

<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 12685</b>	<b>Date: June 13, 2024</b>
	<b>Change Request 13658</b>

**SUBJECT: July Quarterly Update for 2024 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule**

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to update the DMEPOS fee schedule on a quarterly basis, when necessary, in order to implement fee schedule amounts for new and existing codes, as applicable, and apply changes in payment policies. The update process for the DMEPOS fee schedule is located in publication 100-04, Medicare Claims Processing Manual, chapter 23, section 60.

**EFFECTIVE DATE: July 1, 2024 - except for fee schedules for HCPCS codes E2298 and K1007 effective April 1, 2024**

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

**IMPLEMENTATION DATE: July 1, 2024**

*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.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**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:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 12685	Date: June 13, 2024	Change Request: 13658
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**SUBJECT: July Quarterly Update for 2024 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule**

**EFFECTIVE DATE: July 1, 2024 - except for fee schedules for HCPCS codes E2298 and K1007 effective April 1, 2024**

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**IMPLEMENTATION DATE: July 1, 2024**

## I. GENERAL INFORMATION

**A. Background:** The purpose of this Change Request (CR) is to update the DMEPOS fee schedule on a quarterly basis, when necessary, in order to implement fee schedule amounts for new and existing codes, as applicable, and apply changes in payment policies. The update process for the DMEPOS fee schedule is located in publication 100-04, Medicare Claims Processing Manual, chapter 23, section 60.

Payment on a fee schedule basis is required for certain Durable Medical Equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by Subsection (§)1834(a), (h), and (i) of the Social Security Act (the Act). In addition, payment on a fee schedule basis is a regulatory requirement at 42 Code of Federal Regulations (CFR) §414.102 for Parenteral and Enteral Nutrition (PEN), splints, casts and Intraocular Lenses (IOLs) inserted in a physician's office. Effective January 1, 2024, the DMEPOS fee schedule file will include national payment amounts for lymphedema compression treatment items established in accordance with §1834(z) of the Act and regulations at 42 CFR §414.1650.

Section 1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for DME items included in the DMEPOS Competitive Bidding Program (CBP) for payment of the items in areas that are not included in the CBP. Sections 1834(h)(1)(H)(ii) and 1842(s)(3)(B) of the Act provide authority to adjust the fee schedule amounts for off-the-shelf orthotics or braces and enteral nutrients, equipment, and supplies (enteral nutrition), respectively, based on information from the CBP. The methodologies for adjusting DMEPOS fee schedule amounts under this authority are established at 42 CFR §414.210(g). The DMEPOS and PEN fee schedule files contain Healthcare Common Procedure Coding System (HCPCS) codes that are subject to fee schedule adjustments using information on the payment determined for these items under the CBP, as well as codes that are not subject to the CBP or fee schedule adjustments.

### 1. The Consolidated Appropriations Act, 2023

On December 29, 2022, the Consolidated Appropriations Act (CAA), 2023 was signed into law. Section 4139 of this legislation required that the fee schedule amounts for items and services furnished in non-rural contiguous non-Competitive Bidding Areas (CBAs) continue to be based on a blend of 75 percent of the adjusted fee schedule amounts and 25 percent of the unadjusted fee schedule amounts for claims with dates of service for the remainder of the Coronavirus Disease (COVID-19) public health emergency or December 31, 2023, whichever is later. The COVID-19 public health emergency ended on May 11, 2023. Therefore, effective January 1, 2024, the fee schedule amounts for items and services furnished in non-rural contiguous non-CBAs is based on 100 percent of the fee schedule amounts adjusted in accordance with §414.210(g). Additional details are available in the Home Health Prospective Payment System final rule (CMS-1780-F) published on

November 13, 2023 in the Federal Register which is available at <https://www.cms.gov/medicare/payment/fee-schedules/dmepos-fee-schedule/dmepos-laws-regulations>

Effective January 1, 2024, there is a gap period in the DMEPOS CBP. All Medicare Round 2021 DMEPOS CBP contracts for Off-the-Shelf (OTS) back braces and OTS knee braces expired on December 31, 2023.

Additional information on the gap period can be found at <https://www.cms.gov/medicare/payment/fee-schedules/dmepos-competitive-bidding> and [www.dmecompetitivebid.com](http://www.dmecompetitivebid.com)

During the gap period, payment for items and services that were included in the CBP are equal to 80 percent of the lesser of the supplier's charge or the fee schedule amount for the item. Pursuant to §414.210(g)(10), the fee schedules for items and services furnished in former CBAs are based on the Single Payment Amounts (SPAs) in effect in the CBA on the last day before the CBP contract period of performance ended, increased by the projected percentage change in the Consumer Price Index Uurban (CPI-U) for the 12-month period on the date after the contract periods ended. The fee schedule amounts are increased once every 12 months on the anniversary date of the first day after the contract period ended with the CPI-U.

For items where contracts were awarded in Round 2021, for Calendar Year (CY) 2024, the fee schedule amounts for items furnished in areas that were CBAs as of December 31, 2023, are adjusted based on the SPAs for each specific CBA, increased by the projected percentage change in the CPI-U of 2.9 percent for the 12-month period ending January 1, 2024. Similarly, for items that were included in Round 2021 but where contracts were not awarded in Round 2021 of the CBP, the 2023 adjusted fee schedule amounts are increased by the projected CPI-U of 2.9 percent for CY 2024.

A former CBA ZIP code file contains the CBA ZIP codes used in pricing a claim for an item furnished in a CBA and will be updated on a quarterly basis as necessary. Effective January 1, 2024, the former CBA ZIP code file will contain the ZIP codes for the CBAs included in Round 2021.

## **2.DMEPOS Rural Zip Codes**

The ZIP code associated with the address used for pricing a DMEPOS claim determines the rural fee schedule payment applicability for codes with rural and non-rural fee schedule amounts adjusted in accordance with §414.210(g). The DMEPOS Rural ZIP code file contains the ZIP codes designated as rural areas. ZIP codes for non-contiguous Metropolitan Statistical Areas (MSAs) are not included in the DMEPOS Rural ZIP code file. The DMEPOS Rural ZIP code file is updated on a quarterly basis as necessary. Regulations at §414.202 define a rural area to be a geographical area represented by a postal ZIP code where at least 50 percent of the total geographical area of the ZIP code is estimated to be outside any MSA. A rural area also includes any low population density ZIP Code within an MSA that is excluded from a CBA established for that MSA.

**3.** Additional information on the 2024 DMEPOS fee schedules is available in program instructions:

January 2024 Update for DMEPOS Fee Schedule, Transmittal 12398, Change Request 13463

April 2024 Update for DMEPOS Fee Schedule, Transmittal 12553, Change Request 13574

**B. Policy:** This instruction provides updates for the following files:

1. DMEPOS fee schedule file for July 2024 (Quarter 3)

2. No Update DMEPOS Parenteral and Enteral Nutrition (PEN) fee schedule file for 2024 (Quarter 3)

### 3. DMEPOS Rural ZIP code file for July 2024 (Quarter 3)

These updates will be available as Public Use Files (PUFs) for State Medicaid Agencies, managed care organizations, and other interested parties on the CMS website at [www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule)

#### **Codes Added and Deleted**

No codes are added or deleted from the DMEPOS fee schedule file, effective July 1, 2024.

#### Fee Schedules HCPCS Level II Code K1007

On February 29, 2024, the Centers for Medicare & Medicaid Services (CMS) issued the final determinations for the Second Biannual (B2) 2023 Second Biannual (B2) HCPCS Application cycle. A final payment determination was not made at that time for code HCPCS Level II code K1007 (Bilateral hip, knee, ankle, foot device, powered, includes pelvic component, single or double upright(s), knee joints any type, with or without ankle joints any type, includes all components and accessories, motors, microprocessors, sensors), but CMS subsequently received data that supported finalizing a payment determination for this code. On April 11, 2024, the CMS announced that fee schedule amounts for HCPCS code K1007 have been established and are effective for claims with dates of service on or after April 1, 2024. The fee schedule amounts for the HCPCS Level II code K1007 are included in the July 2024 (Quarter 3) DMEPOS fee schedule file. More information on the code K1007 payment determination is available at [www.cms.gov/medicare/coding-billing/healthcare-common-procedure-system/current-prior-years-level-ii-coding-decisions](http://www.cms.gov/medicare/coding-billing/healthcare-common-procedure-system/current-prior-years-level-ii-coding-decisions)

#### Fee Schedules HCPCS Level II Code E2298

Payment on a purchase basis was established for capped rental wheelchair accessory codes furnished for use with complex rehabilitative power wheelchairs. These accessories are considered as part of the complex rehabilitative power wheelchair and associated lump sum purchase option set forth at 42 CFR §414.229(a)(5). Effective April 1, 2024, HCPCS Level II code E2298 (Complex rehabilitative power wheelchair accessory, power seat elevation system, any type) is eligible for payment on a purchase basis when furnished for use with a complex rehabilitative power wheelchair.

The fee schedule amounts for HCPCS Level II code E2298 (Complex rehabilitative power wheelchair accessory, power seat elevation system, any type) have been revised to correct the fee schedule calculations. The revised 2024 capped rental price for code E2298 is approximately \$201.40 for months 1-3 and \$151.05 for months 4-13, for a total of \$2,114.70 for 13 months of continuous use. The revised corrected fees are included in the July 2024 (Quarter 3) DMEPOS Fee Schedule file.

Claims for code E2298 with dates of service on or after April 1, 2024, that have been processed shall be adjusted if brought to the contractor's attention. More information on the code E2298 fee schedule revision is available at [www.cms.gov/medicare/coding-billing/healthcare-common-procedure-system/current-prior-years-level-ii-coding-decisions](http://www.cms.gov/medicare/coding-billing/healthcare-common-procedure-system/current-prior-years-level-ii-coding-decisions)

## **II. BUSINESS REQUIREMENTS TABLE**

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FIS	MCS	VMS	CWF	
13658.1	The DME MACs, A/B MACs Part B and/or DRaaS-CACHE data center shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T240101.V0606). The file is available for download on or after June 6, 2024.		X		X					
13658.1.1	Contractors shall notify CMS of successful receipt via email to price_file_receipt@cms.hhs.gov stating the name of the file received (e.g., DMEPOS) and the entity receiving the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part B, or both).		X		X					DRaaS-CACHE Data Center
13658.2	The A/B MACs Part A, A/B MACs Part Home Health and Hospice (HHH) and/or DRaaS-CACHE data center shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T240101.V0606.FI).  The file is available for download on or after June 6, 2024.	X		X						DRaaS-CACHE Data Center
13658.2.1	Contractors shall notify CMS of successful receipt via email to price_file_receipt@cms.hhs.gov stating the name of the file received (e.g., DMEPOS) and the entity receiving the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part B, or both).	X		X						DRaaS-CACHE Data Center
13658.3	The DME MACs, A/B MACs Part B, A/B MACs Part A, A/B MACs Part HHH and/or the DRaaS-CACHE data center shall retrieve the 2024 Rural ZIP code file (filename: MU00.@DMECBIC.RURZIP.C24Q03.V0606) on or after June 06, 2024.	X	X	X	X					DRaaS-CACHE Data Center
13658.3.1	Contractors shall notify CMS of successful receipt via email to price_file_receipt@cms.hhs.gov stating the name of the file received (e.g., DMEPOS) and the entity receiving the file (e.g., include states, contractor/carrier numbers, quarter, and if Part A, Part B, or both).	X	X	X	X					DRaaS-CACHE Data Center

Number	Requirement	Responsibility									
		A/B MAC			DME MAC	Shared-System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
13658.4	Contractors shall use the DMEPOS files in requirements 13658.1, 13658.2, and the Rural Zip code file in requirement 13658.3 to pay claims for items with dates of service beginning July 1, 2024. A July update to the 2024 PEN fee schedule files is not required.	X	X	X	X	X					
13658.5	Contractors shall process claims for E2298 with dates of service on or after April 1, 2024, using the revised corrected E2298 fee schedule amounts in the July 2024 (Quarter 3) DMEPOS fee schedule files.				X						
13658.6	Contractors shall reprocess claims for code E2298 with dates of service on or after April 1, 2024, if brought to the contractor's attention.				X						
13658.7	CWF shall modify consistency error code '68X5' for DMEPOS to not set for the HCPCS code E2298 when the Category is '1' for any incoming HUDC claims with dates of service on or after 04/01/2024.									X	
13658.8	CWF shall modify consistency error code '59X7' for DMEPOS to not set for HCPCS codes E2298 when an HUDC claims is billed with TOS 'A' or 'P' and with dates of service on or after 04/01/2024.									X	

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	C E D I
		A	B	H H H		
13658.9	Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 for distributing the newsletter to providers. When you follow	X	X	X	X	

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H	M A C	
	this manual section, you don't need to separately track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.					

**IV. SUPPORTING INFORMATION**

**Section A: Recommendations and supporting information associated with listed requirements:** N/A

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information:**N/A

**V. CONTACTS**

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

**VI. FUNDING**

**Section A: 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.

**ATTACHMENTS: 0**