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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 236

Date: JULY 23, 2004

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CHANGE REQUEST 3300

### I. SUMMARY OF CHANGES: 2005 DMEPOS Pricing File Record Layout Expansion and New Pricing Procedures for Certain DMEPOS Items Based on Modifiers

NEW/REVISED MATERIAL - Effective Date: January 1, 2005

\*IMPLEMENTATION DATE: January 3, 2005

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	20/ Table of Contents
N	20/30.9/ Payment of DMEPOS Items Based on Modifiers
R	23/50.2/ Intermediary Format for Durable Medical Equipment, Prosthetic, Orthotic and Supply Fee Schedule

### \*III. FUNDING:

These instructions shall be implemented within your current operating budget.

### IV. ATTACHMENTS:

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

\*Medicare contractors only

# Attachment - Business Requirements

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**SUBJECT: 2005 DMEPOS Pricing File Record Layout Expansion and New Pricing Procedures for Certain DMEPOS Items Based on Modifiers**

## I. GENERAL INFORMATION

**A. Background:** This notification expands the 2005 DMEPOS pricing file record layout to accommodate two modifiers. This expansion is needed to assure proper payment of DMEPOS items based on modifiers. Until the file is expanded to accommodate two modifiers, the complete DMEPOS fee schedule including modifiers is available to Intermediaries to access thru the CMS Web site at [www.cms.hhs.gov/providers/pufdownload/default.asp#dme](http://www.cms.hhs.gov/providers/pufdownload/default.asp#dme). In addition, it provides instructions for proper reporting and payment of modifiers AU, AV and AW when billing for Healthcare Procedure Coding System (HCPCS) codes A4217, A4450, and A4452, modifiers KM and KN when billing for codes L8040 thru L8047 and modifier KF for class III devices. Currently, the only situation where more than one modifier will be used in pricing is when modifier KF is used in conjunction with existing DME modifiers NU, RR and UE.

**B. Policy:** The following modifiers were added to the HCPCS to identify supplies and equipment that may be covered under more than one DMEPOS benefit category:

- AU Item furnished in conjunction with a urological, ostomy, or tracheostomy supply
- AV Item furnished in conjunction with a prosthetic device, prosthetic or orthotic
- AW Item furnished in conjunction with a surgical dressing

Codes A4450, and A4452 are the only codes that have been identified at this time that would require use of all three of the above listed modifiers. Providers must report these modifiers on claims for items identified by codes A4450 and A4452 that are furnished on or after January 1, 2005. Modifier AU is also applicable to code A4217. Providers must report modifier AU on claims for items identified by code A4217 that are furnished in conjunction with a urological, ostomy, or tracheostomy supply on or after January 1, 2005. In the future, other codes may be identified as codes that must be submitted with these modifiers, and contractor instructions will be prepared to address the implementation of these modifiers for these codes at that time. Payment for codes A4217, A4450 and A4452 is based on the presence of the above listed modifiers.

Codes L8040 thru L8047 describe facial prostheses. The following modifiers must be used on claims for replacement of these items:

- KM Replacement of facial prosthesis including new impression/moulage
- KN Replacement of facial prosthesis using previous master model

Modifiers KM and KN are to be used on claims for replacement of items identified by codes L8040 thru L8047 that are furnished on or after January 1, 2005. Payment for codes L8040 thru L8047 is based on the presence of modifiers KM or KN. These modifiers are only used when a prostheses is being replaced.

In accordance with section 302(c) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), the fee schedule update factors for 2004 thru 2008 for durable medical equipment (DME), other than items designated as class III devices by the Food and Drug Administration (FDA), are equal to 0 percent. The HCPCS codes for DME designated as class III devices by the FDA are identified on the DMEPOS fee schedule available on the above mentioned web site by presence of the KF modifier.

Modifier KF is a pricing modifier. The description for modifier KF is as follows:

Item designated by FDA as class III device

Elevating/stair climbing power wheelchairs are class III devices. The DMERCs have been instructed in transmittal 35, dated December 24, 2003, that claims for the base power wheelchair portion of this device are to be billed using HCPCS code K0011 (programmable power wheelchair base) with modifier KF for claims received on or after April 1, 2004, with dates of service on or after January 1, 2004. For claims 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.

Regional Home Health Intermediaries (RHHIs) will not be able to implement the KF modifier until January 1, 2005. Therefore, for claims with dates of service prior to January 1, 2005, RHHIs should advise their HHAs that claims for the base power wheelchair portion of stair climbing wheelchairs must be submitted with HCPCS code E1399. The fee schedule amounts for K0011 with and without the KF modifier appear on the fee schedule file referenced at [www.cms.hhs.gov/providers/pufdownload/default.asp#dme](http://www.cms.hhs.gov/providers/pufdownload/default.asp#dme). For claims with dates of service prior to January 1, 2005, RHHIs should pay claims for stair climbing wheelchair bases billed with code E1399 using the fee schedule amounts for K0011 with the KF modifier. All other claims for programmable power wheelchair bases should be paid using the fee schedule amounts for K0011 without the KF modifier.

Effective for claims with dates of service on or after January 1, 2005, HHAs must submit modifier KF along with the applicable HCPCS code for all DME items classified by the FDA as class III devices.

**C. Provider Education:** A provider education article related to this instruction will be available at [www.cms.hhs.gov/medlearn/matters](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 one week of the availability of the provider

education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
3300.1	The shared system maintainer shall modify their system to accept the new expanded DMEPOS record layout which includes two pricing modifiers.	Shared Systems Maintainer
3300.2	The shared system maintainer shall develop the capability to price a single HCPCS code differently based on the presence or absence of modifiers.	Shared Systems Maintainer
3300.3	FIs shall add modifiers AU, AV and AW to their claims processing system for paying claims for codes A4450 and A4452.	FIs
3300.4	FIs shall add modifier AU to their claims processing system for paying claims for code A4217.	FIs
3300.5	The shared system maintainer shall install an edit to assure the presence of modifier AU, AV or AW on claims containing HCPCS codes A4450 and A4452.	Shared Systems Maintainer
3300.6	The shared system maintainer shall install an edit to assure the presence of modifier AU on claims containing HCPCS code A4217	Shared Systems Maintainer
3300.7	The shared system maintainer shall install an edit to assure that only one modifier AU, AV or AW is billed per line item for HCPCS codes A4450 or A4452.	Shared Systems Maintainer
3300.8	FIs shall add modifiers KM and KN to their claims processing system for paying claims for HCPCS codes L8040 thru L8047.	FIs
3300.9	RHHIs shall add Modifier KF to their claims processing system for paying claims for items designated as Class III devices.	RHHIs
3300.10	RHHIs shall process claims for stair climbing wheelchairs billed using HCPCS code E1399 with dates of service prior to 1/1/05. RHHIs shall pay claims for these items using the 2004 fee schedule amount for K0011 with the KF	RHHIs

	modifier located at: <a href="http://www.cms.hhs.gov/providers/pufdownload/default.asp#dme">www.cms.hhs.gov/providers/pufdownload/default.asp#dme</a>	
3300.11	FIs shall educate providers regarding the proper reporting of modifiers when billing for DMEPOS items.	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: January 1, 2005 for all requirements other than 3300.7</b></p> <p><b>Implementation Date: January 3, 2005</b></p> <p><b>Pre-Implementation Contact(s): Linda Gregory, (410) 786-6138 or Wil Gehne (410) 786-6148, Joel Kaiser (410) 786-4499</b></p> <p><b>Post-Implementation Contact(s): Linda Gregory, (410) 786-6138, Wil Gehne (410) 786-6148, Joel Kaiser, (410) 786-4499</b></p>	<p><b>These instructions shall be implemented within your current operating budget.</b></p>
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# Medicare Claims Processing Manual

## Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

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### Table of Contents

**(Rev. 236, 07-23-04)**

*30.9 - Payment of DMEPOS Items Based on Modifiers*

### ***30.9 – Payment of DMEPOS Items Based on Modifiers***

***(Rev. 236, 07-23-04, Issued 07-23-04, Effective: January 1, 2005, Implementation: January 3, 2005)***

*The following modifiers were added to the HCPCS to identify supplies and equipment that may be covered under more than one DMEPOS benefit category:*

*AU Item furnished in conjunction with a urological, ostomy, or tracheostomy supply*

*AV Item furnished in conjunction with a prosthetic device, prosthetic or orthotic*

*AW Item furnished in conjunction with a surgical dressing.*

*Codes A4450 and A4452 are the only codes that have been identified at this time that would require use of all three of the above listed modifiers. Providers must report these modifiers on claims for items identified by codes A4450 and A4452 that are furnished on or after January 1, 2005. Modifier AU is also applicable to code A4217. Providers must report modifier AU on claims for items identified by code A4217 that are furnished in conjunction with a urological, ostomy, or tracheostomy supply on or after January 1, 2005. In the future, other codes may be identified as codes that must be submitted with these modifiers. Medicare contractors base payment for the codes A4217, A4450, and A4452 on the presence of these modifiers.*

*Codes L8040 thru L8047 describe facial prostheses. Providers must report the following modifiers on claims for replacement of these items:*

*KM Replacement of facial prosthesis including new impression/moulage*

*KN Replacement of facial prosthesis using previous master model*

*Providers must report these modifiers on claims for replacement of items identified by codes L8040 thru L8047 that are furnished on or after January 1, 2005. Medicare contractors base payment for the codes L8040 thru L8047 on the presence of these modifiers. These modifiers are only used when the prostheses is being replaced.*

*In accordance with section 302(c) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), the fee schedule update factors for 2004 thru 2008 for durable medical equipment (DME), other than items designated as class III devices by the Food and Drug Administration (FDA), are equal to 0 percent. The HCPCS codes for DME designated as class III devices by the FDA are identified on the DMEPOS fee schedule available on the above mentioned web site by presence of the KF modifier.*

*Elevating/stair climbing power wheelchairs are class III devices. Suppliers billing the DMERCs must submit claims for the base power wheelchair portion of this device using HCPCS code K0011 (programmable power wheelchair base) with modifier KF for claims submitted on or after April 1, 2004, with dates of service on or after January 1, 2004. For claims 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.*

*Regional Home Health Intermediaries (RHHIs) will not be able to implement the KF modifier until January 1, 2005. Therefore, for claims with dates of service prior to January 1, 2005, HHAs must submit claims for the base power wheelchair portion of stair climbing wheelchairs with HCPCS code E1399. For claims with dates of service on or after January 1, 2005, HHAs must submit claims for the base power wheelchair portion of stair climbing wheelchairs with HCPCS code K0011 with modifier KF.*

*The fee schedule amounts for K0011 with and without the KF modifier appear on the fee schedule file referenced at [www.cms.hhs.gov/providers/pufdownload/default.asp#dme](http://www.cms.hhs.gov/providers/pufdownload/default.asp#dme). For claims with dates of service prior to January 1, 2005, RHHIs should pay claims for stair climbing wheelchair bases billed with code E1399 using the fee schedule amounts for K0011 with the KF modifier. All other claims for programmable power wheelchair bases should be paid using the fee schedule amounts for K0011 without the KF modifier.*

*Effective for claims with dates of service on or after January 1, 2005, HHAs must submit modifier KF along with the applicable HCPCS code for all DME items classified by the FDA as class III devices.*



## 50.2 - Intermediary Format for Durable Medical Equipment, Prosthetic, Orthotic and Supply Fee Schedule

*(Rev. 236, 07-23-04, Issued 07-23-04, Effective: January 1, 2005, Implementation: January 3, 2005)*

### *A-01-104, A-02-090*

This file contains services subject to national Floors and Ceilings under the DMEPOS Fee Schedules including Surgical Dressings. RHHIs retrieve data from all DME categories contained in this file. Regular intermediaries retrieve prices for prosthetics, orthotics and surgical dressings. Also, new services that were gapped-filled by DMERCs or local Part B Carriers contain the same format with a different file name. The CMS will provide the specific file names when the prices are released.

Record Length	-	60
	-	
Record Format		FB
	-	
Block Size		6000
	-	
Character Code		EBCDIC
	-	
Sort Sequence		Label, HCPCS Code, Modifier, State

<i>Data Element Name</i>	<i>Picture</i>	<i>Location</i>	<i>Comment</i>
HCPCS	X(05)	1 - 5	
Modifier	X(02)	6 - 7	
<i>MOD 2</i>	<i>X(02)</i>	<i>8 - 9</i>	
Fee Schedule Amt	9(05)V99	10 - 16	
Filler	X(14)	17 - 30	
State	X(02)	31 - 32	
Filler	X(05)	33 - 37	
Label	X(3)	38 - 40	DME = Durable Medical Equipment (other than oxygen OXY = Oxygen P/O = Prosthetic/Orthotic

<i>Data Element Name</i>	<i>Picture</i>	<i>Location</i>	<i>Comment</i>
Filler	X(20)	41 - 60	S/D = Surgical Dressings