billing staffs are aware of these changes.

Background

CR 6720 provides instructions regarding the 2010 annual update for the DMEPOS fee schedule. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by sections 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) section 414.102 for parenteral and enteral nutrition (PEN).

Key Points of CR 6720

The DMEPOS fee schedule file will be available on or after November 17, 2009, for State Medicaid Agencies, managed care organizations, and other interested parties at ***http://www.cms.hhs.gov/DMEPOSFeeSched/*** on the CMS website.

2010 Fees for HCPCS labor payment codes K0739, L4205, L7520 are effective January 1, 2010, and those rates are as follows:

STATE	K0739	L4205	L7520		STATE	K0739	L4205	L7520
AK	25.27	28.79	33.88		**NC**	13.41	19.99	27.14
AL	13.41	19.99	27.14		**ND**	16.72	28.73	33.88
AR	13.41	19.99	27.14		**NE**	13.41	19.97	37.84
AZ	16.59	19.97	33.39		**NH**	14.40	19.97	27.14
CA	20.58	32.83	38.26		**NJ**	18.10	19.97	27.14
CO	13.41	19.99	27.14		**NM**	13.41	19.99	27.14
CT	22.40	20.45	27.14		**NV**	21.37	19.97	36.99
DC	13.41	19.97	27.14		**NY**	24.71	19.99	27.14
DE	24.71	19.97	27.14		**OH**	13.41	19.97	27.14

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STATE	K0739	L4205	L7520		STATE	K0739	L4205	L7520
FL	13.41	19.99	27.14		OK	13.41	19.99	27.14
GA	13.41	19.99	27.14		OR	13.41	19.97	39.03
HI	16.59	28.79	33.88		PA	14.40	20.56	27.14
IA	13.41	19.97	32.49		PR	13.41	19.99	27.14
ID	13.41	19.97	27.14		RI	15.99	20.58	27.14
IL	13.41	19.97	27.14		SC	13.41	19.99	27.14
IN	13.41	19.97	27.14		SD	14.99	19.97	36.28
KS	13.41	19.97	33.88		TN	13.41	19.99	27.14
KY	13.41	25.60	34.71		TX	13.41	19.99	27.14
LA	13.41	19.99	27.14		UT	13.45	19.97	42.27
MA	22.40	19.97	27.14		VA	13.41	19.97	27.14
MD	13.41	19.97	27.14		VI	13.41	19.99	27.14
ME	22.40	19.97	27.14		VT	14.40	19.97	27.14
MI	13.41	19.97	27.14		WA	21.37	29.30	34.80
MN	13.41	19.97	27.14		WI	13.41	19.97	27.14
MO	13.41	19.97	27.14		WV	13.41	19.97	27.14
MS	13.41	19.99	27.14		WY	18.70	26.65	37.84
MT	13.41	19.97	33.88					

The following new codes are effective as of January 1, 2010:

- A4264, A4466, L2861, L3891, L8692, K0739, and K0740, all of which have no assigned payment category;
- A4336, A4360, and A4456, which are in the ostomy, traheostomy, and urological supplies payment category;
- E0433 in the oxygen and oxygen equipment category;
- E0136 in the capped rental category; and
- L5973, L8031, L8032, L8627, L8628, L8629, and Q0506, all of which are in the prosthetics and orthotics category.

The fee schedule amounts for the above new codes will be established as part of the July 2010 DMEPOS Fee Schedule Update, when applicable. The DME MACs

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will establish local fee schedule amounts to pay claims for the new codes from January 1, 2010 through June 30, 2010**. The new codes are not to be used for billing purposes until they are effective on January 1, 2010.**

The following codes are being deleted from the HCPCS effective January 1, 2010, and are therefore being removed from the DMEPOS fee schedule files:

A4365		L1825		L3701
E2223		L1901		L3909
E2393		L2770		L3911
L0210		L3651		L6639
L1800		L3652		
L1815		L3700		

For gap-filling purposes, the 2009 deflation factors by payment category are listed as follows:

Factor	Category
0.508	Oxygen
0.511	Capped Rental
0.512	Prosthetics and Orthotics
0.650	Surgical Dressings
0.707	Parenteral and Enteral Nutrition

Code E2227 *Manual Wheelchair Accessory, Gear Reduction Drive Wheel, Each* was added to the HCPCS effective January 1, 2008. The fee schedule for code E2227 was calculated using pricing information for two products; however, the fee schedule is being revised effective January 1, 2010, to remove pricing information for one product that was erroneously classified as a gear reduction drive wheel when the code was established. Contractors will not adjust previously processed claims for the code E2227 with dates of service on or after January 1, 2009 through December 31, 2009, if they are submitted for adjustments.

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CY 2010 Fee Schedule Update Factor

Under the Act, the DMEPOS fee schedule amounts are being updated for 2010 by the percentage increase in the consumer price index for all urban consumers (United States city average) or CPI-U for the 12-month period ending with June of 2009. Since the percentage change in the CPI-U for the 12-month period ending with June of 2009 is negative (-1.41 percent), the percentage increase in the CPI-U used to update the DMEPOS fee schedule amounts for 2010 is **0 percent.**

2010 Update to the Labor Payment Rates

Since the percentage increase in the Consumer Price Index (CPI) for the 12 month period ending with June of the previous year is negative for 2010, a 0% change is applied to the labor payment amounts for 2010 for codes K0739, L4205, and L7520.

2010 National Monthly Payment Amounts for Stationary Oxygen Equipment

CMS will also implement the 2010 national monthly payment rates for stationary oxygen equipment (HCPCS codes E0424, E0439, E1390 and E1391), effective for claims with dates of service on or after January 1, 2010.

The fee schedule file is being revised to include the new national 2010 monthly payment rate of $173.17 for stationary oxygen equipment. The payment rates are being adjusted for the new oxygen generating portable equipment (OGPE) class. The revised 2010 monthly payment rate of $173.17 includes the 0% update due to the -1.41% CPI-U change. The budget neutrality adjustment for 2010 caused the 2010 rate to decrease from $175.79 to $173.17.

When updating the oxygen equipment fees, corresponding updates are made to the fee schedule amounts for HCPCS code E1405 and E1406 for oxygen and water vapor enriching systems. Since 1989, the fees for codes E1405 and E1406 have been established based on a combination of the Medicare payment amounts for stationary oxygen equipment and nebulizer codes E0585 and E0570, respectively.

Additional Information

If you have questions, please contact your Medicare contractor at their toll-free number which may be found at ***http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip*** on the CMS website.

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The official instruction, CR 6720, issued to your Medicare contractor regarding this change, may be viewed at ***http://www.cms.hhs.gov/Transmittals/downloads/R1853CP.pdf*** on the CMS website. CR 6720 includes the revisions that will be made to the Medicare Claims Processing Manual, Chapter 23 - Fee Schedule Administration and Coding Requirements.

More information on Durable Medical Equipment Prosthetics, Orthotics, and Supplies is available at ***http://www.cms.hhs.gov/center/dme.asp*** on the CMS website.

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