
Program Memorandum

Intermediaries/Carriers

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)
Date: JANUARY 24, 2003

Transmittal AB-03-006

CHANGE REQUEST 2535

SUBJECT: April Quarterly Update for 2003 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

Scope

This Program Memorandum (PM) provides specific instructions regarding the April quarterly update for the 2003 DMEPOS fee schedule.

Background

The DMEPOS fee schedules are updated on a quarterly basis in order to implement fee schedule amounts for new codes and to revise any fee schedule amounts for existing codes that were calculated in error.

Code A4632, replacement battery for external infusion pump, any type, each, was added to the Healthcare Common Procedure Coding System (HCPCS) effective January 1, 2003. This code should be used to bill Medicare for replacement batteries furnished for patient-owned infusion pumps from January 1, 2003, through March 31, 2003. Effective for items furnished on or after April 1, 2003, new codes for five different types of infusion pump batteries must be used instead of code A4632 for the purpose of billing the Medicare program for these items.

Codes L0450 through L0490 for thoracic-lumbar-sacral-orthoses (TLSO) were added to the HCPCS effective January 1, 2003. The fee schedule amounts that were implemented for several TLSO codes on January 1, 2003 were based on incorrect pricing information. The fee schedule amounts for the following codes will be revised as part of this quarterly update:

L0452
L0454
L0456
L0458
L0460
L0462
L0464
L0486
L0488
L0490

Codes K0581 through K0597 for ostomy pouches were added to the HCPCS effective January 1, 2003. These K codes identify ostomy pouches with one or more of the following features: filter, faucet-type tap with valve, or locking flange. Prior to the addition of these K codes, pouches with these features were billed under one of the following A codes: A4387, A4391, A4392, A4393, A5051, A5052, A5054, A5061, A5063, A5071, and A5073. Because the A codes, which were formerly used to bill for pouches with or without the features identified above, are now being used for pouches that do not contain these features, the fee schedule amounts for these A codes must be revised. However, these fee revisions should only be made if the revised fee for the A code does not exceed the fee schedule amount for the corresponding K codes for pouches with one or more of the features identified above.

CMS-Pub. 60AB

Implementation

Effective for items furnished on or after April 1, 2003, the following codes are being added to the HCPCS:

- K0560 Metacarpal Phalangeal Joint Replacement, Two Pieces, Metal (E.G., Stainless Steel Or Cobalt Chrome), Ceramic-Like Material (E.G., Pyrocarbon), For Surgical Implantation (All Sizes, Includes Entire System)
- K0600 Functional Neuromuscular Stimulator, Transcutaneous Stimulation Of Muscles Of Ambulation With Computer Control, Used For Walking By Spinal Cord Injured, Entire System, After Completion Of Training Program
- K0601 Replacement Battery For External Infusion Pump Owned By Patient, Silver Oxide, 1.5 Volt, Each
- K0602 Replacement Battery For External Infusion Pump Owned By Patient, Silver Oxide, 3 Volt, Each
- K0603 Replacement Battery For External Infusion Pump Owned By Patient, Alkaline, 1.5 Volt, Each
- K0604 Replacement Battery For External Infusion Pump Owned By Patient, Lithium, 3.6 Volt, Each
- K0605 Replacement Battery For External Infusion Pump Owned By Patient, Lithium, 4.5 Volt, Each

The HCPCS indicators for the new codes are as follows:

K0560

TOS = P

BETOS = D1F

Coverage = D

Pricing = 38

CWF Categories = 03, 67

DMEPOS Category = 3

Jurisdiction: Local Carrier

K0600 through K0605

TOS = A, P, R

BETOS = D1E

Coverage = C

Pricing = 32

CWF Categories = 04, 60

DMEPOS Category = 1

Jurisdiction: DMERC

Effective for items furnished on or after April 1, 2003, code A4632 is invalid for Medicare use. Effective for items furnished on or after April 1, 2003, codes K0601 through K0605 above should be used to bill for replacement batteries for patient-owned external infusion pumps.

The durable medical equipment regional carriers (DMERCs) must gap-fill base fee schedule amounts for each State for codes K0600 through K0605, L0452 through L0464, and L0486 through L0490 in accordance with instructions located in §5102.2 of the Medicare Carriers Manual (MCM). The local carriers must gap-fill base fee schedule amounts for each State for code K0560 in accordance with instructions located in §5102.2 of the MCM. Codes K0600 through K0605 are new for April and are located in the payment category for inexpensive or routinely purchased DME. Code K0560 is new for April and is located in the payment category for prosthetics and orthotics. The DMERCs must gap-fill new base fee schedule amounts for the TLSO codes using pricing

information for the products that the statistical analysis durable medical equipment regional carrier (SADMERC) and DMERCs have determined to be correctly classified under these codes. The DMERCs must revise the gap-filled base fee schedule amounts for A4387, A4391, A4392, A4393, A5051, A5052, A5054, A5061, A5063, A5071, and A5073. However, these fee revisions should only be made if the revised fee for the A code does not exceed the fee schedule amount for the corresponding K codes for pouches with one or more of the following features: filter, faucet-type tap with valve, or locking flange.

The base fees must not be updated by any covered item update factors other than the 1.7 percent (1989) update factor for base fees. Update factors that are applicable subsequent to 1989 will be added by central office as part of the fee schedule calculation process. The DMERCs and local carriers must submit the base fees to CMS central office by January 29, 2003.

The April DMEPOS Fee Schedule files will be made available to carriers by February 12, 2003, and to intermediaries by February 19, 2003. The names of the files are:

Carriers - MU00.@BF12393.DMEPOS.T030101.Q2.V0212

Intermediaries - MU00.@BF12393.DMEPOS.T030101.Q2.V0219.FI

For the five battery codes identified above, DMERCs are to make payment based on the 2003 DMEPOS fee schedule amounts for all claims with dates of service from April 1, 2003, through December 31, 2003. For all other codes, contractors are to make payment based on the 2003 DMEPOS fee schedule amounts for all claims with dates of service from January 1, 2003, through December 31, 2003.

Contractors must adjust previously processed claims for codes L0452 through L0464 and L0486 through L0490 with dates of service on or after January 1, 2003, if they are resubmitted.

Education

Contractors must notify suppliers of these changes in their next regularly scheduled bulletin and immediately post this information on their Web sites.

For codes K0560 and K0600 through K0605, this PM is effective for claims with dates of service on or after April 1, 2003. For all other DMEPOS codes, this PM is effective for claims with dates of service on or after January 1, 2003.

The implementation date for this PM is April 1, 2003.

Any questions regarding these instructions should be directed to Joel Kaiser on (410) 786-4499. Questions regarding the transmission of the file, the file layout, and submission of base fees to central office should be directed to Mary Anne Stevenson on (410) 786-1818.

These instructions should be implemented within your current operating budget.

This PM may be discarded January 1, 2004.