
Program Memorandum

Carriers

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

Transmittal B-03-009

Date: FEBRUARY 3, 2003

CHANGE REQUEST 2048

SUBJECT: Durable Medical Equipment Regional Carriers (DMERCs)—New Modifier Needed to Invoke Advanced Beneficiary Notice (ABN) Logic for Hard Copy and Electronic Claims

Scope

This Program Memorandum (PM) instructs the DMERC Standard System (VMS) to make systems changes to allow DMERCs to apply Advanced Beneficiary Notice (ABN) logic when more than 4 modifiers are needed on a claim line. It also establishes a new modifier “KB” to support this initiative. This PM also addresses the issue of acceptance of the “99” modifier at the DMERCs.

Background

Change Requests 1893 (PM B-01-64), and 1894 (PM B-01-68) address the system changes for implementing the ABN and free upgrade initiatives. In order to implement these requirements, suppliers must use two of three modifiers (GZ or GA and GK) with an ABN item and one modifier when offering a free upgrade (GL modifier). Currently, the VMS system can only hold 4 modifiers per line item. With the ABN and Free Upgrade initiatives, there will be times when more than 4 modifiers will be needed to correctly adjudicate ABN claims.

Policy

CMS recently implemented the ABN and the Free Upgrade initiatives. If the supplier uses an ABN or dispenses a free upgrade, the supplier must submit the line item using specific modifiers as noted above. In those cases where more than 4 modifiers are necessary, the VMS system must be modified to suspend any electronic DMERC claims containing the following modifier:

“KB”— Beneficiary Requested Upgrade for ABN, more than 4 Modifiers Identified on Claim

This will enable the claims processing staffs at the DMERCs to manually invoke ABN logic on the applicable claims.

Note: The “KB” modifier only applies to claims for DMEPOS where the supplier obtained an ABN.

Please note that with implementation of the Health Insurance Portability and Accountability Act (HIPAA) transaction standards, modifier “99—modifier overflow” must be available for use in any other situations where claim lines have more than 4 modifiers. It has come to CMS’ attention that some contractors have been having problems using this modifier, and this situation must be corrected.

Implementation

- 1) When an electronic claim comes in with the “KB” modifier, VMS must suspend the claim with a new claim edit before the point when the system evaluates the GA/GZ modifier.
- 2) VMS must allow the DMERC claims processing staff to manually invoke ABN processing on the suspended claims.
- 3) VMS will accomplish 2 above via the use of a unique indicator that will trigger the ABN claims processing logic. The DMERC claims processors will not place the actual ABN modifiers on the claim, because the indicator will imply that the ABN modifiers are already on the claim.
- 4) For paper claims, when a supplier must use more than 4 modifiers, the supplier must append modifier “KB” to the line and place all of the other modifiers in block 19, indicating the line to which they apply.
- 5) For electronic claims in the National Standard Format (NSF), the suppliers must place the ABN modifiers in the HA0 record per claim line.
- 6) For electronic claims in the American National Standards Institute (ANSI) X12N format, suppliers must place the ABN modifiers in 2400-NTE02 (NTE01+ADD).
- 7) These requirements relate to the VMS DMERC system only.
- 8) These requirements relate to the ABN used for beneficiary-requested DMEPOS upgrades only.
- 9) DMERCs must ensure that they are able to accept modifier “99” in their systems for other modifier overflow situations as part of a valid HIPAA code set.

Provider Education

DMERCs must educate suppliers about this issue on their websites and in their listservs within two weeks of receiving this PM, and in their next regularly scheduled bulletins, paying particular attention to the placement order of overflow modifiers.

The effective date for this PM is July 1, 2003.

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

These instructions should be implemented with your current operating budget.

This PM may be discarded after June 30, 2004.

If you have any questions, contact the appropriate Regional Office.