
Program Memorandum Carriers

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

Transmittal B-02-003

Date: JANUARY 22, 2002

CHANGE REQUEST 1948

SUBJECT: New Permanent Modifier for “Specific Required Documentation on File”

Scope:

This Program Memorandum (PM) establishes a new national modifier for use when a contractor’s policies specifically require use of a modifier for “specific required documentation on file.”

Background:

Currently, the durable medical equipment regional carriers (DMERCs) use a local modifier “ZX” in several of their local medical review policies (LMRPs).

Policy:

Effective for claim submission dates on and after July 1, 2002, DMERCs must discontinue use of the “ZX” modifier and use the following new level II national modifier:

“KX”: Specific Required Documentation on File

This modifier is required only on claims where national policy or LMRPs specifically require its use for a particular item or service. For example, the DMERCs currently require the use of a “ZX” modifier for diabetic patients who are being treated with insulin injections. In this case, the DMERCs specifically require the presence of the modifier in their LMRP for these types of claims. Medicare Part B requires “documentation” (e.g., medical records, a prescription) for any item or service for which it pays. However, suppliers and providers need not use the new modifier on every Healthcare Common Procedure Coding System (HCPCS) code or line item on every claim. Providers and suppliers need to use the modifier only when the claim is for items or services for which LMRP or national policy requires its use.

Implementation:

- 1) DMERCs must revise any policy that requires use of the “ZX” modifier, and replace any references to the “ZX” modifier with a reference to the “KX” modifier for claims submission dates as of July 1, 2002.
- 2) DMERC and Part B carrier local and standard systems, and the Common Working File, must make any changes necessary to support the use of this new modifier. This must include changes to any editing that the local and standard systems perform based on the presence or absence of the “ZX” modifier, so those edits work based on the presence of the “KX” modifier instead of the “ZX” modifier.
- 3) DMERCs must allow the usual grace period for new HCPCS codes (i.e., 3 months) to allow providers and suppliers to adjust to the new modifier. Therefore, although CMS is discontinuing the “ZX” code effective July 1, 2002, carriers and DMERCs must not reject or deny claims for an invalid modifier until dates of claim receipt beginning October 1, 2002.

CMS-Pub. 60B

Provider Education:

- 1) Advise providers and suppliers that their use of this modifier constitutes a statement to the effect that they actually have the documentation on file that the policy requires for the particular item or service.
- 2) **DMERCs only** must publish this information in their next regularly scheduled bulletins and on their web sites.

The *effective date* for this PM is July 1, 2002.

The *implementation date* for this PM is July 1, 2002.

These instructions should be implemented within your current operating budget.

This PM may be discarded after June 30, 2003.

If you have any questions, contact Renée Hildt at (410) 786-1446.