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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 272

Date: AUGUST 10, 2004

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CHANGE REQUEST 3377

**I. SUMMARY OF CHANGES:** This transmittal provides instructions for implementing the October 2004 Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) fee schedules.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2004 for revised 2004 fee schedule amounts**

**\*IMPLEMENTATION DATE: October 4, 2004**

### II. CHANGES IN MANUAL INSTRUCTIONS:

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

### \*III. FUNDING:

These instructions shall be implemented within your current operating budget.

### IV. ATTACHMENTS:

<input type="checkbox"/>	Business Requirements
<input type="checkbox"/>	Manual Instruction
<input type="checkbox"/>	Confidential Requirements
<input type="checkbox"/>	One-Time Notification
<input checked="" type="checkbox"/>	Recurring Update Notification

\*Medicare contractors only

## Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 272	Date: August 10, 2004	Change Request 3377
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**SUBJECT: October Quarterly Update for 2004 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule**

### I. GENERAL INFORMATION

**A. 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. The quarterly updates process for the DMEPOS fee schedule is located in section 60 of chapter 23 of the Medicare Claims Processing Manual (Pub 100-04).

**B. Policy:** This recurring update notification provides specific instructions regarding the October quarterly update for the 2004 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. Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained in 42 CFR 414.102.

Several codes were deleted from the HCPCS effective December 31, 1999. These codes were inadvertently included in the 2004 fee schedule file and with this update they are being removed. These codes are A4363, E1400 thru E1404, K0137 thru K0139, K0168 thru K0181, K0190 thru K0192, K0277 thru K0279, K0284, K0400, K0417, K0419 thru K0439, and K0530. Additionally codes E1019 and E1021 are being removed as they are not valid 2004 HCPCS codes.

The 2004 Puerto Rico schedule amounts for codes A4351 and A4352 were based on incorrect pricing information. The durable medical equipment regional carriers (DMERCs) must revise the base fee schedule amounts for these codes as part of the October quarterly update.

Codes K0630 thru K0649 representing Lumbar Sacral Orthosis (“LSO”) products were added to the HCPCS effective April 1, 2004 and their fee schedule amounts were implemented July 1, 2004. We have determined that the fee schedule amounts for codes K0630, K0631, K0632, K0634, K0635, K0636, K0637, K0639, K0640, K0642, K0644, K0645 and K0646 were based on incorrect pricing information and have recalculated those fee schedule amounts. The revised amounts will be implemented in the October quarterly update.

Codes K0650 thru K0669 were added to the HCPCS effective July 1, 2004. Because data is not yet available, implementation of the fee schedule amounts for these items will be delayed until the January 2005 update.

The fee schedules for items/HCPCS codes submitted to local carriers are not affected by this update; therefore, local carriers do not need to make any changes to their DMEPOS fee schedules as a result of this quarterly update.

**C. Provider Education:** A provider education article related to this instruction will be available at <http://www.cms.hhs.gov/medlearn/matters> shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
3377.1	DMERCs and RHHIs shall determine the payment amount for claims for codes K0650 through K0669 received on or after July 1, 2004 based on their individual consideration of each claim.	DMERCs/ RHHIs
3377.2	DMERCs shall submit the revised Puerto Rico base fees for codes A4351 and A4352 to CMS central office by July 19, 2004	DMERCs
3377.3	Previously processed claims for any revised LSO codes K0630, K0631, K0632, K0634, K0635, K0636, K0637, K0639, K0640, K0642, K0644, K0645 and K0646 with dates of service on or after July 1, 2004 shall be adjusted if they are resubmitted.	DMERCs, FIs
3377.4	DMERCs shall retrieve the DMEPOS Fee Schedule file (filename: <a href="mailto:MU00.@BF12393.DMEPOS.T040101.V0805">MU00.@BF12393.DMEPOS.T040101.V0805</a> ) by August 5, 2004. Notification of successful receipt shall be sent via email to CMS/Mary Anne Stevenson ( <a href="mailto:mstevenson@cms.hhs.gov">mstevenson@cms.hhs.gov</a> ) stating the name of the file received and the entity for which they were received (e.g., carrier/DMERC name and number).	DMERCs
3377.5	FIs shall retrieve the DMEPOS Fee Schedule file (filename: <a href="mailto:MU00.@BF12393.DMEPOS.T040101.V0812.FI">MU00.@BF12393.DMEPOS.T040101.V0812.FI</a> ) by August 12, 2004. Notification of successful receipt shall be sent via email to	FIs

	CMS/Mary Anne Stevenson ( <a href="mailto:mstevenson@cms.hhs.gov">mstevenson@cms.hhs.gov</a> ) stating the name of the file received and the entity for which they were received (e.g., FI/RHHI name and number).	
3377.6	DMERCs, and FIs shall use the 2004 DMEPOS Fee Schedule amounts from the DMEPOS Fee Schedule to pay claims with dates of service on or after January 1, 2004.	DMERCs, FIs

### III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

#### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

#### C. Interfaces: N/A

#### D. Contractor Financial Reporting /Workload Impact: N/A

#### E. Dependencies: N/A

#### F. Testing Considerations: N/A

### IV. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date:</b> January 1, 2004 for revised 2004 fee schedule amounts</p> <p><b>Implementation Date:</b> October 4, 2004</p> <p><b>Pre-Implementation and Post-Implementation Contact(s):</b> Joel Kaiser 410-786-4499</p>	<p><b>These instructions shall be implemented within your current operating budget.</b></p>
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