Jurisdiction B Council Action Items
May 3, 2012

1. **If beneficiary wants to purchase an item that Medicare billing requirements indicate must be rented can a DMEPOS supplier bill the item as a purchase and receive a PR denial?**

No. The Centers for Medicare & Medicaid Services assigns each HCPCS to a payment category. If a HCPCS code is assigned to the capped rental payment policy, Medicare payment is made on a rental basis only, although the supplier is required to transfer title to the equipment to the beneficiary after the capped rental payment period (13 months of continuous use) ends. If a capped rental item is billed to Medicare as a purchase, the claim will be rejected for incorrect billing. The DME MAC cannot issue a PR denial in these situations.

Council requested that this action item be submitted to CMS for consideration.

Update: *This is not an issue that can be addressed by CMS because MSP guidelines are based upon Federal laws and regulations. The following information may be found in the Jurisdiction B DME MAC Supplier Manual, Chapter 5 and is consistent with the guidelines provided by the other three DME MACs.*

Medicare Secondary Payer on Rental/Purchase Items:

Medicare as secondary payer can, under no circumstances, pay more than ***what*** *Medicare would have paid as a primary payer. If the primary insurance pays* ***for the lump sum purchase of an item that Medicare will only pay for as a rental (capped rental items, oxygen)****, Medicare cannot make a secondary payment. Medicare would not make a primary payment; therefore, a secondary payment could not be made* ***for the lump sum purchase of such items****. In the above instance, it is not appropriate to execute an Advance Beneficiary Notice of Noncoverage (ABN).*
Council requested that we reopen this action item as they do not believe that MSP is always involved here and they indicated that suppliers used to be able to get claims through front end edits and they believe there are a number of instances where it would be appropriate to bill for denial. Council requested that National Government Services verify with CEDI.

Update:
CEDI front end edit C172 Invalid Procedure/Modifier fires when the HCPCS code or modifiers submitted are invalid for DME MAC processing.

One example provided by Council was when trying to bill for a gait trainer (E8000NU). According to the Pricing, Data Analysis, and Coding Contractor (PDAC) this HCPCS code is invalid for claim submission to the DME MAC. Therefore, if this code is submitted to CEDI, the claim will hit the front end edit and will be rejected.

Another example provided by Council was for the purchase of a standard manual wheelchair (K0001NU). The beneficiary does not meet the coverage requirements for the wheelchair because it is only used outside the home. Supplier would like a denial for secondary insurance but cannot pass front end edits. Standard manual wheelchairs fall within the capped rental payment category, beneficiaries are not afforded the option of purchasing they must be billed to Medicare as a monthly rental whether covered or not. If capped rental items are submitted to CEDI with an NU modifier the edit will fire because the modifier is not considered valid for that code. CMS provides technical direction to the DME MACs on what HCPCS codes are considered valid for claim submission furthermore CMS determines what payment category a HCPCS falls into. Based on these instructions the DME MACs provide a list of HCPCS codes and modifiers that are considered invalid which results in the front end edits firing. Therefore, without a directive from CMS, National Government Services and CEDI will continue to reject claims accordingly.

Council requested we again take this back and they believe they should be able to get a denial from Medicare. This is not an issue with just NGS but is an issue across all 4 DME MACs.

Update: *Following the meeting NGS requested claims data and determined that claims are being submitted for capped rental items with the NU modifier to indicate they are being purchased and the claims are passing the front end edits. These claims are processing through the Medicare claims processing system and are being denied with an ANSI denial of CO-108 which states the following:*

- *Rent/purchase guidelines were not met*

Furthermore, regardless of whether the claims were billed with a GA, GZ, or GY modifier they are still being denied CO-108. If Council can provide some front-end CEDI reports that show these claims are not passing the front end edits we can conduct some additional research. ***OPEN***

2. Council requested that National Government Services provide an overview of esMD.

The Electronic Submission of Medical Documentation (esMD) is a program developed by CMS to give providers a new mechanism for submitting medical documentation. This program will be implemented in two phases.

Phase 1 - Providers will still receive medical documentation requests via paper mail but will have the option to electronically send medical documentation to the requesting Review Contractor. Phase 1 of this program went live on September 15, 2011. National Government Services, the Jurisdiction B Durable Medical Equipment Medicare Administrative Contractor (DME MAC) began accepting documentation electronically on September 22, 2011.

Suppliers who opt to send medical documentation electronically to the requesting Review Contractor will be *required to use a Health Information Handler (HIH). Any organization that handles health information on behalf of a provider is an HIH. Many providers already use HIHs to submit claims, provide electronic health record systems, etc. These HIHs are often called claim clearinghouses, release of*

information vendors, Health Information Exchanges, Electronic Health Record vendors, etc. Some HIHs are beginning to offer Electronic Submission of Medical Documentation (esMD) gateway services as well.

The following HIHs have been CERTIFIED by CMS to offer esMD gateway services to providers?

HealthPort effective September 2011
IVANS effective September 2011
NaviNet effective September 2011
RISARC effective September 2011
MRO effective October 2011
Health IT Plus effective November 2011

There are additional HIHs that have begun testing and will be available as well.

During Phase 2 of esMED providers will receive electronic documentation request when their claims are selected for review. CMS plans to go live with esMD Phase two in October 2012. ***CLOSED***

For additional information regarding the esMD pilot project, suppliers should refer to the following located on the CMS Web site at:

CMS Web pages
http://www.cms.gov/esmd/
http://www.cms.gov/ESMD/03_Review-Contractors.asp

SE1110
http://www.cms.gov/MLNMattersArticles/Downloads/SE1110.pdf

MM7254
http://docushare.corp.ngsmedicare.com/docushare/dsweb/Get/Document-946335/Revised%20MM7254.pdf

Update: *National Government Services conducted a Webinar on March 29th and provided education on PWK and esMD. However, according to medical review DMEPOS supplier participation is minimal.*