
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 297

Date: SEPTEMBER 10, 2004

CHANGE REQUEST 3430

SUBJECT: Reasonable Charge Update for 2005 for Splints, Casts, Dialysis Supplies, Dialysis Equipment, Therapeutic Shoes, and Certain Intraocular Lenses

I. SUMMARY OF CHANGES: This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment, and intraocular lenses furnished in calendar year 2005.

NEW/REVISED MATERIAL - EFFECTIVE DATE*: January 1, 2005
IMPLEMENTATION DATE: January 3, 2005

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

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

III. FUNDING: Medicare contractors shall implement these instructions within their current operating budgets.

IV. ATTACHMENTS:

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

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 297	Date: September 10, 2004	Change Request 3430
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SUBJECT: Reasonable Charge Update for 2005 for Splints, Casts, Dialysis Supplies, Dialysis Equipment, Therapeutic Shoes, and Certain Intraocular Lenses

I. GENERAL INFORMATION

A Background: Payment continues to be made on a reasonable charge basis for splints, casts, dialysis supplies, dialysis equipment, and intraocular lenses. Section 627 of the Medicare Modernization Act (MMA) changes the payment methodology for therapeutic shoes from reasonable charge to the prosthetic and orthotic fee schedule. Further information on the pricing update for therapeutic shoes will be provided in a separate routine update notice for the 2005 update of the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule. For intraocular lenses, payment is only made on a reasonable charge basis for lenses implanted in a physician's office. For splints and casts, payment is only made on a reasonable charge basis for splint or cast materials used by physicians or other practitioners to reduce a fracture or dislocation, and this payment is in addition to the payment made under the physician fee schedule for the procedure for applying the splint or cast. Payment for splints and casts furnished by hospital outpatient departments is built into the OPSS payment amounts.

B. Policy: This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment, and intraocular lenses furnished in calendar year 2005. Payment on a reasonable charge basis is required for these items by regulations contained in 42 CFR 405.501. The 2005 payment limits for splints and casts will be based on the 2004 limits that were announced in CR 2941 last year, increased by 3.3 percent, the percentage change in the consumer price index for all urban consumers for the 12-month period ending June 30, 2004.

C. Provider Education: A Medlearn Matters provider education article related to this instruction will be available at 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 must be included in your next regularly scheduled bulletin. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. The carriers are not required to post the actual reasonable charge amounts, other than the 2005 payment amounts for splints and casts listed in this instruction, on their Web sites or in their bulletins.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3430.1	<p>Carriers shall compute 2005 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2003, through June 30, 2004.</p> <p><u>Intraocular Lenses Implanted in a Physician's Office</u> V2630 V2631 V2632</p>			X			X	X		
3430.2	<p>DMERCs shall compute 2005 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2003, through June 30, 2004.</p> <p><u>Dialysis Supplies Billed With AX Modifier</u> A4216 A4217 A4248 A4244 A4245 A4246 A4247 A4450 A4452 A6250 A6260 A4651 A4652 A4656 A4657 A4660 A4663 A4670 A4712 A4927 A4928 A4930 A4931</p> <p><u>Dialysis Supplies Billed Without AX Modifier</u> A4653 A4671 A4672 A4673 A4674 A4680 A4690 A4706 A4707 A4708 A4709 A4714 A4719 A4720 A4721 A4722 A4723 A4724 A4725 A4726 A4728 A4730 A4736 A4737 A4740 A4750 A4755 A4760 A4765 A4766 A4770 A4771 A4772 A4773 A4774 A4802 A4860 A4870 A4890 A4911 A4918 A4929 E1634</p> <p><u>Dialysis Equipment Billed With AX Modifier</u> E0210NU E1632 E1637 E1639</p> <p><u>Dialysis Equipment Billed Without AX Modifier</u> E1500 E1510 E1520 E1530 E1540 E1550 E1560 E1570 E1575 E1580 E1590 E1592 E1594 E1600 E1610 E1615 E1620 E1625 E1630 E1635 E1636</p>				X		X			

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)																					
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other													
						FISS	MCS	VMS	CWF														
3430.3	<p>Below is a list of codes that were deleted as of January 1, 2004, but shall be included in the data retrieval process referenced in 3430.2 in order to perform the necessary calculations for the new 2004 codes. The DMERCs shall perform the following 2003-2004 crosswalk on these data.</p> <p><u>Necessary Crosswalks for deleted 2004 codes existing in 2003 data:</u></p> <table> <tr> <td>Old 2003 codes</td> <td>New 2004 Codes</td> </tr> <tr> <td>K0610</td> <td>E1634</td> </tr> <tr> <td>K0611</td> <td>A4671</td> </tr> <tr> <td>K0612</td> <td>A4672</td> </tr> <tr> <td>K0613</td> <td>A4673</td> </tr> <tr> <td>K0614</td> <td>A4674</td> </tr> <tr> <td>A4712</td> <td>A4216AX</td> </tr> </table>	Old 2003 codes	New 2004 Codes	K0610	E1634	K0611	A4671	K0612	A4672	K0613	A4673	K0614	A4674	A4712	A4216AX				X			X	
Old 2003 codes	New 2004 Codes																						
K0610	E1634																						
K0611	A4671																						
K0612	A4672																						
K0613	A4673																						
K0614	A4674																						
A4712	A4216AX																						
3430.4	Carriers shall compute 2005 Inflation-Indexed Charge (IIC) amounts for the codes identified in requirement 3430.1 that were not paid using gap-filled payment amounts in 2004.			X			X	X															
3430.5	DMERCs shall compute 2005 IIC amounts for the codes identified in requirement 3430.2 that were not paid using gap-filled payment amounts in 2004.				X			X															
3430.6	Carriers shall make payment for splints and casts furnished in 2005 based on the lower of the actual charge or the payment limits established for these codes. Refer to Attachment A for a detailed list of the applicable HCPCS codes and 2005 payment limits.			X			X	X															

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CFW	
3430.7	Effective for dates of service January 1, 2005 and later, therapeutic shoe codes A5500, A5501, A5503 thru A5507, K0628, K0629 are moving from the reasonable charge methodology to the prosthetic and orthotic fee schedule. CWF shall remove these codes from category 71 (reasonable charge HCPCS). CWF shall add these codes to CWF category 03 (prosthetics/orthotics). CWF shall not add these codes to the CWF Part A revenue code editing.								X	
3430.8	Carriers and DMERCs shall use the 2005 reasonable charges or payment limits in attachment A to pay claims for items furnished from January 1, 2005 through December 31, 2005			X	X		X	X		

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
3430.1 through 3430.5	Instructions for calculating reasonable charges are located in section 80 of chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04).
3430.1, 3430.2	Instructions for calculating customary and prevailing charge are located in section 80.2 and 80.4 of chapter 23 of the Medicare Claims Processing Manual (Pub 100-04).
3430.4, 3430.5	Instructions for calculating the IIC are located in section 80.6 of chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04). The IIC update factor for 2005 is 3.3 percent.

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

Effective Date*: January 1, 2005 Implementation Date: January 3, 2005 Pre-Implementation Contact(s): Joel Kaiser at 410-786-1818 Post-Implementation Contact(s): Joel Kaiser at 410-786-1818	Medicare contractors shall implement these instructions within their current operating budgets.
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Attachment

Attachment A

2005 Payment Limits for Splints and Casts

A4565	\$6.71
Q4001	\$38.27
Q4002	\$144.64
Q4003	\$27.49
Q4004	\$95.17
Q4005	\$10.13
Q4006	\$22.84
Q4007	\$5.07
Q4008	\$11.42
Q4009	\$6.76
Q4010	\$15.23
Q4011	\$3.38
Q4012	\$7.61
Q4013	\$12.30
Q4014	\$20.77
Q4015	\$6.16
Q4016	\$10.38
Q4017	\$7.13
Q4018	\$11.35
Q4019	\$3.56
Q4020	\$5.68
Q4021	\$5.27
Q4022	\$9.51
Q4023	\$2.64
Q4024	\$4.75
Q4025	\$29.55
Q4026	\$92.27
Q4027	\$14.78
Q4028	\$46.13
Q4029	\$22.59
Q4030	\$59.48
Q4031	\$11.30
Q4032	\$29.74
Q4033	\$21.07
Q4034	\$52.42

Q4035	\$10.55
Q4036	\$26.22
Q4037	\$12.86
Q4038	\$32.21
Q4039	\$6.44
Q4040	\$16.11
Q4041	\$15.63
Q4042	\$26.69
Q4043	\$7.82
Q4044	\$13.35
Q4045	\$9.07
Q4046	\$14.60
Q4047	\$4.53
Q4048	\$7.30
Q4049	\$1.65