CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1332	**Date: January 2, 2014**
	Change Request 8566

SUBJECT: Rescind and Replace of CR 8409: Reclassification of Certain Durable Medical Equipment from the Inexpensive and Routinely Purchased Payment Category to the Capped Rental Payment Category

I. SUMMARY OF CHANGES: This one-time notification provides instructions regarding the reclassification of certain Durable Medical Equipment (DME) from the inexpensive and routinely purchased (IN) DME payment category to the capped rental (CR) DME payment category for the Healthcare Common Procedure Coding System (HCPCS) codes listed in Attachment A.

EFFECTIVE DATE: April 1, 2014
IMPLEMENTATION DATE: April 7, 2014

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	

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 obliged 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:

One-Time Notification

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

Attachment - One-Time Notification

Pub. 100-20	Transmittal: 1332	Date: January 2, 2014	Change Request: 8566

SUBJECT: Rescind and Replace of CR 8409: Reclassification of Certain Durable Medical Equipment from the Inexpensive and Routinely Purchased Payment Category to the Capped Rental Payment Category

EFFECTIVE DATE: April 1, 2014
IMPLEMENTATION DATE: April 7, 2014

I. GENERAL INFORMATION

A. Background: This one-time notification provides instructions regarding the reclassification of certain Durable Medical Equipment (DME) from the inexpensive and routinely purchased (IN) DME payment category to the capped rental (CR) DME payment category for the Healthcare Common Procedure Coding System (HCPCS) codes listed in Attachment A.

DME and accessories used in conjunction with DME are paid for under the DME benefit and in accordance with the rules at section 1834(a) of the Act. The Medicare definition of routinely purchased durable medical equipment (DME) set forth at 42 CFR §414.220(a)(2) specifies that routinely purchased equipment means equipment that was acquired by purchase on a national basis at least 75 percent of the time during the period July 1986 through June 1987. A review of expensive items that have been classified as routinely purchased equipment since 1989, that is, new codes added to the HCPCS after 1989 for items costing more than $150, showed inconsistencies in applying the definition. As a result, a review of the definition of routinely purchased DME was published in the Federal Register (CMS-1526-F) along with notice of DME items (codes) requiring a revised payment category. Also in the rule, CMS established that DME wheelchair accessories that are capped rental items furnished for use as part of a complex rehabilitative power wheelchair (wheelchair base codes K0835 – K0864) are payable under the lump sum purchase method. The complex rehabilitative power wheelchair base codes and options/accessories are payable under the lump sum purchase method set forth at 42 CFR §414.229(a)(5) and section 1834(a)(7)(A)(iii) of the Act.

B. Policy: In order to align the payment category with the required regulatory definition, certain HCPCS codes listed in Attachment A shall reclassify from the inexpensive and routinely purchased (IN) DME payment category to the capped rental (CR) DME payment category. Instructions for billing capped rental items can be found at Medicare Claims Processing Manual (Pub. 100-04), chapter 20, section 130.9 along with other sources listed on the CMS and contractor websites.

Note: The effective date is April 1, 2014 for HCPCS codes not included in a Competitive Bidding Program (CBP) as shown in Attachment A. A forthcoming change request will address the codes that are reclassifying to the CR payment category effective July 1, 2016 and January 1 2017.

As shown below, HCPCS codes for items included under the Round 2 and/or Round 1 Recompete DMEPOS competitive bidding programs (CBP) shall transition to the capped rental payment category in stages.

Payment Category Transition Effective Dates

April 1, 2014: HCPCS codes not included in a CBP are reclassified from IN DME to CR DME in all areas.

July 1, 2016: HCPCS codes included in a CBP are reclassified from IN DME to CR DME in all areas except the 9 Round 1 Recompete CBAs, where items furnished to beneficiaries residing in these areas will remain in IN DME through December 31, 2016.

January 1, 2017: HCPCS codes included in a CBP are reclassified from IN DME to CR DME in the 9 Round 1 Recompete CBAs

For the HCPCS codes that are not included in either a Round 2 or Round 1 Recompete CBP, the effective date for the reclassification from routinely purchased DME to capped rental DME in all areas (i.e. competitive bidding areas (CBAs) and non-CBAs) is April 1, 2014. For the HCPCS codes that are included under a Round 2 CBP and/or a Round 1 Recompete CBP the effective date for the transition to capped rental DME shall be July 1, 2016, except for items furnished in the 9 Round 1 Recompete CBAs. When the HCPCS codes listed below are furnished in CBAs in accordance with contracts entered into as part of the Round 1 Recompete CBP, the payment category transition from inexpensive and routinely purchased to capped rental DME is effective January 1, 2017.

HCPCS for Items Reclassified to Capped Rental DME Category Effective July 1, 2016*

Support Surfaces E0197

Walkers E0140 E0149

Wheelchairs Options/Accessories E0985 E1020 E1028 E2228 E2368 E2369 E2370 E2375 K0015 K0070

Wheelchair Seating E0955

* Items furnished in accordance with Round 1 Recompete contracts reclassify effective January 1, 2017

Complex Rehabilitative Power Wheelchair Accessories

Effective April 1, 2014, for wheelchair accessory codes classified under the capped rental DME payment category and furnished for use with a complex rehabilitative power wheelchair (that is, furnished to be used as part of the complex rehabilitative power wheelchair), the supplier must give the beneficiary the option of purchasing these accessories at the time they are furnished. These accessory items would be considered as part of the complex rehabilitative power wheelchair (codes K0835 – K0864) and associated lump sum purchase option set forth at 42 CFR § 414.229(a)(5). If the beneficiary declines the purchase option, the supplier must furnish the items on a rental basis and payment shall be made on a monthly rental basis in accordance with the capped rental payment rules.

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	
8566.1	Contractors shall recognize Inexpensive/Routinely Purchased (IN) DME items reclassified to Capped Rental (CR) DME category identified with the HCPCS codes in Attachment A. The effective date is April 1, 2014 for HCPCS codes not included in a Competitive Bidding Program (CBP) as shown in Attachment A. A forthcoming change request will address the codes that are transitioning to the CR			X	X			X	X	

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	payment category effective July 1, 2016 and January 1, 2017.									
8566.2	Effective for claims with dates of service on or after April 1, 2014, payment shall be made for codes identified in Attachment A with transition effective dates of April 1, 2014 on a capped rental (CR) basis. The CR payment category requires payment of 10 percent of the purchase price for the first three months and 7.5 percent for each of the remaining rental months 4 through 13. Payment amounts shall be based on the lower of the supplier's actual charge and the fee schedule amount.			X	X			X		
8566.2.1	Effective for claims with dates of service on or after April 1, 2014, the contractors shall cease any IN rental payments for codes in BR 8566.1 and start payment under the Capped Rental (CR) payment category applying a determination of the number of rental months paid which cannot exceed 13 rental months combined from dates of service before and after April 1, 2014.			X	X			X	X	
8566.3	The CWF shall revise the DME payment category for the HCPCS codes identified in Attachment A with transition effective dates of April 1, 2014 from CWF category (04) Inexpensive/Routinely Purchased DME to CWF category (1) Capped Rental DME, effective April 1, 2014. A forthcoming change request will address the codes transitioning to the CR payment category effective July 1, 2016 and January 1, 2017.								X	
8566.4	Effective April 1, 2014, contractors shall process and pay claims for capped rental wheelchair accessories on a lump sum purchase basis when used with complex rehabilitative power wheelchairs (wheelchair base codes K0835 – K0864).			X	X			X		
8566.5	The applicable contractor(s) shall update the existing VMS shared system maintainer DMEPOS Fee Schedule load process to create the new and used pricing for capped rental wheelchair accessory HCPCS defined by CMS as eligible for payment on a lump sum purchase basis when used with complex rehabilitative power wheelchairs (wheelchair base codes K0835 – K0864). The purchase price (NU modifier) of these accessories shall be calculated as							X		

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	the rental price times ten; the fee for used accessories (UE modifier) shall be 75 per cent of the purchase fee.									

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
8566.6	MLN Article : A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.			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): 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) or Contractor Manager, as applicable.

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 do 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.

Attachment

Attachment A
Inexpensive & Routinely Purchased (IN) Items Reclassified to Capped Rental (CR)

Group Category	HCPCS	Descriptor	Effective 4/1/14	Effective 7/1/16 at end of DMEPOS Competitive Bidding Program Round 2	Effective 1/1/17* at end of DMEPOS Competitive Bidding Program Round 1 Recompete
Automatic External Defibrillator	K0607	Repl battery for AED	■		
Canes/Crutches	E0117	Underarm spring assist crutch	■		
Glucose Monitor	E0620	Capillary blood skin piercing device laser	■		
High Frequency Chest Wall Oscillation Device (HFCWO)	A7025	Replace chest compress vest	■		
Hospital Beds/Accessories	E0300	Enclosed ped crib hosp grade	■		
Misc. DMEPOS	A4639	Infrared ht sys replacement pad	■		
	E0762	Trans elec jt stim dev sys	■		
	E1700	Jaw motion rehab system	■		
Nebulizers & Related Drugs	K0730	Ctrl dose inh drug deliv system	■		
Other Neuromuscular Stimulators	E0740	Incontinence treatment system	■		
	E0764	Functional neuromuscular stimulation	■		
Pneumatic Compression Device	E0656	Segmental pneumatic trunk	■		
	E0657	Segmental pneumatic chest	■		
Power Operated Vehicles (POV)	E0984	Add pwr tiller	■		
Speech Generating Devices	E2500	SGD digitized pre-rec <=8min	■		
	E2502	SGD prerec msg >8min <=20min	■		
	E2504	SGD prerec msg>20min <=40min	■		
	E2506	SGD prerec msg > 40 min	■		
	E2508	SGD spelling phys contact	■		
	E2510	SGD w multi methods messg/access	■		
Support Surfaces	E0197 *	Air pressure pad for mattress		■	■
	E0198	Water pressure pad for mattress	■		
Traction Equipment	E0849	Cervical pneum traction equip	■		
	E0855	Cervical traction equipment	■		
	E0856	Cervical collar w air bladder	■		
Walkers	E0140 *	Walker w trunk support		■	■
	E0144	Enclosed walker w rear seat	■		
	E0149 *	Heavy duty wheeled walker		■	■
Wheelchairs Manual	E1161	Manual adult wc w tiltinspac	■		
	E1232	Folding ped wc tilt-in-space	■		
	E1233	Rig ped wc tltnspc w/o seat	■		
	E1234	Fld ped wc tltnspc w/o seat	■		
	E1235	Rigid ped wc adjustable	■		
	E1236	Folding ped wc adjustable	■		
	E1237	Rgd ped wc adjstabl w/o seat	■		

Group Category	HCPCS	Descriptor	Effective 4/1/14	Effective 7/1/16 at end of DMEPOS Competitive Bidding Program Round 2	Effective 1/1/17* at end of DMEPOS Competitive Bidding Program Round 1 Recompete
	E1238	Fld ped wc adjstabl w/o seat	■		
Wheelchair Options/Accessories					
	E0985 *	W/c seat lift mechanism		■	■
	E0986	Man w/c push-rim pow assist	■		
	E1002 ^	Pwr seat tilt	■		
	E1003 ^	Pwr seat recline	■		
	E1004 ^	Pwr seat recline mech	■		
	E1005 ^	Pwr seat recline pwr	■		
	E1006 ^	Pwr seat combo w/o shear	■		
	E1007 ^	Pwr seat combo w/shear	■		
	E1008 ^	Pwr seat combo pwr shear	■		
	E1010 ^	Add pwr leg elevation	■		
	E1014	Reclining back add ped w/c	■		
	E1020 *	Residual limb support system		■	■
	E1028 *	W/c manual swingaway		■	■
	E1029	W/c vent tray fixed	■		
	E1030 ^	W/c vent tray gimbaled	■		
	E2227	Gear reduction drive wheel	■		
	E2228 *	Mwc acc, wheelchair brake		■	■
	E2310 ^	Electro connect btw control	■		
	E2311 ^	Electro connect btw 2 sys	■		
	E2312 ^	Mini-prop remote joystick	■		
	E2313 ^	PWC harness, expand control	■		
	E2321 ^	Hand interface joystick	■		
	E2322 ^	Mult mech switches	■		
	E2325 ^	Sip and puff interface	■		
	E2326 ^	Breath tube kit	■		
	E2327 ^	Head control interface mech	■		
	E2328 ^	Head/extremity control interface	■		
	E2329 ^	Head control interface nonproportional	■		
	E2330 ^	Head control proximity switch	■		
	E2351 ^	Electronic SGD interface	■		
	E2368 *	Pwr wc drivewheel motor replace		■	■
	E2369 *	Pwr wc drivewheel gear box replace		■	■
	E2370 *	Pwr wc dr wh motor/gear comb		■	■
	E2373 ^	Hand/chin ctrl spec joystick	■		
	E2374 ^	Hand/chin ctrl std joystick	■		
	E2375 *	Non-expandable controller		■	■
	E2376 ^	Expandable controller, replace	■		
	E2377 ^	Expandable controller, initial	■		
	E2378	Pw actuator replacement	■		
	K0015 *	Detach non-adjus hght armrest		■	■
	K0070 *	Rear whl complete pneum tire		■	■
Wheelchairs Seating	E0955 *	Cushioned headrest		■	■

* Effective January 1, 2017 if the item is furnished in CBAs in accordance with contracts entered into as part of the Round 1 Recompete of DMEPOS CBP

^ Item billable with Complex Rehabilitative Power Wheelchair codes K0835 – K0864