

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1125</b>	<b>Date: DECEMBER 8, 2006</b>
	<b>Change Request 5417</b>

**SUBJECT: Fee Schedule Update for 2007 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies**

**I. SUMMARY OF CHANGES:** The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations. The update process for the DMEPOS fee schedule is located in §60, Chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04). This recurring update notification provides specific instructions regarding the annual update for the 2007 DMEPOS fee schedule.

**NEW / REVISED MATERIAL**

**EFFECTIVE DATE:** January 1, 2007

**IMPLEMENTATION DATE:** January 2, 2007

*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. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

**III. FUNDING:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1125	Date: December 8, 2006	Change Request: 5417
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**SUBJECT: Fee Schedule Update for 2007 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies**

**Effective Date:** January 1, 2007

**Implementation Date:** January 2, 2007

## I. GENERAL INFORMATION

**A. Background:** The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations. The update process for the DEMPOS fee schedule is located in §60, Chapter 23 of the Medicare Claims Processing Manual (Pub 100-04).

**B. Policy:** This recurring update notification provides specific instructions regarding the 2007 annual update for the DMEPOS fee schedule. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by §1834(a), (h), and (i) of the Social Security Act. Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained at 42 CFR 414.102.

The CMS Division of Data Systems (DDS) is scheduled to electronically release the 2007 DMEPOS Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T070101.VB1127) to the Statistical Analysis Durable Medical Equipment Regional Carrier (SADMERC), the Durable Medical Equipment Medicare Administrative Contractors (DME MACS), and local Part B carriers via the CMS mainframe telecommunications system on November 28, 2006. The DDS is scheduled to release a separate 2007 DMEPOS Fee Schedule file (filename: MU00.@BF12393.T070101.VB1116.F1) to the intermediaries, regional home health intermediaries, Railroad Retirement Board (RRB), Indian Health Service, and United Mine Workers on November 28, 2006. The fee schedule file is scheduled to be available through the CMS homepage by November 28, 2006, for interested parties like the State Medicaid Agencies and managed care organizations. The 2007 fee schedule for PEN is scheduled to be released to the SADMERC and DME MACS in a separate file (filename: MU00.@BF12393.PEN.CY07.V1127) on November 28, 2006.

The HCPCS codes that do not yet have corresponding fee schedule amounts are contained in the 2007 DMEPOS Fee Schedule file and are identifiable by a gap-fill indicator of “1.” These codes have associated pricing amounts of 0. The DDS will release an addendum file to contractors on December 20, 2006, containing gap-filled fee schedule amounts for many of these codes. The DDS files will not contain fee schedule amounts for non-continental areas under local carrier jurisdiction. Local carriers must update their local fee schedule amounts for these areas using the appropriate covered item updates.

The DDS is scheduled to electronically release the 2007 DMEPOS Gap-fill Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T070101.GAP.V1221) to the Statistical Analysis Durable Medical Equipment Regional Carrier (SADMERC), DME MACS, and local Part B carriers via the CMS mainframe telecommunication system on December 21, 2006. The DDS is scheduled to release a separate 2007 DMEPOS Gap-fill Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T070101.GAP.V1221.FI) to the intermediaries, regional home health intermediaries, Railroad Retirement Board (RRB), Indian Health Service, and United Mine Workers on December 21, 2006.

The following codes are being deleted from the HCPCS effective January 1, 2007, and are therefore being removed from the DMEPOS and PEN fee schedule files:

A4348  
A4359  
A4462  
A4632  
E0164  
E0166  
E0180  
E0701  
E0977  
E0997 thru E0999  
E2320  
K0090 thru K0097  
K0099  
L0100  
L0110  
L3902  
L3914  
L6700  
L6705  
L6710  
L6715  
L6720  
L6725  
L6730  
L6735  
L6740  
L6745  
L6750  
L6755  
L6765  
L6770  
L6775  
L6780  
L6790  
L6795  
L6800  
L6806 thru L6809  
L6825  
L6830  
L6835  
L6840  
L6845  
L6850  
L6855  
L6860  
L6865  
L6867  
L6868  
L6870  
L6872

L6873  
L6875  
L6880  
L7010  
L7015  
L7020  
L7025  
L7030  
L7035

As part of this update, we are implementing national monthly payment rates for oxygen and oxygen equipment effective for claims with dates of service on or after January 1, 2007. The 2007 national monthly payment rates were established recently through rulemaking as follows:

\$198.40 – Codes E0424, E0439, E1390, and E1391

Class: Stationary Oxygen Equipment (including stationary concentrator, liquid and gaseous equipment) and Oxygen Contents (stationary and portable)

\$31.79 – Codes E0431 and E0434

Class: Portable Equipment Only (gaseous or liquid tanks)

\$51.63 – Codes E1392 and K0738

Class: Oxygen Generating Portable Equipment (OGPE) Only

\$77.45 – Codes E0441 and E0442

Class: Oxygen Contents for Beneficiary-Owned Stationary Gaseous or Liquid Oxygen Equipment

\$77.45 – Codes E0443 and E0444

Class: Oxygen Contents for Beneficiary-Owned Portable Gaseous or Liquid Oxygen Equipment

As a result of these changes, we are revising the fee schedule amounts for codes E1405 and E1406 as part of this update. Since 1989, the fees for E1405 and E1406 have been established based on a combination of the Medicare payment amounts for stationary oxygen equipment and nebulizer codes E0585 and E0570, respectively.

As reflected above, effective January 1, 2007, separate payment is made for stationary oxygen contents and portable oxygen contents for beneficiary-owned gaseous or liquid stationary or portable oxygen equipment. Therefore, suppliers must submit claims with both the code for stationary oxygen contents (E0441 or E0442) and the code for portable oxygen contents (E0443 or E0444) when billing for payment for furnishing both stationary and portable oxygen contents for beneficiary-owned gaseous or liquid stationary and portable oxygen equipment.

The fee schedules for HCPCS code E0461 (Volume Control Ventilator, Without Pressure Support Mode, May Include Pressure Control Mode, Used with Non-Invasive Interface (E.G. Mask)) are being revised as part of this update to correct calculation errors and are effective for dates of service on or after January 1, 2007.

Please note that the HCPCS codes listed as new codes in this CR are not yet final and are subject to change. The new codes are not to be used for billing purposes until they are implemented on January 1, 2007.

## II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I	C A R R I E R	D M E R C	R H R I	Shared-System Maintainers			
							F I S S	M C S	V M S	C W F	
5417.1	<p>The DMERCS and DME MACs shall gap-fill base fee schedule amounts for each State in their region for the following new and revised HCPCS codes that will be subject to the DMEPOS fee schedules in 2007:</p> <p><u>Inexpensive or Routinely Purchased DME (IN)</u> A8002, A8003, A8004, E2373, E2374, E2375, E2376, E2377, E2388, E2389, E2390, E2391, E2392, E2393, E2394, E2395</p> <p><u>Capped Rental DME (CR)</u> E0639, E0640</p> <p><u>Prosthetics and Orthotics (PO)</u> L1001, L3806, L3808, L3915, L5993, L5994, L6611, L6624, L6639</p> <p><u>Surgical Dressings (SD)</u> A4463</p> <p><u>DME Supplies (SU)</u> A4559</p>		X			X					
5417.1.1	The DMERCS and DME MACS shall submit ASCII files containing the base fees for the codes above to CMS central office by December 13, 2006.		X			X					
5417.1.2	The DMERCS and DME MACS shall follow the instructions for submitting base fee schedule amounts located in §60, Chapter 23 of the Medicare Claims Processing Manual (Pub 100-04). Base fee schedule amounts submitted to CMS shall not be updated by any update		X			X					



Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B  M A C	D M E  M A C	F I	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F		
	parentheses) as follows: A4461 (21,60) A4463 (21,60) A4559 (16,60) A4600 (4,60) A4601 (4,60) A8000 (4,60) A8001 (4,60) A8002 (4,17,60) A8003 (4,17,60) A8004 (4,60) A9279 (56,4,60) E0676 (1,60) E0936 (2,60) E2373 thru E2377 (4,60) E2381 thru E2396 (4,60) K0733 thru K0737 (4,60) L1001 (3,62,60) L3806 (3,60) L3808 (3,60) L3915 (3,62,60) L5993 (3,60) L5994 (3,60) L6611 (3,60) L6624 (3,60) L6639 (3,60) L6703 (3,62,60) L6704 (3,62,60) L6706 (3,62,60) L6707 thru L6709 (3,62,60) L7007 thru L7009 (3,62,60) L8690 (3,67) L8691 (3,67) L8695 (3,67)											
5417.8	Contractors shall use the 2007 DMEPOS fee schedule payment amounts to pay claims for items furnished from January 1, 2007, through December 31, 2007.		X	X	X	X	X					
5417.9	The DMERCS and DME MACS shall use the 2007 PEN fee schedule payment amounts to pay claims for		X			X						

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R I E R	D M E R C	R H I	Shared-System Maintainers				OTHER
		M A C	M A C					F I S S	M C S	V M S	C W F	
	items furnished from January 1, 2007, through December 31, 2007.											
5417.10	The DMERCS, DME MACS, Carriers and FIs shall implement quarterly changes to the 2007 DMEPOS fee schedules in accordance with instructions in §60.2, Chapter 23 of the Medicare Claims Processing Manual (Pub 100-04) and the schedule below.	X	X	X	X	X						

**Schedule for changes for 2007 DMEPOS Fees (Local Carriers or DME MACs) or PEN Fees (DME MACS)**

Changes to DDS\*(MaryAnne Stevenson)    DDS Transmit Files    Contractors Implement

January 31	February 14	April 3, 2007
April 12	May 5	July 3, 2007
July 19	August 11	October 2, 2007
September 15	November 8	January 1, 2008

\* DME MACS or local carriers will forward changes to ROs. ROs will forward requests to DDS/MaryAnne Stevenson.

**III. PROVIDER EDUCATION TABLE**

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R I E R	D M E R C	R H I	Shared-System Maintainers				OTHER
		M A C	M A C					F I S S	M C S	V M S	C W F	
5417.11	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles">www.cms.hhs.gov/MLNMattersArticles</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors	X	X	X	X		X					

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A B M A C	D M M A C	F I	C A R I E R	D M R C	R E H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
	shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.											

**IV. SUPPORTING INFORMATION**

**A.** For any recommendations and supporting information associated with listed requirements, use the box below: N/A

X-Ref Requirement Number	Recommendations or other supporting information:

**B.** For all other recommendations and supporting information, use the space below: N/A

**V. CONTACTS**

**Pre-Implementation Contact(s):** Karen Jacobs 410-786-2173; Joel Kaiser 410-786-4499

**Post-Implementation Contact(s):** Karen Jacobs 410-786-2173; Joel Kaiser 410-786-4499

**VI. FUNDING**

**A.** For *TITLE XVIII Contractors*, use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

**B.** For *Medicare Administrative Contractors (MAC)*, use only one of the following statements:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts specified in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor

shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.