

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 340	Date: MAY 16, 2008
	Change Request 6055

Subject: National Competitive Bidding (NCB) for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Phase VII Correction of Common Working File (CWF) Category for Portable Oxygen

I. SUMMARY OF CHANGES: This instruction adds HCPCS code K0738 to CWF category 59 so that claims may be processed correctly under the NCB program.

New / Revised Material

Effective Date: October 1, 2008

Implementation Date: October 6, 2008

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:

SECTION A: For Fiscal Intermediaries and Carriers:

Not Applicable.

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted 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.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

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SUBJECT: National Competitive Bidding (NCB) for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Phase VII—Correction of Common Working File (CWF) Category for Portable Oxygen

Effective Date: October 1, 2008

Implementation Date: October 6, 2008

I. GENERAL INFORMATION

A. Background: On April 10, 2007, CMS published the final rule to implement NCB for certain DMEPOS items and services, as codified in the Code of Federal Regulations at 42 CFR Parts 411 and 414. Under § 414.408(i), in situations where a beneficiary receiving oxygen equipment prior to the start of NCB must switch to a contract supplier, and where the previous supplier had received 26 to 35 payments for said equipment, the new contract supplier is entitled to 10 payments from the Medicare program. This is an exception to the Deficit Reduction Act (DRA) payment caps that allow a maximum of 36 months of payment for oxygen equipment for non-NCB claims. The claims processing systems calculate the number of maximum payments allowed for NCB claims for oxygen equipment by utilizing CWF category 59.

On August 25, 2006, CMS issued Transmittal 1037, Change Request (CR) 5255: October Quarterly Update for 2006 DMEPOS Fee Schedule. This CR added Healthcare Common Procedure Coding System (HCPCS) code K0738 (Portable Gaseous Oxygen System, Rental; Home Compressor Used To Fill Portable Oxygen Cylinders; Includes Portable Containers, Regulator, Flowmeter, Humidifier, Cannula or Mask, and Tubing), effective October 1, 2006. This code is subject to NCB and the 10 month requirement noted above. However, the code was inadvertently added to CWF categories 6 and 60, but not 59.

This instruction adds HCPCS code K0738 to CWF category 59 so that claims may be processed correctly under the NCB program.

B. Policy: HCPCS code K0738 is subject to NCB rules, including allowing a minimum of 10 months of payment for NCB suppliers of oxygen equipment.

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 M A C	F I M A C	C A R I E R	R H R I S	Shared- System Maintainers				
							F I S S	M C S	V M S	C W F	
6055.1	Effective for dates of service on and after October 1, 2006, the shared systems maintainers shall add HCPCS code K0738 to CWF category 59.		X						X	X	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M M A C	F I M A C	C A R I E R	R H R I S	Shared- System Maintainers				
							F I S S	M C S	V M S	C W F	
	None.										

IV. SUPPORTING INFORMATION

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

Use "Should" to denote a recommendation.

X-Ref Requireme nt Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Renée Hildt at renee.hildt@cms.hhs.gov or (410) 786-1446.

Post-Implementation Contact(s): Renée Hildt at renee.hildt@cms.hhs.gov or (410) 786-1446.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs) and Carriers*: N/A

Section B: For *Medicare Administrative Contractors (MACs)*:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted 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.