



## DMEPOS Fee Schedule: CY 2024 Update

Related CR Release Date: December 7, 2023

MLN Matters Number: MM13463

Effective Date: January 1, 2024

Related Change Request (CR) Number: [CR 13463](#)

Implementation Date: January 2, 2024

Related CR Transmittal Number: R12398CP

Related CR Title: Calendar Year 2024 Update for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

### Affected Providers

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- Suppliers
- Other providers billing Medicare Administrative Contractors (MACs) for DMEPOS provided to Medicare patients

### Action Needed

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Make sure your billing staff knows about:

- CY 2024 fee schedule amounts for new and existing codes
- Payment policy changes

### Background

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CMS pays for certain DMEPOS products and surgical dressings on a fee schedule basis per Sections 1834(a), (h), and (i) of the [Social Security Act](#) (the Act). [42 CFR 414.102](#) requires payment on a fee schedule for parenteral and enteral nutrition (PEN), splints, casts, and intraocular lenses (IOLs) inserted in a physician's office. Effective January 1, 2024, the DMEPOS fee schedule file will include national payment amounts for lymphedema compression treatment items.

The DMEPOS and PEN fee schedule files contain HCPCS codes subject to fee schedule adjustments for these items under the DMEPOS Competitive Bidding Program (CBP), as well as codes that aren't subject to the CBP or fee schedule adjustments.

#### 1. The Consolidated Appropriations Act, 2023

Section 4139 of the [Consolidated Appropriations Act \(CAA\), 2023](#) requires the fee schedule amounts for items and services provided in non-rural contiguous non-competitive bidding areas (CBAs) be based on a blend of 75% of the adjusted fee schedule amounts and 25% of the unadjusted fee schedule amounts for claims with dates of service for the remainder of the

COVID-19 public health emergency (PHE) or December 31, 2023, whichever was later.

The COVID-19 PHE ended at the end of the day on May 11, 2023. Starting January 1, 2024, the fee schedule amounts for items and services you provide in non-rural contiguous non-CBAs is based on 100% of the fee schedule amounts adjusted with regulations at [42 CFR 414.210\(g\)](#). Details are in the [2024 Home Health Prospective Payment System \(HH PPS\) final rule](#).

Starting January 1, 2024, there's a gap period in the DMEPOS CBP. All Medicare Round 2021 DMEPOS CBP contracts for off-the-shelf (OTS) back braces and OTS knee braces expire on December 31, 2023.

During the gap period, payment for items and services we included in the CBP are equal to 80% of the lesser of the supplier's charge or the fee schedule amount for the item. We base the fee schedules for items and services you provide in former CBAs on the single payment amounts (SPAs) in effect in the CBA on the last day before the CBP contract period of performance ended, increased by the projected percentage change in the Consumer Price Index for all Urban consumers (CPI-U) for the 12-month period on the date after the contract periods ended. We increase the fee schedule amounts once every 12 months on the anniversary date of the first day after the contract period ended with the CPI-U.

- For items awarded contracts in Round 2021, for CY 2024, we adjust the fee schedule amounts for items you provide in areas that were CBAs as of December 31, 2023, based on the SPAs for each specific CBA, increased by the projected percentage change in the CPI-U of 2.9% for the 12-month period ending January 1, 2024
- For items of the CBP included in Round 2021, where contracts weren't awarded, the 2023 adjusted fee schedule amounts are increased by the projected CPI-U of 2.9% for CY 2024

A former CBA ZIP Code file contains the CBA ZIP Codes we used in pricing a claim for an item you provided in a CBA. We update the file quarterly as necessary. Starting January 1, 2024, the former CBA ZIP Code file will contain the ZIP Codes for the CBAs included in Round 2021. More information is available on the [gap period](#).

## 2. DMEPOS Rural ZIP Codes

The DMEPOS Rural ZIP Code file contains the ZIP Codes of rural areas. ZIP Codes for non-continental Metropolitan Statistical Areas (MSAs) aren't in the DMEPOS Rural ZIP Code file, which we update quarterly, as necessary. [42 CFR 414.202](#) defines a rural area as a geographical area represented by a postal ZIP Code where at least 50% of the total geographical area of the ZIP Code is estimated to be outside any MSA. A rural area also includes any ZIP Code within an MSA that's excluded from a CBA established for that MSA.

## 3. KE Modifier

The January 2024 DMEPOS fee schedule files will continue to incorporate fee schedule amounts for certain codes billed with modifier KE for rural and non-contiguous, non-CBAs.

Starting January 1, 2024, we'll populate the non-rural fees for these KE codes with zeros on the fee schedule file since KE isn't a valid option for areas without blended fees.

[CR 6270](#) provides background information on the KE modifier. Suppliers should append the KE modifier to the HCPCS code for the accessory for patients residing in rural or non-contiguous, non-CBAs where accessories included in the Initial Round One CBP in 2008 were provided for use with base equipment that wasn't included in the 2008 CBP (for example, manual wheelchairs where the KU modifier doesn't apply, canes, and aspirators).

#### 4. DMEPOS Fee Schedule Files

We're providing updates to the following files:

- DMEPOS fee schedule file for 2024
- DMEPOS Rural ZIP Code file for Quarter 1, 2024
- DMEPOS PEN fee schedule file for 2024
- Former CBA fee schedule file
- Former CBA National Mail Order diabetic testing supply fee schedule
- Former CBA ZIP Code

These updates will be available as [Public Use Files \(PUFs\)](#) for State Medicaid Agencies, managed care organizations, and other interested parties.

#### 5. Codes Added

New DMEPOS codes we're adding to the HCPCS file, effective January 1, 2024, are:

- A4287
- A4457
- A4468
- A4540
- A4541
- A4542
- A7023
- E0492
- E0493
- E0530
- E0678
- E0679
- E0680
- E0681
- E0682
- E0732
- E0733
- E0734

- E0735
- E1301
- E2001
- E2398
- E3000
- L3161
- L5615
- L5926
- K1007
- L8701
- L8702

## 6. Migration of Temporary HCPCS Codes

[Attachment B in CR 13463](#) has new codes on the DMEPOS fee schedule file effective January 1, 2024. These new codes are permanent codes established as part of the First Biannual (B1) 2023 Non-Drug and Non-Biological Items and Services HCPCS Coding Cycle for supplies and other products to replace temporary HCPCS Level II code (K code) that became effective January 1, 2020, through 2022. The fee schedule amounts for the new permanent codes are the corresponding fee schedule amounts for the temporary K codes. We'll delete the corresponding temporary K codes for the supplies and other products from the fee schedule file effective January 1, 2024.

## 7. New HCPCS and Fee Schedule Amounts for Lymphedema Compression Treatment Items

The CY 2024 HH PPS final rule establishes a new benefit category for standard and custom fitted compression garments and additional lymphedema compression treatment items under Medicare Part B. The lymphedema compression treatment items benefit category includes standard and custom fitted compression garments and additional lymphedema compression treatment items used to serve a medical purpose, that are for the treatment of lymphedema, prescribed by an authorized practitioner for items they provide starting January 1, 2024.

The Medicare payment for lymphedema compression treatment items is equal to 80% of the lesser of the supplier's charge for the item or the national payment amount.

The national payment amount for the item is 120% of the average of Medicaid payment amounts. Where Medicaid state plan payment amounts aren't available for an item, the Medicare national payment amount for the item is the average of average internet retail prices and payment the TRICARE insurance program uses. If TRICARE payment amounts aren't available for the item, the Medicare national payment amount uses the average internet retail prices.

The following general categories of lymphedema compression treatment items are included in the new benefit:

- Standard daytime gradient compression garments
- Custom daytime gradient compression garments
- Nighttime gradient compression garments
- Gradient compression wraps
- Accessories (for example, zippers, linings, padding or fillers, etc.) necessary for the effective use of a gradient compression garment or wrap
- Compression bandaging systems and supplies

HCPCS codes for lymphedema compression treatment items are included in the [HCPCS file](#).

Starting January 1, 2024, national payment amounts for lymphedema compression treatment items are on the DMEPOS fee schedule file for the following new HCPCS codes:

- A6520
- A6521
- A6522
- A6523
- A6524
- A6525
- A6526
- A6527
- A6528
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- A6601
- A6602
- A6603
- A6604
- A6605
- A6606
- A6607
- A6608
- A6610

DME MACs will make payment for covered claims for items described by HCPCS codes A6559-A6561 on an individual, claim-by-claim basis until we have data to develop national payment amounts.

On the fee schedule file, a new payment category indicator of LC will identify lymphedema compression treatment items. The LC indicator will be added to the record layout for the DMEPOS fee schedule in Section 60.1 of the Medicare Claims Processing Manual, Chapter 23, as part of this update. The relevant Manual text is part of [CR 13463](#).

Additional claims processing instructions are available in MLN Matters Article [MM13286](#).

## 8. New and Deleted Fee Schedule Amounts

As part of this update, we added fee schedule amounts to the DMEPOS fee schedule file for new and revised HCPCS codes effective January 1, 2024.

We're deleting the listing of A6545 without a modifier from the DMEPOS fee schedule file as part of this update as there are no payment amounts associated with this listing.

We revised the administrative fields for the following codes, showing they fall under the orthotic benefit category effective January 1, 2024:

- K1007
- L8701
- L8702

We'll make payment for covered devices described by these codes on an individual basis until we establish national fees through the HCPCS public meeting process.

We included the 'KU' modifier when billed with wheelchair code E2398 in the January 2024 file for billing when you provide these items in connection with a Group 3 power wheelchair, complex rehabilitative manual wheelchair (identified by HCPCS codes K0005, E1161, E1231, E1232, E1233, and E1234), and certain manual wheelchairs described by HCPCS codes E1235, E1236, E1237, E1238, and K0008.

For gap-filling purposes, the deflation factors for 2023 by payment category are:

- 0.359 for Oxygen
- 0.361 for Capped Rental
- 0.362 for Prosthetics and Orthotics
- 0.460 for Surgical Dressings
- 0.500 for Parental and Enteral Nutrition (PEN)
- 0.765 for Splints and Casts
- 0.752 for Intraocular Lenses (IOL)

## 9. 2024 Fees Update Factor of 2.6%

For CY 2024, we apply an update factor of 2.6% to certain DMEPOS fee schedule amounts that aren't adjusted using information from CBPs.

We update certain DMEPOS fee schedule amounts for 2023 by the percentage increase in the CPI-U for the 12-month period ending June 30, 2023, adjusted by the change in the economy-



wide productivity equal to the 10-year moving average of changes in annual economy-wide private non-farm business Multi-Factor Productivity (MFP). Starting with the November 18, 2021, release of productivity data, The Bureau of Labor Statistics replaced the term MFP with Total Factor Productivity (TFP).

For CY 2024, the TFP adjustment is 0.4% and the CPI-U increase is 3%. We reduce the 3% increase in the CPI-U by the 0.4% increase in the TFP, resulting in a net increase of 2.6%.

## 10. Therapeutic Shoe Modification Codes

We annually adjust the fee schedule amounts for shoe modification codes, A5503 through A5507, to show the most current allowed service data. We do this in a way that prevents a net increase in expenditures when substituting these items for therapeutic shoe insert codes A5512, A5513, and A5514.

To establish the fee schedule amounts for the shoe modification codes, the base fees for codes A5512 and A5513 were weighted based on the approximated total allowed services for each code for items provided during the second quarter of CY 2004. For 2024, we're updating the weighted average insert fees used to establish the fee schedule amounts for the shoe modification codes with the most current allowed service data for each insert code. The base fees for A5512, A5513, and A5514 will be weighted based on the approximated total allowed services for each code for items provided during CY 2022. We revised the fee schedule amounts for A5503 through A5507 to show this change, effective January 1, 2024.

## 11. Diabetic Testing Supplies

We're not updating the fee schedule for non-mail order Diabetic Testing Supplies (DTS) (without the KL modifier) for codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259. We adjusted the fee schedule amounts for these codes in CY 2013 so they're equal to the SPAs for mail order DTS established in implementing the national mail-order CBP. CRs [8204](#) and [8325](#) contain initial program instructions on these fees, or you can visit the [National Mail-Order Recompete DTS SPAs website](#).

We'll update the non-mail order DTS amounts on the fee schedule each time the SPAs are updated. This can happen no less often than every time we recompute the mail-order CBP.

The National Mail-Order Recompete CBP for mail-order DTS was effective from July 1, 2016, to December 31, 2018. As of January 1, 2024, payment for non-mail order DTS will continue in accordance with Section 1834(a)(1)(H) of the Act. These rates remain in effect until the new SPA rates are set under the national mail-order program.

Starting January 1, 2024, we're adjusting the mail-order DTS (with KL modifier) fee schedule amounts using the methods for areas that were formerly CBAs during periods when there's a temporary lapse in the CBP.

- For CY 2023, the adjusted CY 2022 mail-order DTS fees show the increase in the CPI-U of 6.4% for the 12-month period ending January 1, 2023



- For CY 2024, we increase the 2023 adjusted fee schedule amounts by the projected percentage change in the CPI-U of 2.9% for the 12-month period ending January 1, 2024

We'll use the national mail-order adjusted fee schedule amounts in paying mail-order DTS claims in all parts of the U.S., including all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.

## 12. 2024 Maintenance and Servicing Payment Amount for Certain Oxygen Equipment

We're updating the payment amount for maintenance and servicing for certain oxygen equipment. Payment for maintenance and servicing of certain oxygen equipment can occur every 6 months, starting 6 months after the end of the 36th month of continuous use or the end of the supplier's or manufacturer's warranty, whichever is later. This applies to HCPCS codes E1390, E1391, E0433, or K0738, billed with the MS modifier. Payment can't occur more than once per patient, regardless of the combination of oxygen concentrator equipment and transfilling equipment the patient uses for any 6-month period.

We're adjusting the 2024 maintenance and servicing fee by the 2.6% TFP-adjusted covered item update factor to give a CY 2024 maintenance and servicing fee of \$85.76 for oxygen and transfilling equipment.

## 13. 2024 Labor Payment Amounts for Repairs & Service Codes

[Attachment A of CR 13463](#) has the CY 2024 allowed payment amounts for HCPCS labor payment codes K0739, L4205, and L7520. Since the percentage increase in the CPI-U for the 12-month period ending with June 30, 2024, is 3%, we apply this change to the 2023 labor payment amounts for the CY 2023 rates. The 2024 labor payment amounts in Attachment A are effective for claims sent using HCPCS codes K0739, L4205, and L7520 with dates of service from January 1-December 31, 2024.

## More Information

We issued CR 13463 to your MAC as the official instruction for this change. For more information, [find your MAC's website](#).

## Document History

Date of Change	Description
December 12, 2023	Initial article released.

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