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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

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Transmittal 9

Date: OCTOBER 17, 2003

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CHANGE REQUEST 2941

**I. SUMMARY OF CHANGES:** This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment, therapeutic shoes, and intraocular lenses furnished in calendar year 2004.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2004**

**\*IMPLEMENTATION DATE: January 1, 2004**

**II. CHANGES IN MANUAL INSTRUCTIONS: N/A**

**(R = REVISED, N = NEW, D = DELETED – (Only One Per Row.)**

| R/N/D | CHAPTER/SECTION/SUBSECTION/TITLE |
|-------|----------------------------------|
|       |                                  |
|       |                                  |

**III. FUNDING: \*Medicare contractors only:**

**These instructions should be implemented within your current operating budget.**

**IV. ATTACHMENTS:**

|          |                                  |
|----------|----------------------------------|
|          | <b>Business Requirements</b>     |
|          | <b>Manual Instruction</b>        |
|          | <b>Confidential Requirements</b> |
| <b>X</b> | <b>One-Time Notification</b>     |

# One-Time Notification

|             |                |                        |                     |
|-------------|----------------|------------------------|---------------------|
| Pub. 100-04 | Transmittal: 9 | Date: October 17, 2003 | Change Request 2941 |
|-------------|----------------|------------------------|---------------------|

**SUBJECT: Reasonable Charge Update for 2004 for Splints, Casts, Dialysis Supplies, Dialysis Equipment, Therapeutic Shoes, and Certain Intraocular Lenses**

## I. GENERAL INFORMATION

**A. Background:** Payment continues to be made on a reasonable charge basis for splints, casts, dialysis supplies, dialysis equipment, therapeutic shoes, and intraocular lenses. For intraocular lenses, payment is only made on a reasonable charge basis for lenses implanted in a physician's office. For splints and casts, payment is only made on a reasonable charge basis for splint or cast materials used by physicians to reduce a fracture or dislocation, and this payment is in addition to the payment made under the physician fee schedule for the procedure for applying the splint or cast. Payment for splints and casts furnished by hospital outpatient departments is built into the OPPS payment amounts. For 2001 through 2003, the reasonable charge amounts for splints and casts were gap-filled using retail prices due to a lack of valid charge data. The problems associated with the charge data for splints and casts have not yet been resolved; therefore, payment for splints and casts furnished in 2004 will continue to be based on gap-filled amounts.

**B. Policy:** This transmittal provides instructions regarding the calculation of reasonable charges for payment of claims for splints, casts, dialysis supplies, dialysis equipment, therapeutic shoes, and intraocular lenses furnished in calendar year 2004. Payment on a reasonable charge basis is required for these items by regulations contained in 42 CFR 405.501. The 2004 gap-filled amounts for splints and casts will be based on the 2003 amounts increased by 2.1 percent, the percentage change in the consumer price index for all urban consumers for the 12-month period ending June 30, 2003.

**C. Provider Education:** Carriers shall inform affected providers by posting either a summary or relevant portions of this document on their Web site within two weeks. Also, carriers shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about reasonable charge calculations for 2004 is available on their Web site. The carriers are not required to post the actual reasonable charge amounts, other than the 2004 gap-filled amounts for splints and casts listed in this instruction, on their Web sites or in their bulletins.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

| Requirement # | Requirements | Responsibility |
|---------------|--------------|----------------|
|---------------|--------------|----------------|

|     |   |          |
|-----|---|----------|
| 1.1 | Carriers must compute 2004 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2002, through June 30, 2003. | Carriers |
|-----|---|----------|

Intraocular Lenses Implanted in a Physician's Office

V2630 V2631 V2632

| <b>Requirement #</b> | <b>Requirements</b>   | <b>Responsibility</b> |
|----------------------|---|-----------------------|
| 1.2                  | DMERCs must compute 2004 customary and prevailing charges for the codes identified below using actual charge data from July 1, 2002, through June 30, 2003. | DMERCs                |

Dialysis Supplies Billed With AX Modifier

A4244 A4245 A4246 A4247 A4450 A4452 A6250 A6260 A4651 A4652 A4656  
A4657 A4660 A4663 A4670 A4712 A4927 A4928 A4930 A4931

Dialysis Supplies Billed Without AX Modifier

A4653 A4680 A4690 A4706 A4707 A4708 A4709 A4714 A4719 A4720 A4721  
A4722 A4723 A4724 A4725 A4726 A4730 A4736 A4737 A4740 A4750 A4755  
A4760 A4765 A4766 A4770 A4771 A4772 A4773 A4774 A4802 A4860 A4870  
A4890 A4911 A4918 A4929

Dialysis Equipment Billed With AX Modifier

E0210NU E1632 E1637 E1639

Dialysis Equipment Billed Without AX Modifier

E1500 E1510 E1520 E1530 E1540 E1550 E1560 E1570 E1575 E1580 E1590  
E1592 E1594 E1600 E1610 E1615 E1620 E1625 E1630 E1635 E1636

Therapeutic Shoes

A5500 A5501 A5503 A5504 A5505 A5506 A5509 A5510 A5511

| <b>Requirement #</b> | <b>Requirements</b>  | <b>Responsibility</b> |
|----------------------|--|-----------------------|
| 1.3                  | Below is a list of "K" codes that became effective July 1, 2003, and will be deleted as of January 1, 2004. These codes are being replaced by new codes that are being added to the HCPCS effective January 1, 2004. To allow the 3-month grace period, the DMERCs must compute 2004 gap-filled fees for the old "K" codes and crosswalk the fees to the new 2004 codes. | DMERCs                |

| <u>Old "K" Code</u> | <u>New Crosswalk Codes</u> |
|---------------------|----------------------------|
| K0610               | E1634                      |
| K0611               | A4671                      |
| K0612               | A4672                      |
| K0613               | A4673                      |
| K0614               | A4674                      |

| <b>Requirement #</b> | <b>Requirements</b>   | <b>Responsibility</b> |
|----------------------|---|-----------------------|
| 1.4                  | Code A4712 will be deleted as of January 1, 2004, and is being replaced in the HCPCS by new code/modifier A4216AX as of January 1, 2004. To allow the 3-month grace period, the DMERCs must compute 2004 reasonable charge amounts for code A4712 and apply these same amounts to A4216 for the purpose of paying claims with dates of service from January 1, 2004 though December 31, 2004. | DMERCs                |
| 1.5                  | Carriers must compute 2004 Inflation-Indexed Charge (IIC) amounts for the codes identified in requirement 1.1 that were not paid using gap-filled payment amounts in 2003.  | Carriers              |
| 1.6                  | DMERCs must compute 2004 IIC amounts for the codes identified in requirement 1.2 that were not paid using gap-filled payment amounts in 2003.   | DMERCs                |
| 1.7                  | Carriers must make payment for splints and casts furnished in 2004 based on the lower of the actual charge or the gap-filled payment amount identified below for each HCPCS code.   | Carriers              |

Splints and Casts Used to Reduce a Fracture or Dislocation

|       |          |       |         |
|-------|----------|-------|---------|
| A4565 | \$6.50   | Q4025 | \$28.61 |
| Q4001 | \$37.05  | Q4026 | \$89.32 |
| Q4002 | \$140.02 | Q4027 | \$14.31 |
| Q4003 | \$26.61  | Q4028 | \$44.66 |
| Q4004 | \$92.13  | Q4029 | \$21.87 |
| Q4005 | \$9.81   | Q4030 | \$57.58 |
| Q4006 | \$22.11  | Q4031 | \$10.94 |
| Q4007 | \$4.91   | Q4032 | \$28.79 |
| Q4008 | \$11.06  | Q4033 | \$20.40 |
| Q4009 | \$6.54   | Q4034 | \$50.75 |
| Q4010 | \$14.74  | Q4035 | \$10.21 |
| Q4011 | \$3.27   | Q4036 | \$25.38 |
| Q4012 | \$7.37   | Q4037 | \$12.45 |
| Q4013 | \$11.91  | Q4038 | \$31.18 |
| Q4014 | \$20.11  | Q4039 | \$6.23  |

|       |         |       |         |
|-------|---------|-------|---------|
| Q4015 | \$5.96  | Q4040 | \$15.60 |
| Q4016 | \$10.05 | Q4041 | \$15.13 |
| Q4017 | \$6.90  | Q4042 | \$25.84 |
| Q4018 | \$10.99 | Q4043 | \$7.57  |
| Q4019 | \$3.45  | Q4044 | \$12.92 |
| Q4020 | \$5.50  | Q4045 | \$8.78  |
| Q4021 | \$5.10  | Q4046 | \$14.13 |
| Q4022 | \$9.21  | Q4047 | \$4.39  |
| Q4023 | \$2.56  | Q4048 | \$7.07  |
| Q4024 | \$4.60  | Q4049 | \$1.60  |

| Requirement # | Requirements  | Responsibility |
|---------------|---|----------------|
| 1.8           | DMERCs must compute 2004 gap-filled payment amounts for the new codes identified below for dialysis supplies. | DMERCs         |

Dialysis Supplies (New Codes Added on January 1, 2004)

A4217AX

A4248AX

A4728

| Requirement # | Requirements  | Responsibility |
|---------------|---|----------------|
| 1.9           | The codes listed below are being added to the HCPCS on January 1, 2004, and must be added to the CWF categories identified below. | CWF            |

HCPCS

A4216 – A4217

A4248

A4671 – A4674

A4728

E1634

CWF Categories

3, 8, 16, 60, 71

8, 16, 60, 71

8, 60, 71

8, 60, 71

8, 60, 71

| Requirement # | Requirements  | Responsibility   |
|---------------|---|------------------|
| 1.10          | Dialysis supply code A4712 and K0610 thru K0614 for dialysis supplies and equipment are being deleted from the HCPCS on January 1, 2004, and must be removed from CWF categories 8 and 60. Code A4712 must also be removed from CWF category 71. These codes must have a term date of March 31, 2004. | CWF              |
| 1.11          | Carriers and DMERCs must use the 2004 reasonable charges or gap-filled payment amounts to pay claims for items furnished from January 1, 2004 through December 31, 2004.  | Carriers, DMERCs |

### III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions:

| X-Ref Requirement # | Instructions   |
|---------------------|--|
| 1.5, 1.6            | Instructions for calculating the IIC are located in section 80.6 of chapter 23 of the Medicare Claims Processing Manual (Pub. 100-4). The IIC update factor for 2004 is 2.1 percent. |
| 1.3, 1.4, 1.10      | Instructions regarding the 3-month grace period for deleted HCPCS codes are located in section 20.4 of chapter 23 of the Medicare Claims Processing Manual (Pub. 100-4).             |

#### 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

### IV. SCHEDULE, CONTACTS, AND FUNDING

|   |  |
|---|--|
| <b>Effective Date: January 1, 2004</b><br><b>Implementation Date: January 1, 2004</b><br><b>Pre-Implementation Contact(s): Joel Kaiser<br/>410-786-4499</b><br><b>Post-Implementation Contact(s): Joel Kaiser</b> | <b>These instructions should be implemented within your current operating budget</b> |
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