

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 915

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Date: APRIL 28, 2006

Change Request 4392

SUBJECT: CWF, VMS and FISS Analysis—Changes in Payment for Oxygen Equipment due to the Deficit Reduction Act of 2005

I. SUMMARY OF CHANGES: Section 5101(b) of the DRA of 2005 establishes a 36 month (3 year) limit or cap on monthly payments for stationary and portable oxygen equipment. This instruction requires the VMS and FISS shared systems to complete an analysis of systems changes required to implement this legislation.

NEW/REVISED MATERIAL

EFFECTIVE DATE: January 1, 2006

IMPLEMENTATION DATE: October 2, 2006

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
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III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-04	Transmittal: 915	Date: April 28, 2006	Change Request 4392
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SUBJECT: CWF, VMS and FISS Analysis—Changes in Payment for Oxygen Equipment due to the Deficit Reduction Act of 2005

I. GENERAL INFORMATION

A. Background:

This One-Time Notification asks the CWF, VMS and FISS shared systems to conduct a systems analysis and develop specific business requirements for changing the DMEPOS claims processing systems as directed by recent legislative changes mandated by section 5101(b) of the Deficit Reduction Act (DRA) of 2005.

Since 1989, suppliers have been paid a monthly payment amount for furnishing stationary oxygen equipment and oxygen contents to Medicare beneficiaries. In addition, suppliers have been paid an add-on fee for furnishing portable oxygen equipment to patients when medically necessary. These payments were made for the duration of use of the equipment, provided that Medicare Part B coverage and eligibility criteria were met.

B. Policy:

Section 5101(b) of the DRA of 2005 establishes a 36 month (3 year) limit, or cap, on monthly payments for stationary and portable oxygen equipment. This cap applies to oxygen equipment furnished on or after January 1, 2006, and applies to all claims for the following HCPCS codes:

- E0424 – Stationary gaseous oxygen system
- E0431 – Portable gaseous oxygen system
- E0434 – Portable liquid oxygen system
- E0439 – Stationary liquid oxygen system
- E1390 – Oxygen concentrator, single delivery port
- E1391 – Oxygen concentrator, dual delivery port
- E1392 – Portable oxygen concentrator
- E1405 – Oxygen and water vapor enriching system with heated delivery
- E1406 – Oxygen and water vapor enriching system without heated delivery

Continuous use of DME as it applies to capped rental items is defined in section 30.5.4 of chapter 20 of the Medicare Claims Processing Manual (pub. 100-04) and also applies to oxygen equipment for the purpose of implementing DRA section 5105(b).

Payments for an item described above shall terminate after a period of continuous use of 36 months. Contractors shall count as a month, the date the oxygen equipment was initially furnished to the day before the same date in the following month and each rental month thereafter until the 36th month anniversary is reached. On the first day after 36th month anniversary for which payment has been made, the supplier must transfer title for the stationary and/or portable oxygen equipment to the beneficiary. On that same day that title for the equipment is transferred to the patient, monthly payments can begin to be

made for oxygen contents used with patient owned gaseous and liquid oxygen equipment. The HCPCS codes for oxygen contents are:

- E0441 – Stationary gaseous contents used with patient owned gaseous stationary system
- E0442 – Stationary liquid contents used with patient owned liquid stationary system
- E0443 – Portable gaseous contents used with patient owned gaseous portable system
- E0444 – Portable liquid contents used with patient owned liquid portable system

Contractors shall begin the 36-month count on January 1, 2006 for beneficiaries that were receiving oxygen therapy prior to January 1, 2006. Months prior to January 2006 shall not be included in the 36-month count.

Contractors shall make payment for maintenance and servicing (i.e., parts and labor not covered by a supplier's or manufacturer's warranty) of patient owned stationary or portable oxygen equipment following the same rules and methods that apply to patient-owned equipment in the inexpensive or routinely purchased DME and capped rental DME payment categories. These rules are located at section 110.2 of chapter 15 of the Medicare Benefit policy Manual (Pub. 100-02). The billing instructions located at section 130.7 of chapter 20 of the Medicare Claims Processing Manual also apply to claims for maintenance and servicing of oxygen equipment.

Updates to the Medicare Claims Processing Manual, Publication 100-04 and the Benefit Policy Manual, Publication 100-02, will follow at a later date.

All other existing rules regarding oxygen (e.g., break in service rules) continue to apply.

II. BUSINESS REQUIREMENTS

“Shall” denotes a mandatory requirement

“Should” denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4392.1	The contractors shall analyze and identify the changes needed implement Section 5101(b) of the DRA, in accordance with the policy stated above.		X		X	X		X	X	
4392.1.1	The contractors shall not implement the changes identified above until they receive further instructions to do so in a subsequent change request (CR).		X		X	X		X	X	

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4392.1.2	The contractors shall separately describe each individual change necessary to implement 5101(b) in accordance with the policy stated above.					X		X	X	
4392.1.3	The contractors shall document the implementation strategy recommended for each change.					X		X	X	
4392.1.3.1	The contractors shall provide the documentation described in 4392.1.3 to CMS.					X		X	X	
4392.1.4	The shared systems shall determine the programming hours necessary to implement Section 5101(b) of the DRA in accordance with the policy stated above.					X		X	X	
4392.1.4.1	To the extent possible, contractors shall associate specific hour amounts to the individual changes identified in requirement 4392.1.2.					X		X	X	
4392.2	For beneficiaries receiving oxygen as of January 1, 2006, the contractors shall establish a 36 month cap on monthly payments for stationary and portable oxygen equipment.					X		X	X	
4392.2.1	The 36 month limit above applies to the following HCPCS codes: E0424, E0431, E0434, E0439, E1390, E1391, E1392, E1405 and E 1406.					X		X	X	
4392.2.2	On the first day after 36 th month anniversary for which payment has been made, the supplier must transfer title for the stationary and/or portable oxygen equipment to the beneficiary. On that same day that title for the equipment is transferred to the patient, the contractor shall make monthly payments for oxygen contents used with patient owned gaseous and liquid oxygen equipment.					X		X	X	

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4392.2.2.1	Requirement 4392.2.2 applies to the following HCPCS codes: E0441, E0442, E0443, and E0444.					X		X	X	
4392.2.3	Contractors shall begin the 36-month count on January 1, 2006 for beneficiaries that were receiving oxygen therapy prior to January 1, 2006. Months prior to January 2006 shall not be included in the 36-month count.					X		X	X	
4392.2.3.1	Because CMNs are sometimes currently set up for lifetime, the contractor shall edit to stop CMNs that are currently set up for lifetime in order to start the 36-month count.					X		X	X	
4392.3	Contractors shall make payment for maintenance and servicing of patient-owned stationary or portable oxygen equipment following the same rules and methods that apply to patient-owned equipment in the inexpensive or routinely purchased DME and capped rental DME payment categories.					X		X	X	
4392.4	In determining an implementation strategy, the contractors shall consider whether using dates of service, Certificate of Medical Necessity dates, or date of receipt is a viable option for counting rental months.					X		X	X	
4392.5	In determining an implementation strategy, the contractors shall consider systems issues related to tracking the 36 months for beneficiaries starting oxygen therapy both before and after the effective date of the legislation (January 1, 2006).					X		X	X	
4392.6	In determining an implementation strategy, the contractors shall consider issues related to breaks in continuous use of oxygen equipment.					X		X	X	

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4392.7	Contractors shall begin the 36-month count for beneficiaries that were already receiving oxygen therapy on January 1, 2006. Months prior to January 2006 shall not be included in the 36-month count.					X		X	X	
4392.7.1	Contractors shall count as a month, the date the oxygen equipment was initially furnished to the day before the same date in the following month and each rental month thereafter until the 36 th month is paid.					X		X	X	
4392.8	All other existing rules regarding oxygen (e.g., break in service and continuous use rules) continue to apply.					X		X	X	

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
	None									

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: January 1, 2006</p> <p>Implementation Date: October 2, 2006</p> <p>Pre-Implementation Contact(s): for DMERC claims processing instructions: Renée Hildt at renee.hildt@cms.hhs.gov or (410) 786-1446 or Joanne Spalding at joanne.spalding@cms.hhs.gov or (410) 786-3352; for RHHI claims processing instructions: Wil Gehne at wilfried.gehne@cms.hhs.gov or (410) 786-6148; for policy: Joel Kaiser at joel.kaiser@cms.hhs.gov or (410) 786-4499</p> <p>Post-Implementation Contact(s): for DMERC claims processing instructions: Renée Hildt at renee.hildt@cms.hhs.gov or (410) 786-1446 or Joanne Spalding at joanne.spalding@cms.hhs.gov or (410) 786-3352; for RHHI claims processing instructions: Wil Gehne at wilfried.gehne@cms.hhs.gov or (410) 786-6148; for policy: Joel Kaiser at joel.kaiser@cms.hhs.gov or (410) 786-4499</p>	<p>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</p>
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