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# CMS Manual System

## Pub. 100-20 One-Time Notification

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

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Transmittal 35

Date: DECEMBER 24, 2003

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CHANGE REQUEST 3020

**I. SUMMARY OF CHANGES:** This One-Time Notification provides instructions for updating and implementing the 2004 fee schedule amounts for DMEPOS as directed by recent legislative changes.

**NEW/REVISED MATERIAL - EFFECTIVE DATE:** January 1, 2004

**\*IMPLEMENTATION DATE:** January 5, 2004

**II. CHANGES IN MANUAL INSTRUCTIONS:** *N/A*  
(R = REVISED, N = NEW, D = DELETED)

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

**\*III. FUNDING:**

These instructions should be implemented within your current operating budget.

**IV. ATTACHMENTS:**

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification
	Recurring Update Notification

**\*Medicare contractors only:**

# Attachment - One-Time Notification

Pub. 100-20	Transmittal: 35	Date: December 24, 2003	Change Request 3020
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**SUBJECT: Emergency Correction to the Fee Schedule Update for 2004 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)**

## I. GENERAL INFORMATION

### A. Background:

This One-Time Notification provides specific instructions for changing the DMEPOS fee schedules as directed by recent legislative changes. Transmittal 17, change request 2957, issued on October 31, 2003, provided instructions for updating and implementing the 2004 fee schedule amounts for DMEPOS. These instructions must be corrected in accordance with section 302(c) of the Medicare Prescription Drug, Improvement, and Modernization Act (DIMA) of 2003.

### B. Policy:

In accordance with section 302(c) of the DIMA, the fee schedule update factors for 2004 for durable medical equipment (DME), other than items classified as class III devices by the Food and Drug Administration (FDA), prosthetic devices, prosthetics, orthotics and surgical dressings are equal to 0 percent. In addition, the 2004 payment limits for therapeutic shoes will be frozen at the 2003 amounts. The following are the Healthcare Common Procedure Coding System (HCPCS) codes listed by fee schedule payment category for DME classified as class III devices by the FDA:

#### Inexpensive or Routinely Purchased (IN)

E0691  
E0692  
E0693  
E0694  
E0747  
E0748  
E0760  
E0782  
E0783  
E0785  
E0786  
K0600  
K0607  
K0608

#### Capped Rental (CR)

E0617  
E0749

K0606

DME Supply (SU)

K0609

The fee schedule amounts for the items listed above and any items classified by the FDA as class III devices that are billed under HCPCS code E1399 (durable medical equipment, miscellaneous) are not subject to the freeze and will receive a covered item update of 2.1 percent for 2004. Instructions regarding the corrected 2004 DMEPOS fee schedule file are being provided in change request 3013. Effective for claims received on or after April 1, 2004, with dates of service on or after January 1, 2004, modifier KF should be submitted along with the applicable HCPCS code for all DME items classified by the FDA as class III devices.

Elevating, stair climbing power wheelchairs were recently cleared by the FDA for marketing and are class III devices. The base power wheelchair portion of this device would normally fall under HCPCS code K0011 (programmable power wheelchair base). However, because this device is not subject to the payment freeze, for claims received before April 1, 2004, with dates of service on or after January 1, 2004, the base wheelchair for this device should be billed using HCPCS code E1399 and paid using the 2003 fee schedule amounts for code K0011 increased by 2.1 percent. For claims received on or after April 1, 2004, with dates of service on or after January 1, 2004, modifier KF should be submitted along with HCPCS code K0011 for the base power wheelchair for this device. For claims received on or after January 1, 2004, with dates of service on or after January 1, 2004, the elevation feature for this device should be billed using HCPCS code E2300 and the stair climbing feature for this device should be billed using HCPCS code A9270.

**C. Provider Education:**

Contractors shall inform affected providers by posting either a summary or relevant portions of this document, not including actual fee schedule amounts, on their Web site within two weeks. Also, carriers shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about the "DMEPOS fee schedule Update for 2004" is available on their Web site. Whenever the carriers publish the DMEPOS fee schedule in their bulletins/notices, a disclaimer must be added. The disclaimer is, "Inclusion or exclusion of a fee schedule amount for an item or service does not imply any health insurance coverage."

**II. BUSINESS REQUIREMENTS**

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
3020.1	Contractors shall apply the 2004 covered item update of 2.1 percent to all payment amounts for DME classified by the FDA as class III devices and billed under HCPCS code E1399.	Carriers, DMERCs
3020.2	Contractors shall add modifier KF to their claims processing systems for paying claims for class III DME devices received on or after April 1, 2004, with dates of service on or after January 1, 2004.	Carriers, DMERCs
3020.3	Contractors shall reject claims for class III DME devices received on or after April 1, 2004, with dates of service on or after January 1, 2004, that do not have the KF modifier.	Carriers, DMERCs
3020.4	DMERCs shall pay claims for the base wheelchair portion of elevating, stair climbing wheelchairs with dates of service on or after January 1, 2004, thru December 31, 2004, using the 2003 fee schedule amounts for code K0011 increased by 2.1 percent.	DMERCs

### **III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS**

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

<b>X-Ref Requirement #</b>	<b>Instructions</b>

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

<b>X-Ref Requirement #</b>	<b>Recommendation for Medicare System Requirements</b>

#### **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**

<b>Effective Date: January 1, 2004</b> <b>Implementation Date: January 5, 2004</b> <b>Pre-Implementation and Post-Implementation Contact(s): Joel Kaiser 410-786-4499</b>	<b>These instructions shall be implemented within your current operating budget.</b>
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