
Program Memorandum

Intermediaries/Carriers

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)
Date: MAY 9, 2003

Transmittal AB-03-071

CHANGE REQUEST 2702

SUBJECT: July Quarterly Update for 2003 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

Scope

This Program Memorandum (PM) provides specific instructions regarding the July quarterly update for the 2003 DMEPOS fee schedule.

Background

The DMEPOS fee schedules are updated on a quarterly basis in order to implement fee schedule amounts for new codes and to revise any fee schedule amounts for existing codes that were calculated in error.

Codes L0450 through L0490 for thoracic-lumbar-sacral-orthoses (TLSO) were added to the HCPCS effective January 1, 2003. The fee schedule amounts that were implemented for several TLSO codes on January 1, 2003 were based on incorrect pricing information. The fee schedule amounts for codes L0452, L0454, L0456, L0458, L0460, L0462, L0464, L0486, L0488, and L0490 were going to be revised as part of the April quarterly update. The revised fee schedule amounts for these codes were posted on the durable medical equipment regional carrier (DMERC) and CMS websites in March 2003. However, the fee schedule amounts that were going to be implemented on April 1, 2003, for all of these codes except codes L0462 and L0490 are being retracted because we have detected additional errors that were made in the fee schedule calculations. The fee schedule amounts that were implemented for codes L0452, L0454, L0456, L0458, L0460, L0464, L0486, and L0488 on January 1, 2003, will remain in effect until June 1, 2003. Effective for claims received on or after June 1, 2003, the DMERCs must pay claims for codes L0452, L0454, L0456, L0458, L0460, L0464, L0486, and L0488 using local gap-filled fee schedule amounts. The regional fee schedule and national fee schedule ceiling and floor amounts will be calculated and applied to codes L0452, L0454, L0456, L0458, L0460, L0464, L0486, and L0488 effective for claims received on or after the shared systems release date corresponding with the July quarterly update for the 2003 DMEPOS fee schedule.

Codes E1161 (manual adult size wheelchair with tilt in space) and E1231 through E1238 (pediatric wheelchairs) were added to the HCPCS effective January 1, 2003. These codes were placed in the payment category for capped rental DME (CWF category 01, TOS = R). We have received information indicating that these items have been routinely purchased in the past. Therefore, effective July 1, 2003, for claims with dates of service received on or after January 1, 2003, codes E1161 and E1231 through E1238 will be moved to the payment category for inexpensive or routinely purchased DME (CWF category 04, TOS = A, P, R).

Implementation

Effective for items furnished on or after July 1, 2003, the following codes were added to the Healthcare Common Procedure Coding System (HCPCS):

K0606 Automatic external defibrillator with integrated electrocardiogram analysis, garment type
HCPCS Indicators for code K0606: TOS = R; BETOS = D1E; COV = C; Pricing = 36;
CWF = 01, 60

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- K0607 Replacement battery for automatic external defibrillator, each
 K0608 Replacement garment for use with automatic external defibrillator, each
 HCPCS Indicators for codes K0607 and K0608: TOS = A, P, R; BETOS = D1E; COV = C; Pricing = 32; CWF = 04, 60
- K0609 Replacement electrodes for use with automatic external defibrillator, each
 HCPCS Indicators for code K0609: TOS = P; BETOS = D1E; COV = C; Pricing = 34; CWF = 16, 60
- K0615 Speech generating device, digitized speech, using pre-recorded messages, greater than 8 minutes but less than or equal to 20 minutes recording time
 K0616 Speech generating device, digitized speech, using pre-recorded messages, greater than 20 minutes but less than or equal to 40 minutes recording time
 K0617 Speech generating device, digitized speech, using pre-recorded messages, greater than 40 minutes recording time
 HCPCS Indicators for codes K0615 thru K0617: TOS = A, P, R; BETOS = D1E; COV = D; CIM = 60-23; Pricing = 32; CWF = 04, 60
- K0618 TLSO, sagittal-coronal control, modular segmented spinal system, two rigid plastic shells, posterior extends from the sacrococcygeal junction and terminated just inferior to the scapular spine, anterior extends from the symphysis pubis to the xiphoid, soft liner, restricts gross trunk motion in the sagittal and coronal planes, lateral strength is provided by overlapping plastic and stabilizing closures, includes straps and closures, prefabricated, includes fitting and adjustment
 K0619 TLSO, sagittal-coronal control, modular segmented spinal system, three rigid plastic shells, posterior extends from the sacrococcygeal junction and terminates just inferior to the scapular spine, anterior extends from the symphysis pubis to the xiphoid, soft liner, restricts gross trunk motion in the sagittal and coronal planes, lateral strength is provided by overlapping plastic and stabilizing closures, includes straps and closures, prefabricated, includes fitting and adjustment
 HCPCS Indicators for codes K0618 and K0619: TOS = P; BETOS = D1F; COV = C; Pricing = 38; CWF = 03, 60
- K0620 Tubular elastic dressing, any width, per linear yard
 K0621 Gauze, packing strips, non-impregnated, less than or equal to 2 inches, per linear yard
 HCPCS Indicators for codes K0620 and K0621: TOS = S; BETOS = D1A; COV = D; MCM = 2079; Pricing = 35; CWF = 21, 60

The DMERCs must gap-fill base fee schedule amounts for each State for codes K0606 through K0609 and K0615 through K0621 in accordance with instructions located in §5102.2 of the Medicare Carriers Manual (MCM). Code K0606 is new for July and is located in the payment category for capped rental DME. Codes K0607, K0608, and K0615 through K0617 are new for July and are located in the payment category for inexpensive or routinely purchased DME. Code K0609 is new for July and is located in the payment category for DME supplies. Codes K0618 and K0619 are new for July and are located in the payment category for prosthetics and orthotics. Codes K0620 and K0621 are new for July and are located in the payment category for surgical dressings.

Effective July 1, 2003, for claims with dates of service on or after January 1, 2003, codes E1161 and E1231 through E1238 will be moved to the payment category for inexpensive or routinely purchased DME (CWF category 04, TOS = A, P, R).

The DMERCs must revise the gap-filled base fee schedule amounts for codes L0452, L0454, L0456, L0458, L0460, L0464, L0486, and L0488, and submit them to CMS as part of the July quarterly fee schedule update. Effective for claims received on or after June 1, 2003, and before the shared systems release date corresponding with the July quarterly update for the 2003 DMEPOS fee schedule, the DMERCs must pay claims for codes L0452, L0454, L0456, L0458, L0460, L0464, L0486, and L0488 using local gap-filled fee schedule amounts.

The base fees submitted to CMS for the July quarterly update must not be increased by any covered item update factors other than the 1.7 percent (1989) update factor for base fees for DME and prosthetics and orthotics. Update factors that are applicable subsequent to 1989 will be added by central office as part of the fee schedule calculation process. The DMERCs must submit the base fees to CMS central office by May 1, 2003.

The July DMEPOS Fee Schedule files will be made available to carriers by May 19, 2003, and to intermediaries by May 27, 2003. The names of the files are:

Carriers - MU00.@BF12393.DMEPOS.T030101.Q2.V0519

Intermediaries - MU00.@BF12393.DMEPOS.T030101.Q2.V0527.FI

For codes K0606 through K0609 and K0615 through K0621, contractors are to make payment based on the 2003 DMEPOS fee schedule amounts for all claims with dates of service from July 1, 2003, through December 31, 2003. For all other codes, contractors are to make payment based on the 2003 DMEPOS fee schedule amounts for all claims with dates of service from January 1, 2003, through December 31, 2003.

Contractors must adjust previously processed claims for codes L0452, L0454, L0456, L0458, L0460, L0464, L0486, and L0488 with dates of service on or after January 1, 2003, if they are resubmitted.

Education

Contractors must notify suppliers of these changes through your web site, within four weeks of receiving this PM, and publish in your next regularly scheduled bulletin. In addition, if you have a listserv that targets the affected provider communities, you shall use it to notify subscribers that information about the "July 2003 Update for the DMEPOS Fee Schedule" is available on your website. Once the fee schedule is available, the contractors must immediately post the new fee schedule information on their websites and notify providers through the appropriate listservs.

For codes K0606 through K0609 and K0615 through K0621, this PM is effective for claims with dates of service on or after July 1, 2003. For all other DMEPOS codes, this PM is effective for claims with dates of service on or after January 1, 2003.

The implementation date for this PM is July 1, 2003.

Any questions regarding these instructions should be directed to Joel Kaiser on (410) 786-4499. Questions regarding the transmission of the file, the file layout, and submission of base fees to central office should be directed to Mary Anne Stevenson on (410) 786-1818.

These instructions should be implemented within your current operating budget.

This PM may be discarded July 1, 2004.