

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3671	Date: December 5, 2016
	Change Request 9854

SUBJECT: CY 2017 Update for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: This recurring update notification (RUN) provides instructions on the CY 2017 Update for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule. This recurring update notification applies to chapter 23, section 60 of Pub. 100-04 Medicare Claims Processing Manual.

EFFECTIVE DATE: January 1, 2017

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

IMPLEMENTATION DATE: January 3, 2017

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
R	23/60.3 Gap-filling DMEPOS Fees

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
Manual Instruction**

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 3671	Date: December 5, 2016	Change Request: 9854
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SUBJECT: CY 2017 Update for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

EFFECTIVE DATE: January 1, 2017

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IMPLEMENTATION DATE: January 3, 2017

I. GENERAL INFORMATION

A. Background: This recurring update notification provides instructions regarding the 2017 annual update for the DMEPOS fee schedule. The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations. The update process for the DMEPOS fee schedule is located in Pub.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 §1834(a), (h), and (i) of the Social Security Act. Also, payment on a fee schedule basis is a regulatory requirement at 42 CFR §414.102 for parenteral and enteral nutrition (PEN), splints, casts and intraocular lenses (IOLs) inserted in a physician's office.

Section 1834(a)(1)(F)(ii) of the Act mandates adjustments to the fee schedule amounts for certain items furnished on or after January 1, 2016 in areas that are not competitive bid areas, based on information from competitive bidding programs (CBPs) for DME. Section 1842(s)(3)(B) of the Act provides authority for making adjustments to the fee schedule amounts for enteral nutrients, equipment, and supplies (enteral nutrition) based on information from CBPs. The methodologies for adjusting DMEPOS fee schedule amounts using information from CBPs are established in regulations at 42 CFR §414.210(g). Also, program instructions on these changes are available in Transmittal 3551, Change Request (CR) 9642, dated June 23, 2016 and Transmittal 3416, CR 9431, dated November 23, 2015.

The DMEPOS and PEN fee schedule files contain HCPCS codes that are subject to the adjusted fee schedule amounts as well as codes that are not subject to the fee schedule CBP adjustments. Fee schedule amounts that are adjusted using information from CBPs will not be subject to the annual DMEPOS covered item update, but will be updated pursuant to 42 CFR 414.210(g)(8) when information from the CBPs is updated. This update to the adjusted fees includes information from the CBPs that takes effect on January 1, 2017 (Round 1 2017). Pursuant to 42 CFR §414.210(g)(4), for items where the single payment amounts (SPAs) from CBPs no longer in effect are used to adjust fee schedule amounts, the SPAs will be increased by an inflation adjustment factor that corresponds to the year in which the adjustment would go into effect (e.g., 2017 for this update) and for each subsequent year such as 2018, 2019, etc.

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 adjusted fee schedule amounts. ZIP codes for non-continental Metropolitan Statistical Areas (MSA) 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 metropolitan statistical area (MSA). A rural area also includes any ZIP Code within an MSA that is excluded from a competitive bidding area established for that MSA.

B. Policy: Fee Schedule and Rural Zip Code Files

The DMEPOS fee schedule file contains fee schedule amounts for non-rural and rural areas. Also, the PEN fee schedule file includes state fee schedule amounts for both enteral nutrition items and national non-rural fee schedule amounts for parenteral nutrition items.

The CMS Division of Data Systems (DDS) is scheduled to release the following files:

1. CY 2017 DMEPOS Fee Schedule file (filename:MU00.@BF12393.DMEPOS.T170101.V1118) for the Pricing, Data Analysis and Coding (PDAC) Contractor, DME MACs and Part B MACs on or after November 18, 2016.
2. CY 2017 DMEPOS Fee Schedule file (filename:MU00.@BF12393.DMEPOS.T170101.V1118.FI) for the Part A MACs, Home Health and Hospice (HH+H) MACs, Railroad Retirement Board (RRB), Indian Health Service, and United Mine Workers on or after November 18, 2016.
3. CY 2017 fee schedule for PEN is scheduled to be released for the PDAC and DME MACs (filename: MU00.@BF12393.PEN.CY17.V1118) on or after November 18, 2016.
4. CY 2017 DMEPOS Rural ZIP code file containing Quarter 1, 2017 rural ZIP Codes is scheduled to be released for the contractors (filename:MU00.@DMECBIC.RURZIP.C17Q01.V1116) on or after November 18, 2016.
5. The DMEPOS and PEN fee schedules and the Rural ZIP code public use files (PUFs) will be available for State Medicaid Agencies, managed care organizations, and other interested parties shortly after the release of the above files on the CMS website www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched

New Codes Added

New DMEPOS codes added to the Healthcare Common Procedure Coding System (HCPCS) file, effective January 1, 2017, where applicable, are listed in Business Requirement (BR) # 7 of this instruction. The new codes are not to be used for billing purposes until they are effective on January 1, 2017.

For gap-filling pricing purposes, deflation factors are applied before updating to the current year. The deflation factors for 2016 by payment category are: 0.454 for Oxygen, 0.457 for Capped Rental, 0.458 for Prosthetics and Orthotics, 0.582 for Surgical Dressings, 0.633 for Parenteral and Enteral Nutrition, 0.969 for Splints and Casts and 0.952 for Intraocular Lenses.

Codes Deleted

The following codes will be deleted from the DMEPOS fee schedule files effective January 1, 2017:

B9000 B9000MS E0628 K0901 K0902

Effective January 1, 2017, codes B9000 and E0628 will crosswalk to codes B9002 and E0627 respectively. Payment for necessary maintenance and servicing of B9000 pumps will also crosswalk to B9002MS.

Effective January 1, 2017, the fees for wheelchair accessories and seat and back cushions denoted with the HCPCS modifier 'KU' are deleted from the DMEPOS fee schedule file. The fee schedule amounts associated with the KU modifier were mandated by Section 2 of Patient Access and Medicare Protection Act (PAMPA) effective for dates of service January 1, 2016 through December 31, 2016. The list of HCPCS codes to which this statutory section applied is available in Transmittal 3535, CR 9520, dated June 7, 2016.

Specific Coding and Pricing Issues

Effective January 1, 2017, existing off-the-shelf orthotic (OTS) codes K0901 and K0902 are redesignated as codes L1851 and L1852 respectively. The fee schedule amounts for codes K0901 and K0902 will be applied to the corresponding new codes L1851 and L1852 as part of this update. Attachment B updates the list of orthotic codes that are designated as Off-the-Shelf (OTS) on the CMS website at http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/OTS_Orthotics.html orthotics to reflect the addition of the two renumbered codes (L1851 and L1852).

As part of this update, the adjusted fee schedule amounts for the following groups of similar items are adjusted in accordance with 42 CFR §414.210(g)(6) to limit the single payment amounts (SPAs) for items without certain features to the weighted average of the SPAs for the items both with and without the features prior to using the SPAs in adjusting the fee schedule amounts:

1. Hospital beds (HCPCS codes E0250, E0251, E0255, E0256, E0260, E0261, E0290, E0291, E0292, E0293, E0294, E0295, E0301, E0302, E0303 and E0304)
2. Mattress and overlays (HCPCS codes E0277, E0371, E0372, and E0373)
3. Power wheelchairs (HCPCS codes K0813, K0814, K0815, K0816, K0820, K0821, K0822, and K0823)
4. Seat lift mechanisms (HCPCS codes E0627 and E0629)
5. TENS devices (HCPCS codes E0720 and E0730)
6. Walkers (HCPCS codes E0130, E0135, E0141 and E0143)

CMS is also adjusting the fee schedule amounts for shoe modification codes A5503 through A5507 as part of this update in order to reflect more current allowed service data. Section 1833(o)(2)(C) of the Act required that the payment amounts for shoe modification codes A5503 through A5507 be established in a manner that prevented a net increase in expenditures when substituting these items for therapeutic shoe insert codes (A5512 or A5513). To establish the fee schedule amounts for the shoe modification codes, the base fees for codes A5512 and A5513 were weighted based on the approximated total allowed services for each code for items furnished during the second quarter of calendar year 2004. For 2017, CMS is updating the weighted average insert fees used to establish the fee schedule amounts for the shoe modification codes with more current allowed service data for each insert code. The base fees for A5512 and A5513 will be weighted based on the approximated total allowed services for each code for items furnished during the calendar year 2015. The fee schedule amounts for shoe modification codes A5503 through A5507 are being revised to reflect this change, effective January 1, 2017.

Diabetic Testing Supplies

The fee schedule amounts for non-mail order diabetic testing supplies (DTS) (without KL modifier) for codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, A4259 are not updated by the covered item update. In accordance with section 636(a) of the American Taxpayer Relief Act of 2012, the fee schedule amounts for these codes were adjusted in CY 2013 so that they are equal to the single payment amounts for mail order DTS established in implementing the national mail order CBP under section 1847 of the Act. The non-mail order payment amounts on the fee schedule file will be updated each time the single payment amounts are updated. This can happen no less often than every time the mail order CBP contracts are recompeted. The CBP for mail order diabetic supplies is effective July 1, 2016 to December 31, 2018. The program instructions reviewing these changes are Transmittal 2709, Change Request (CR) 8325, dated May 17, 2013 and Transmittal 2661, CR 8204, dated February 22, 2013. Note that the mail order DTS (KL) fee schedule amounts for all states and territories were removed from the DMEPOS fee schedule file as part of the July 1, 2016 update.

2017 Fee Schedule Update Factor of 0.7 Percent

For CY 2017, an update factor of 0.7 percent is applied to certain DMEPOS fee schedule amounts.

In accordance with the statutory sections 1834(a)(14) of the Act, certain DMEPOS fee schedule amounts are updated for 2017 by the percentage increase in the consumer price index for all urban consumers (United States city average) or CPI- U for the 12-month period ending June 30, 2016, adjusted by the change in the economy-wide productivity equal to the 10-year moving average of changes in annual economy-wide private non-farm business multi-factor productivity (MFP). The MFP adjustment is 0.3 percent and the CPI-U percentage increase is 1 percent. Thus, the 1 percentage increase in the CPI-U is reduced by the 0.3 percentage increase in the MFP resulting in a net increase of 0.7 percent for the update factor.

2017 Update to the Labor Payment Rates

Included in Attachment A are the CY 2017 allowed payment amounts for HCPCS labor payment codes K0739, L4205 and L7520. Since the percentage increase in the Consumer Price Index for all urban consumers (CPI- U) for the twelve month period ending with June 30, 2016 is 1 percent, this change is applied to the 2016 labor payment amounts to update the rates for CY 2017. The 2017 labor payment amounts in Attachment A are effective for claims submitted using HCPCS codes K0739, L4205 and L7520 with dates of service from January 1, 2017 through December 31, 2017.

2017 National Monthly Fee Schedule Amounts for Stationary Oxygen Equipment

As part of this update, we are implementing the 2017 monthly fee schedule payment amounts for stationary oxygen equipment (HCPCS codes E0424, E0439, E1390 and E1391), effective for claims with dates of service from January 1, 2017 through December 31, 2017. As required by statute, the addition of the separate payment classes for oxygen generating portable equipment (OGPE) and stationary and portable oxygen contents must be annually budget neutral. Medicare expenditures must account for these separate oxygen payment classes. Therefore, the fee schedule amounts for stationary oxygen equipment are reduced by a certain percentage each year to balance the increase in payments made for the additional separate oxygen payment classes. For dates of service January 1, 2017 through December 31, 2017, the monthly fee schedule payment amounts for stationary oxygen equipment range from approximately \$67 to \$77 incorporating the budget neutrality adjustment factor.

When updating the stationary oxygen equipment amounts, corresponding updates are made to the fee schedule amounts for HCPCS codes E1405 and E1406 for oxygen and water vapor enriching systems. Since 1989, the payment amounts for codes E1405 and E1406 have been established based on a combination of the Medicare payment amounts for stationary oxygen equipment and nebulizer codes E0585 and E0570, respectively.

2017 Maintenance and Servicing Payment Amount for Certain Oxygen Equipment

Also updated for 2017 is the payment amount for maintenance and servicing for certain oxygen equipment. Payment for claims for maintenance and servicing of oxygen equipment was instructed in Transmittal 635, Change Request (CR) 6792, dated February 5, 2010 and Transmittal 717, Change Request (CR) 6990, dated June 8, 2010. To summarize, payment for maintenance and servicing of certain oxygen equipment can occur every 6 months beginning 6 months after the end of the 36th month of continuous use or end of the supplier's or manufacturer's warranty, whichever is later for either HCPCS code E1390, E1391, E0433 or K0738, billed with the "MS" modifier. Payment cannot occur more than once per beneficiary, regardless of the combination of oxygen concentrator equipment and/or transfilling equipment used by the beneficiary, for any 6-month period.

Per 42 CFR §414.210(5)(iii), the 2010 maintenance and servicing fee for certain oxygen equipment was based on 10 percent of the average price of an oxygen concentrator. For CY 2011 and subsequent years, the maintenance and servicing fee is adjusted by the covered item update for DME as set forth in §1834(a)(14) of the Act. Thus, the 2016 maintenance and servicing fee is adjusted by the 0.7 percent MFP-adjusted covered

item update factor to yield a CY 2017 maintenance and servicing fee of \$69.97 for oxygen concentrators and transfilling equipment.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
9854.1	The DME MACs, Part B MACs and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T170101.V1118). The file is available for download on or after November 18, 2016.		X		X					VDC
9854.1.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).		X		X					VDC
9854.2	The Part A MACs, HHH MACs and/or VDCs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T170101.V1118.FI). The file is available for download on or after November 18, 2016.	X		X						VDC
9854.2.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).	X		X						VDC
9854.3	The DME MACs and/or VDCs shall retrieve the PEN fee schedule file (filename: MU00.@BF12393.PEN.CY17.V1118). The file is available for download on or after November 18, 2016.				X					VDC
9854.3.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).				X					VDC
9854.4	The DME MACs, Part B MACs, Part A MACs, HHH MACs and/or VDCs shall retrieve the CY 2017 Rural ZIP code file (filename: MU00.@DMECBIC.RURZIP.C17Q01.V1116) on or after November 18, 2016.	X	X	X	X					VDC

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Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
9854.4.1	Notification of successful receipt shall be sent via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity receiving the file (e.g., contractor name and number).	X	X	X	X					VDC	
9854.5	Contractors shall process claims for DMEPOS items using the fee schedules and Rural Zip code file specified in business requirements 1 - 2 and 4 for dates of service from January 1, 2017 through December 31, 2017. After the implementation date of this instruction, any updates to the files shall apply to the dates of service.	X	X	X	X						
9854.6	The DME MACs shall use the PEN fee schedule file and Rural Zip code file of business requirements 3 - 4 to pay claims for items with dates of service from January 1, 2017 through December 31, 2017. After the implementation date of this instruction, any updates to the files shall apply to the dates of service.				X						
9854.7	The HCPCS codes listed below are being added to the HCPCS effective January 1, 2017 and shall be added to the CWF categories (in parentheses) and payment categories as follows: 1. A4224 (16,60) SU 2. A4225 (16,60) SU 3. A4467 (60) N/A 4. A4553 (60) N/A 5. A9285 (60) N/A 6. A9286 (60) N/A 7. L1851 (03, 60) PO 8. L1852 (03, 60) PO								X		
9854.8	Contractors shall use 2017 allowed payment amounts for code K0739, L4205, and L7520 in Attachment A to pay claims with dates of service from January 1, 2017 through December 31, 2017.	X	X	X	X						

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Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
9854.9	Contractors shall be aware of the updated Off-the-Shelf (OTS) orthotics HCPCS list shown in Attachment B.	X		X	X					
9854.10	The maintenance and servicing fee for certain oxygen equipment shall be \$69.97 for claims with dates of service January 1, 2017 thru December 31, 2017. Payment is based on the lower of the supplier’s actual charge or the maintenance and servicing fee.			X	X	X				
9854.11	Contractors shall implement changes to the 2017 DMEPOS fee schedules in accordance with the schedule outlined below.* Changes to CMS/DDS*: April 3, 2017; Sept 1, 2017 CMS/DDS Transmit Files: May 16, 2017; Nov 17, 2017 Implement: July 1, 2017; Jan 1, 2018 *DME MACs or Part B MACs will forward changes to CMS/Division Data Systems: price_file_receipt@cms.hhs.gov				X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
9854.12	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are	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	
	free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
5	Additional claims systems instructions are found in Change Request 9239 Implementation of Adjusted DMEPOS Fee Schedule Amounts Using Information from the National Competitive Bidding Program (CBP).
10	Instructions on payment for maintenance and servicing of certain oxygen equipment are located in CRs 6792 and 6990.

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

V. CONTACTS

Pre-Implementation Contact(s): Anita Greenberg, Anita.Greenberg@cms.hhs.gov , Karen Jacobs, Karen.Jacobs@cms.hhs.gov

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: 2

Attachment A

2017 Fees for Codes K0739, L4205, L7520

STATE	K0739	L4205	L7520	STATE	K0739	L4205	L7520
AK	\$28.29	\$32.23	\$37.92	SC	\$15.02	\$22.38	\$30.38
AL	\$15.02	\$22.38	\$30.38	SD	\$16.79	\$22.35	\$40.62
AR	\$15.02	\$22.38	\$30.38	TN	\$15.02	\$22.38	\$30.38
AZ	\$18.57	\$22.35	\$37.38	TX	\$15.02	\$22.38	\$30.38
CA	\$23.04	\$36.74	\$42.81	UT	\$15.06	\$22.35	\$47.31
CO	\$15.02	\$22.38	\$30.38	VA	\$15.02	\$22.35	\$30.38
CT	\$25.08	\$22.88	\$30.38	VI	\$15.02	\$22.38	\$30.38
DC	\$15.02	\$22.35	\$30.38	VT	\$16.13	\$22.35	\$30.38
DE	\$27.65	\$22.35	\$30.38	WA	\$23.93	\$32.79	\$38.96
FL	\$15.02	\$22.38	\$30.38	WI	\$15.02	\$22.35	\$30.38
GA	\$15.02	\$22.38	\$30.38	WV	\$15.02	\$22.35	\$30.38
HI	\$18.57	\$32.23	\$37.92	WY	\$20.94	\$29.83	\$42.36
IA	\$15.02	\$22.35	\$36.37				
ID	\$15.02	\$22.35	\$30.38				
IL	\$15.02	\$22.35	\$30.38				
IN	\$15.02	\$22.35	\$30.38				
KS	\$15.02	\$22.35	\$37.92				
KY	\$15.02	\$28.65	\$38.85				
LA	\$15.02	\$22.38	\$30.38				
MA	\$25.08	\$22.35	\$30.38				
MD	\$15.02	\$22.35	\$30.38				
ME	\$25.08	\$22.35	\$30.38				
MI	\$15.02	\$22.35	\$30.38				
MN	\$15.02	\$22.35	\$30.38				
MO	\$15.02	\$22.35	\$30.38				
MS	\$15.02	\$22.38	\$30.38				
MT	\$15.02	\$22.35	\$37.92				
NC	\$15.02	\$22.38	\$30.38				
ND	\$18.72	\$32.16	\$37.92				
NE	\$15.02	\$22.35	\$42.36				
NH	\$16.13	\$22.35	\$30.38				
NJ	\$20.26	\$22.35	\$30.38				
NM	\$15.02	\$22.38	\$30.38				
NV	\$23.93	\$22.35	\$41.41				
NY	\$27.65	\$22.38	\$30.38				
OH	\$15.02	\$22.35	\$30.38				
OK	\$15.02	\$22.38	\$30.38				
OR	\$15.02	\$22.35	\$43.68				
PA	\$16.13	\$23.02	\$30.38				
PR	\$15.02	\$22.38	\$30.38				
RI	\$17.90	\$23.04	\$30.38				

Medicare Claims Processing Manual

Chapter 23 - Fee Schedule Administration and Coding Requirements

60.3 - Gap-filling DMEPOS Fees

(Rev. 3671, Issued: 12-5-16, Effective: 01-01-17, Implementation: 01-03-17)

The DME MACs and Part B MACs must gap-fill the DMEPOS fee schedule for items for which charge data were unavailable during the fee schedule data base year using the fee schedule amounts for comparable equipment, using properly calculated fee schedule amounts from a neighboring DME MAC or Part B MAC area, or using supplier price lists with prices in effect during the fee schedule data base year. Data base “year” refers to the time period mandated by the statute and/or regulations from which Medicare allowed charge data is to be extracted in order to compute the fee schedule amounts for the various DMEPOS payment categories. For example, the fee schedule base year for inexpensive or routinely purchased durable medical equipment is the 12 month period ending June 30, 1987. Mail order catalogs are particularly suitable sources of price information for items such as urological and ostomy supplies which require constant replacement. DME MACs will gap-fill based on current instructions released each year for implementing and updating the new year’s payment amounts.

If the only available price information is from a period other than the base period, apply the deflation factors that are included in the current year implementation instructions against current pricing in order to approximate the base year price for gap-filling purposes.

The deflation factors for gap-filling purposes are:

Year*	OX	CR	PO	SD	PE	SC	IL
1987	0.965	0.971	0.974	n/a	n/a	n/a	n/a
1988	0.928	0.934	0.936	n/a	n/a	n/a	n/a
1989	0.882	0.888	0.890	n/a	n/a	n/a	n/a
1990	0.843	0.848	0.851	n/a	n/a	n/a	n/a
1991	0.805	0.810	0.813	n/a	n/a	n/a	n/a
1992	0.781	0.786	0.788	n/a	n/a	n/a	n/a
1993	0.758	0.763	0.765	0.971	n/a	n/a	n/a
1994	0.740	0.745	0.747	0.947	n/a	n/a	n/a
1995	0.718	0.723	0.725	0.919	n/a	n/a	n/a
1996	0.699	0.703	0.705	0.895	0.973	n/a	n/a
1997	0.683	0.687	0.689	0.875	0.951	n/a	n/a
1998	0.672	0.676	0.678	0.860	0.936	n/a	n/a
1999	0.659	0.663	0.665	0.844	0.918	n/a	n/a
2000	0.635	0.639	0.641	0.813	0.885	n/a	n/a
2001	0.615	0.619	0.621	0.788	0.857	n/a	n/a
2002	0.609	0.613	0.614	0.779	0.848	n/a	n/a
2003	0.596	0.600	0.602	0.763	0.830	n/a	n/a
2004	0.577	0.581	0.582	0.739	0.804	n/a	n/a
2005	0.563	0.567	0.568	0.721	0.784	n/a	n/a
2006	0.540	0.543	0.545	0.691	0.752	n/a	n/a
2007	0.525	0.529	0.530	0.673	0.732	n/a	n/a
2008	0.500	0.504	0.505	0.641	0.697	n/a	n/a
2009	0.508	0.511	0.512	0.650	0.707	n/a	n/a

2010	0.502	0.506	0.507	0.643	0.700	n/a	n/a
2011	0.485	0.488	0.490	0.621	0.676	n/a	n/a
2012	0.477	0.480	0.482	0.611	0.665	n/a	n/a
2013	0.469	0.472	0.473	0.600	0.653	n/a	0.983
2014	0.459	0.462	0.464	0.588	0.640	0.980	0.963
2015	0.459	0.462	0.463	0.588	0.639	0.978	0.962
2016	0.454	0.457	0.458	0.582	0.633	0.969	0.952

* Year price in effect

Payment Category Key:

OX	Oxygen & oxygen equipment (DME)
CR	Capped rental (DME)
IN	Inexpensive/routinely purchased (DME)
FS	Frequently serviced (DME)
SU	DME supplies
PO	Prosthetics & orthotics
SD	Surgical dressings
OS	Ostomy, tracheostomy, and urological supplies
PE	Parental and enteral nutrition
TS	Therapeutic Shoes
SC	Splints and Casts
IL	Intraocular Lenses inserted in a physician's

office IN, FS, OS and SU category deflation factors=PO deflation factors

After deflation, the result must be increased by 1.7 percent and by the cumulative covered item update to complete the gap-filling (e.g., an additional .6 percent for a 2002 DME fee).

Note that when gap-filling for capped rental items, it is necessary to first gap-fill the purchase price then compute the base period fee schedule at 10 percent of the base period purchase price.

For used equipment, establish fee schedule amounts at 75 percent of the fee schedule amount for new equipment.

When gap-filling, for those DME MAC or Part B MAC areas where a sales tax was imposed in the base period, add the applicable sales tax, e.g., five percent, to the gap-filled amount where the gap-filled amount does not take into account the sales tax, e.g., where the gap-filled amount is computed from pre-tax price lists or from another DME MAC or Part B MAC area without a sales tax. Likewise, if the gap-filled amount is calculated from another DME MAC's or Part B MAC's fees where a sales tax is imposed, adjust the gap-filled amount to reflect the applicable local sales tax circumstances.

Contractors send their gap-fill information to CMS. After receiving the gap-filled base fees each year, CMS develops national fee schedule floors and ceilings and new fee schedule amounts for these codes and releases them as part of the July update file each year and during the quarterly updates.

Attachment B

Off-The-Shelf Orthotics HCPCS Codes

HCPCS Code	Descriptor
L0120	CERVICAL, FLEXIBLE, NON-ADJUSTABLE , PREFABRICATED, OFF-THE-SHELF (FOAM COLLAR)
L0160	CERVICAL, SEMI-RIGID, WIRE FRAME OCCIPITAL/MANDIBULAR SUPPORT, PREFABRICATED, OFF-THE-SHELF
L0172	CERVICAL, COLLAR, SEMI-RIGID THERMOPLASTIC FOAM, 2 PIECE, PREFABRICATED, OFF-THE-SHELF
L0174	CERVICAL, COLLAR, SEMI-RIGID, THERMOPLASTIC FOAM, 2 PIECE WITH THORACIC EXTENSION, PREFABRICATED, OFF-THE-SHELF
L0450	TLSO, FLEXIBLE, PROVIDES TRUNK SUPPORT, UPPER THORACIC REGION, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISKS WITH RIGID STAYS OR PANEL(S), INCLUDES SHOULDER STRAPS AND CLOSURES, PREFABRICATED, OFF-THE-SHELF
L0455	TLSO FLEXIBLE, PROVIDES TRUNK SUPPORT, EXTENDS FROM SACROCOCCYGEAL JUNCTION TO ABOVE T-9 VERTEBRA, RESTRICTS GROSS TRUNK MOTION IN THE SAGITTAL PLANE, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISKS WITH RIGID STAYS OR PANEL(S), INCLUDES SHOULDER STRAPS AND CLOSURES, PREFABRICATED, OFF-THE-SHELF
L0457	TLSO, FLEXIBLE, PROVIDES TRUNK SUPPORT, THORACIC REGION, RIGID POSTERIOR PANEL AND SOFT ANTERIOR APRON, EXTENDS FROM THE SACROCOCCYGEAL JUNCTION AND TERMINATES JUST INFERIOR TO THE SCAPULAR SPINE, RESTRICTS GROSS TRUNK MOTION IN THE SAGITTAL PLANE, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISKS, INCLUDES STRAPS AND CLOSURES, PREFABRICATED, OFF-THE-SHELF
L0467	TLSO, SAGITTAL CONTROL, RIGID POSTERIOR FRAME AND FLEXIBLE SOFT ANTERIOR APRON WITH STRAPS, CLOSURES AND PADDING, RESTRICTS GROSS TRUNK MOTION IN SAGITTAL PLANE, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON INTERVERTEBRAL DISKS, PREFABRICATED, OFF-THE-SHELF
L0469	TLSO, SAGITTAL-CORONAL CONTROL, RIGID POSTERIOR FRAME AND FLEXIBLE SOFT ANTERIOR APRON WITH STRAPS, CLOSURES AND PADDING, EXTENDS FROM SACROCOCCYGEAL JUNCTION OVER SCAPULAE, LATERAL STRENGTH PROVIDED BY PELVIC, THORACIC, AND LATERAL FRAME PIECES, RESTRICTS GROSS TRUNK MOTION IN SAGITTAL, AND CORONAL PLANES, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON INTERVERTEBRAL DISKS, PREFABRICATED, OFF-THE-SHELF
L0621	SACROILIAC ORTHOSIS, FLEXIBLE, PROVIDES PELVIC-SACRAL SUPPORT, REDUCES MOTION ABOUT THE SACROILIAC JOINT, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0623	SACROILIAC ORTHOSIS, PROVIDES PELVIC-SACRAL SUPPORT, WITH RIGID OR SEMI-RIGID PANELS OVER THE SACRUM AND ABDOMEN, REDUCES MOTION ABOUT THE SACROILIAC JOINT, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0625	LUMBAR ORTHOSIS, FLEXIBLE, PROVIDES LUMBAR SUPPORT, POSTERIOR EXTENDS FROM L-1 TO BELOW L-5 VERTEBRA, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISCS, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PENDULOUS ABDOMEN DESIGN, SHOULDER STRAPS, STAYS, PREFABRICATED, OFF-THE-SHELF
L0641	LUMBAR ORTHOSIS, SAGITTAL CONTROL, WITH RIGID POSTERIOR PANEL(S), POSTERIOR EXTENDS FROM L-1 TO BELOW L-5 VERTEBRA, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISCS, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PADDING, STAYS, SHOULDER STRAPS, PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0642	LUMBAR ORTHOSIS, SAGITTAL CONTROL, WITH RIGID ANTERIOR AND POSTERIOR PANELS, POSTERIOR EXTENDS FROM L-1 TO BELOW L-5 VERTEBRA, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISCS, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PADDING, SHOULDER STRAPS, PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0628	LUMBAR-SACRAL ORTHOSIS, FLEXIBLE, PROVIDES LUMBO-SACRAL SUPPORT, POSTERIOR EXTENDS FROM SACROCOCCYGEAL JUNCTION TO T-9 VERTEBRA, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISCS, INCLUDES STRAPS, CLOSURES, MAY INCLUDE STAYS, SHOULDER STRAPS, PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0643	LUMBAR-SACRAL ORTHOSIS, SAGITTAL CONTROL, WITH RIGID POSTERIOR PANEL(S), POSTERIOR EXTENDS FROM SACROCOCCYGEAL JUNCTION TO T-9 VERTEBRA, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISCS, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PADDING, STAYS, SHOULDER STRAPS, PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0648	LUMBAR-SACRAL ORTHOSIS, SAGITTAL CONTROL, WITH RIGID ANTERIOR AND POSTERIOR PANELS, POSTERIOR EXTENDS FROM SACROCOCCYGEAL JUNCTION TO T-9 VERTEBRA, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISCS, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PADDING, SHOULDER STRAPS, PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0649	LUMBAR-SACRAL ORTHOSIS, SAGITTAL-CORONAL CONTROL, WITH RIGID POSTERIOR FRAME/PANEL(S), POSTERIOR EXTENDS FROM SACROCOCCYGEAL JUNCTION TO T-9 VERTEBRA, LATERAL STRENGTH PROVIDED BY RIGID LATERAL FRAME/PANELS, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON INTERVERTEBRAL DISCS, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PADDING, STAYS, SHOULDER STRAPS, PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0650	LUMBAR-SACRAL ORTHOSIS, SAGITTAL-CORONAL CONTROL, WITH RIGID ANTERIOR AND POSTERIOR FRAME/PANELS, POSTERIOR EXTENDS FROM SACROCOCCYGEAL JUNCTION TO T-9 VERTEBRA, LATERAL STRENGTH PROVIDED BY RIGID LATERAL FRAME/PANELS, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON INTERVERTEBRAL DISCS, INCLUDES STRAPS, CLOSURES, MAY INCLUDE PADDING, SHOULDER STRAPS, PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF

L0651	LUMBAR-SACRAL ORTHOSIS, SAGITTAL-CORONAL CONTROL, RIGID SHELL(S)/PANEL(S), POSTERIOR EXTENDS FROM SACROCOCCYGEAL JUNCTION TO T-9 VERTEBRA, ANTERIOR EXTENDS FROM SYMPHYSIS PUBIS TO XYPHOID, PRODUCES INTRACAVITARY PRESSURE TO REDUCE LOAD ON THE INTERVERTEBRAL DISCS, OVERALL STRENGTH IS PROVIDED BY OVERLAPPING RIGID MATERIAL AND STABILIZING CLOSURES, INCLUDES STRAPS, CLOSURES, MAY INCLUDE SOFT INTERFACE, PENDULOUS ABDOMEN DESIGN, PREFABRICATED, OFF-THE-SHELF
L0980	PERONEAL STRAPS, PREFABRICATED, OFF-THE-SHELF, PAIR
L0982	STOCKING SUPPORTER GRIPS, PREFABRICATED, OFF-THE-SHELF, SET OF FOUR (4)
L0984	PROTECTIVE BODY SOCK, PREFABRICATED, OFF-THE-SHELF, EACH
L1812	KNEE ORTHOSIS, ELASTIC WITH JOINTS, PREFABRICATED, OFF-THE-SHELF
L1830	KNEE ORTHOSIS, IMMOBILIZER, CANVAS LONGITUDINAL, PREFABRICATED, OFF-THE-SHELF
L1833	KNEE ORTHOSIS, ADJUSTABLE KNEE JOINTS (UNICENTRIC OR POLYCENTRIC), POSITIONAL ORTHOSIS, RIGID SUPPORT, PREFABRICATED, OFF-THE-SHELF
L1836	KNEE ORTHOSIS, RIGID, WITHOUT JOINT(S), INCLUDES SOFT INTERFACE MATERIAL, PREFABRICATED, OFF-THE-SHELF
L1848	KNEE ORTHOSIS, DOUBLE UPRIGHT WITH ADJUSTABLE JOINT, WITH INFLATABLE AIR SUPPORT CHAMBER(S), PREFABRICATED, OFF-THE-SHELF
L1850	KNEE ORTHOSIS, SWEDISH TYPE, PREFABRICATED, OFF-THE-SHELF
L1851	KNEE ORTHOSIS (KO), SINGLE UPRIGHT, THIGH AND CALF, WITH ADJUSTABLE FLEXION AND EXTENSION JOINT (UNICENTRIC OR POLYCENTRIC), MEDIAL-LATERAL AND ROTATION CONTROL, WITH OR WITHOUT VARUS/VALGUS ADJUSTMENT, PREFABRICATED, OFF-THE-SHELF
L1852	KNEE ORTHOSIS (KO), DOUBLE UPRIGHT, THIGH AND CALF, WITH ADJUSTABLE FLEXION AND EXTENSION JOINT (UNICENTRIC OR POLYCENTRIC), MEDIAL-LATERAL AND ROTATION CONTROL, WITH OR WITHOUT VARUS/VALGUS ADJUSTMENT, PREFABRICATED, OFF-THE-SHELF
L1902	ANKLE FOOT ORTHOSIS, ANKLE GAUNTLET, PREFABRICATED, OFF-THE-SHELF
L1906	ANKLE FOOT ORTHOSIS, MULTILIGAMENTUS ANKLE SUPPORT, PREFABRICATED, OFF-THE-SHELF
L3100	HALLUS-VALGUS NIGHT DYNAMIC SPLINT, PREFABRICATED, OFF-THE-SHELF
L3170	FOOT, PLASTIC, SILICONE OR EQUAL, HEEL STABILIZER, PREFABRICATED, OFF-THE-SHELF, EACH
L3650	SHOULDER ORTHOSIS, FIGURE OF EIGHT DESIGN ABDUCTION RESTRAINER, PREFABRICATED, OFF-THE-SHELF
L3660	SHOULDER ORTHOSIS, FIGURE OF EIGHT DESIGN ABDUCTION RESTRAINER, CANVAS AND WEBBING, PREFABRICATED, OFF-THE-SHELF
L3670	SHOULDER ORTHOSIS, ACROMIO/CLAVICULAR (CANVAS AND WEBBING TYPE), PREFABRICATED, OFF-THE-SHELF
L3675	SHOULDER ORTHOSIS, VEST TYPE ABDUCTION RESTRAINER, CANVAS WEBBING TYPE OR EQUAL, PREFABRICATED, OFF-THE-SHELF
L3678	SHOULDER ORTHOSIS, SHOULDER JOINT DESIGN, WITHOUT JOINTS, MAY INCLUDE SOFT INTERFACE, STRAPS, PREFABRICATED, OFF-THE-SHELF
L3710	ELBOW ORTHOSIS, ELASTIC WITH METAL JOINTS, PREFABRICATED, OFF-THE-SHELF
L3762	ELBOW ORTHOSIS, RIGID, WITHOUT JOINTS, INCLUDES SOFT INTERFACE MATERIAL, PREFABRICATED, OFF-THE-SHELF
L3809	WRIST HAND FINGER ORTHOSIS, WITHOUT JOINT(S), PREFABRICATED, OFF-THE-SHELF, ANY TYPE
L3908	WRIST HAND ORTHOSIS, WRIST EXTENSION CONTROL COCK-UP, NON MOLDED, PREFABRICATED, OFF-THE-SHELF
L3912	HAND FINGER ORTHOSIS, FLEXION GLOVE WITH ELASTIC FINGER CONTROL, PREFABRICATED, OFF-THE-SHELF
L3916	WRIST HAND ORTHOSIS, INCLUDES ONE OR MORE NONTORSION JOINT(S), ELASTIC BANDS, TURNBUCKLES, MAY INCLUDE SOFT INTERFACE, STRAPS, PREFABRICATED, OFF-THE-SHELF
L3918	HAND ORTHOSIS, METACARPAL FRACTURE ORTHOSIS, PREFABRICATED, OFF-THE-SHELF
L3924	HAND FINGER ORTHOSIS, WITHOUT JOINTS, MAY INCLUDE SOFT INTERFACE, STRAPS, PREFABRICATED, OFF-THE-SHELF
L3925	FINGER ORTHOSIS, PROXIMAL INTERPHALANGEAL (PIP)/DISTAL INTERPHALANGEAL (DIP), NON TORSION JOINT/SPRING, EXTENSION/FLEXION, MAY INCLUDE SOFT INTERFACE MATERIAL, PREFABRICATED, OFF-THE-SHELF
L3927	FINGER ORTHOSIS (FO), PROXIMAL INTERPHALANGEAL (PIP)/DISTAL INTERPHALANGEAL (DIP), WITHOUT JOINT/SPRING, EXTENSION/FLEXION, (E.G., STATIC OR RING TYPE), MAY INCLUDE SOFT INTERFACE MATERIAL, STRAPS, PREFABRICATED, OFF-THE-SHELF
L3930	HAND FINGER ORTHOSIS, INCLUDES ONE OR MORE NONTORSION JOINT(S), TURNBUCKLES, ELASTIC BANDS/SPRINGS, MAY INCLUDE SOFT INTERFACE MATERIAL, STRAPS, PREFABRICATED, OFF-THE-SHELF
L4350	ANKLE CONTROL ORTHOSIS, STIRRUP STYLE, RIGID, INCLUDES ANY TYPE INTERFACE (E.G., PNEUMATIC, GEL), PREFABRICATED, OFF-THE-SHELF
L4361	WALKING BOOT, PNEUMATIC AND/OR VACUUM, WITH OR WITHOUT JOINTS, WITH OR WITHOUT INTERFACE MATERIAL, PREFABRICATED, OFF-THE-SHELF
L4370	PNEUMATIC FULL LEG SPLINT, PREFABRICATED, OFF-THE-SHELF
L4387	WALKING BOOT, NON-PNEUMATIC, WITH OR WITHOUT JOINTS, WITH OR WITHOUT INTERFACE MATERIAL, PREFABRICATED, OFF-THE-SHELF
L4397	STATIC OR DYNAMIC ANKLE FOOT ORTHOSIS, INCLUDING SOFT INTERFACE MATERIAL, ADJUSTABLE FOR FIT, FOR POSITIONING, MAY BE USED FOR MINIMAL AMBULATION, PREFABRICATED, OFF-THE-SHELF
L4398	FOOT DROP SPLINT, RECUMBENT POSITIONING DEVICE, PREFABRICATED, OFF-THE-SHELF