

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 929

Department of Health &
Human Services (DHHS)

Centers for Medicare &
Medicaid Services (CMS)

Date: APRIL 28, 2006

Change Request 4386

SUBJECT: VMS and FISS Analysis - Changes in Capped Rentals for DME Due to the Deficit Reduction Act of 2005

I. SUMMARY OF CHANGES: The VMS and FISS systems will conduct a systems analysis based on recent legislative changes mandated by Section 5101(a) of the Deficit Reduction Act (DRA) of 2005.

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/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 2006 operating budgets.

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: VMS and FISS Analysis – Changes in Capped Rentals for DME Due to the Deficit Reduction Act of 2005

I. GENERAL INFORMATION

A. Background: The VMS and FISS systems to conduct a systems analysis based on recent legislative changes mandated by section 5101(a) of the Deficit Reduction Act (DRA) of 2005. Since 1991, suppliers of capped rental items have been required to offer beneficiaries the option of taking over ownership of the item after 15 months of continuous use. In addition, suppliers have been required to give beneficiaries the option of obtaining power wheelchairs on a lump sum purchase basis. If the beneficiary did not elect the lump sum purchase option for the power wheelchair, the power wheelchair is furnished in a rental basis, but the beneficiary could still elect to take over ownership of the item after 15 months of continuous use like other capped rental items.

Section 5101(a) of the DRA of 2005 mandates that, effective for capped rental DME items for which the first rental month occurs on or after January 1, 2006, suppliers must transfer title to the equipment to the beneficiary on the first day after the 13th continuous month of use during which payment is made for the item. The lump sum purchase option for power wheelchairs is unchanged by this provision; however, in those cases where a beneficiary does not elect this option, the new rules regarding transfer of ownership also apply to power wheelchairs for which the first rental month occurs on or after January 1, 2006.

B. Policy: Effective for capped rental DME items for which the first rental month occurs on or after January 1, 2006, suppliers must transfer title to the equipment to the beneficiary on the first day after the 13th continuous month of use during which payment is made for the item. If the beneficiary does not elect the lump sum purchase option for power wheelchairs, the new rules regarding transfer of ownership will apply to power wheelchairs for which the first rental month occurs on or after January 1, 2006.

Contractors shall make payment for reasonable and necessary maintenance and servicing (i.e., parts and labor not covered by a supplier's or manufacturer's warranty) of patient owned capped rental equipment in accordance with instructions located at Pub. 100-02, the Medicare Benefit Policy Manual, section 110.2, of chapter 15. 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 capped rental items. No payment shall be made for maintenance and servicing of rented equipment for which the first rental month occurred on or after January 1, 2006.

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 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			
4386.1	The contractors shall analyze and identify the changes needed to implement the policy in Section B above.		X		X	X		X	X	
4386.1.1	The contractors shall not implement the changes identified above until they receive further instructions to do so in a subsequent change request .		X		X	X		X	X	
4386.1.2	The standard systems maintainers shall separately describe each individual change necessary to implement the policy in Section B above.					X		X	X	
4386.1.3	The standard systems maintainers shall document the implementation strategy recommended for each change.					X		X	X	
4386.1.3.1	The standard systems maintainers shall provide the documentation described in 4386.1.3 to CMS in the form of business requirements.					X		X	X	
4386.1.4	The standard systems maintainers shall determine the programming hours necessary to implement Section 5101(a) of the DRA.					X		X	X	
4386.1.4.1	To the extent possible, the standard systems maintainers shall associate specific hour amounts to the individual changes identified in requirement 4386.1.2.					X		X	X	
4386.2	In determining an implementation strategy, the standard systems maintainers shall consider whether using the initial date on the Certificate of Medical Necessity, the date of service, or the					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	
	date of receipt is a viable option for counting capped rental months.									
4386.3	In determining an implementation strategy, the standard systems maintainers shall consider systems issues related to tracking the 13 months for beneficiaries starting a capped rental period on and after the effective date of the legislation (January 1, 2006).					X		X	X	
4386.3.1	The standard systems maintainers shall process claims for maintenance and servicing on an as needed basis for capped rental periods that started on or after January 1, 2006.					X		X	X	
4386.3.2	The standard systems maintainers shall consider systems issues for capped rental items that are furnished before January 1, 2006 but then need to be replaced (original item is broken or damaged) after January 1, 2006.					X		X	X	
4386.3.2.1	The standard systems maintainers shall start a new 13 month rental period for these replacement items and the date of service shall be the date the item is replaced (after 01/01/06).					X		X	X	
4386.4	In determining an implementation strategy, the standard systems maintainers shall consider systems issues related to tracking the 15 months for beneficiaries that started a capped rental period before January 1, 2006.					X		X	X	
4386.5	The standard systems maintainers shall count as a month, the date the capped rental item was initially furnished to the day before the same date in the following month and each month thereafter until the end of the capped rental is reached.					X		X	X	
4386.6	In determining an implementation strategy, the standard systems maintainers shall consider systems issues related to beneficiaries who do not choose the option of obtaining power					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			
	wheelchairs on a lump sum purchase basis as described in the policy above.									
4386.7	The standard systems maintainers shall continue to pay claims with dates of service prior to 01/01/06 in accordance with rules and policies in effect at that time.					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 DME claims processing instructions: Angela Costello at angela.costello@cms.hhs.gov or Joanne Spalding at Joanne.spalding@cms.hhs.gov ; for RHHI claims processing instructions: Wil Gehne at wil.gehne@cms.hhs.gov; for policy: Joel Kaiser at joel.kaiser@cms.hhs.gov.</p> <p>Post-Implementation Contact(s): For DME claims processing instructions: For DME claims processing instructions: Angela Costello at angela.costello@cms.hhs.gov or Joanne Spalding at Joanne.spalding@cms.hhs.gov ; for RHHI claims processing instructions: Wil Gehne at wil.gehne@cms.hhs.gov; for policy: Joel Kaiser at joel.kaiser@cms.hhs.gov.</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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