
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 27

Date: NOVEMBER 4, 2003

CHANGE REQUEST 2688

I. SUMMARY OF CHANGES: A one-time notification of the correct CPT code for physicians to use for claims of lung volume reduction surgery (LVRS) and instructions for processing claims for beneficiaries in a risk M+C plan.

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

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

****M+C ONLY IMPLEMENTATION DATE: April 5, 2004**

(Corresponding one-time notification contains billing instructions for M+C plan providers)

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.

II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED –

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

III. FUNDING: *Medicare contractors only:

These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification

One-Time Notification

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SUBJECT: CPT Code for Lung Volume Reduction Surgery and Instructions for Processing Claims for Beneficiaries in a Risk M+C Plan

I. GENERAL INFORMATION

- A. Background:** Lung Volume Reduction Surgery (LVRS) (also known as reduction pneumoplasty, lung shaving, or lung contouring) is an invasive surgical procedure to reduce the volume of a hyperinflated lung in order to allow the underlying compressed lung to expand, and thus, establish improved respiratory function.

On and after January 1, 2004, Medicare will cover LVRS under certain conditions as described in [§240 of Pub. 100-03, National Coverage Determinations \(NCD\)](#).

- B. Policy:** On and after January 1, 2004, Medicare will cover LVRS under the conditions described in [§240 of Pub. 100-03, National Coverage Determinations \(NCD\)](#). Physicians, when submitting claims for LVRS that meet the coverage conditions noted, are to use CPT code 32491. Carriers shall follow the procedures they have in place for establishing diagnosis codes as appropriate for covered LVRS.

In addition, Medicare will pay for professional services for CPT Code 32491 according to fee-for-service methodology for beneficiaries in a risk M+C plan, including the application of coinsurance, but excluding the application of the Part B deductible. (Beneficiaries in a risk M+C plan are liable for the coinsurance for this service, but are considered to have already met their Part B deductible.)

Because Medicare's fee-for-service claims processing systems automatically exclude claims for services provided for risk M+C beneficiaries, except in certain circumstances for which editing has been created (e.g., claims for services performed in clinical trials), physicians are to add the modifier KZ (new coverage not implemented by managed care) to CPT code 32491 on claims for LVRS performed on Medicare beneficiaries in a risk M+C plan.

Carriers are to pay claims for LVRS CPT Code 32491 furnished to beneficiaries enrolled in risk M+C plans as noted above until the capitation rates to M+C organizations are adjusted to include the cost of this expanded coverage and carriers receive additional instructions. In addition, because the systems changes needed to create edits for modifier KZ will not be implemented until April 5, 2004, carriers are to hold all claims for CPT code 32491 with modifier KZ from January 1, 2004, through March 31, 2004, or until the systems changes are made.

- C. Provider Education:** Carriers shall inform affected providers by posting either a summary or relevant portions of this document on their Web site within 2 weeks of

the date of this transmittal. 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 updated information about LVRS is available on their Web site.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement #	Requirements	Responsibility
01	Effective with claims with dates of service on or after January 1, 2004, carriers shall cover LVRS that meets Medicare coverage requirements as defined in §240 of Pub. 100-03, National Coverage Determinations (NCD)	Carriers
02	Carriers shall recognize CPT code 32491, including code 32491-KZ, as the procedure code for covered LVRS.	Carriers
03	Carriers shall follow the procedures they have in place for establishing diagnosis codes as appropriate for CPT code 32491, including code 32491-KZ, for covered LVRS.	Carriers
04	Carriers shall hold claims for CPT code 32491 with modifier KZ from January 1, 2004, through March 31, 2004, or until appropriate systems changes are made to process claims correctly with this modifier.	Carriers
05	When the systems changes are made to process claims for CPT code 32491 with modifier KZ, carriers will pay for these services, when covered, according to fee-for-service methodology, applying coinsurance, but not applying the Part B deductible.	Carriers
06	Carriers shall release claims for payment, including any applicable interest, on or after April 5, 2004. However, claims may be released earlier if systems changes are in place.	Carriers
07	Carriers shall inform affected providers by posting either a summary or relevant portions of this document on their Web site within 2 weeks of the date of this notice. 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 updated	Carriers

	information about LVRS is available on their Web site.	
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III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
	N/A

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
	N/A

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, 2004 Implementation Date: January 5, 2004, for fee-for-service claims April 5, 2004, for risk M+C claims Pre-Implementation Contact(s): Claudette Sikora CMM/PBG/DPCP 410-786-5618 Post-Implementation Contact(s): regional offices	These instructions should be implemented within your current operating budget.
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