CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1797	**Date: February 10, 2017**
	Change Request 9904

SUBJECT: Guidance on Implementing System Edits for Certain Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS)

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to establish and implement edits that will auto deny claims paid for HCPCs codes unless the DMEPOS supplier has been identified as accredited and verified on their CMS-855S or the DMEPOS supplier is currently exempt from meeting the accreditation requirements. This CR updates the requirements that were defined in CR 7333 and CR 9371.

EFFECTIVE DATE: July 1, 2017
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: July 3, 2017 - Analysis; October 2, 2017 - Coding, Testing and Implementation.

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
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:

One Time Notification

Attachment - One-Time Notification

Pub. 100-20	Transmittal: 1797	Date: February 10, 2017	Change Request: 9904

SUBJECT: Guidance on Implementing System Edits for Certain Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS)

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I. GENERAL INFORMATION

A. Background: Section 302 of the Medicare Modernization Act of 2003 added a new paragraph, 1834(a)(20), to the Social Security Act (the Act). This paragraph required the Secretary to establish and implement quality standards for suppliers of DMEPOS. All DMEPOS suppliers that furnish such items or services set out at subparagraph 1834(a)(20)(D) of the Act, as the Secretary determines appropriate, must comply with the quality standards in order to receive Medicare Part B payments and to retain Medicare billing privileges. Pursuant to subparagraph 1834(a)(20)(D) of the Act, the covered items and services are defined in section 1834(a)(13), section 1834(h)(4), and section 1842(s)(2) of the Act. The covered items include the following:

1. DME

2. Medical supplies

3. Home dialysis supplies and equipment

4. Therapeutic shoes

5. Parenteral and enteral nutrient, equipment and supplies

6. Transfusion medicine

7. Prosthetic devices, prosthetics, and orthotics

Section 154(b) of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) added a new subparagraph (F) to section 1834(a)(20) of the Act. In implementing quality standards under this paragraph, the Secretary shall require suppliers furnishing items and services on or after October 1, 2009, directly or as a subcontractor for another entity, to have submitted evidence of accreditation by an accreditation organization designated by the Secretary. This subparagraph states that eligible professionals and other persons (defined below) are exempt from meeting the ***September 30, 2009,*** accreditation deadline unless the Centers for Medicare & Medicaid Services (CMS) determines that the quality standards are specifically designed to apply to such professionals and persons. The eligible professionals who are exempt from meeting the September 30, 2009, accreditation deadline (as defined in section 1848(k)(3)(B) of the Act) include the following practitioners:

1. Physicians (as defined in section 1861(r) of the Act)

2. Physical Therapists

3. Occupational Therapists

4. Qualified Speech-Language Pathologists

5. Physician Assistants

6. Clinical Nurse Specialists

7. Certified Registered Nurse Anesthetists

8. Certified Nurse-Midwives

9. Clinical Social Workers

10. Clinical Psychologists

11. Registered Dietitians

12. Nutritional professionals

Additionally, section 154(b) of MIPPA allows the Secretary to specify “other persons” that are exempt from meeting the accreditation deadline unless CMS determines that the quality standards are specifically designed to apply to such other persons. At this time, “such other persons” are specifically defined as the following practitioners:

1. Orthotists

2. Prosthetists

3. Opticians

4. Audiologists

Therefore, all supplier types (except those listed above) who furnish items and services requiring accreditation, directly or as a subcontractor for another entity, must have submitted evidence of accreditation by an accreditation organization designated by the Secretary on or after October 1, 2009.

B. Policy: Section 302 of the Medicare Modernization Act of 2003, sections 1834(a)(20), 1834(h)(4), 1848(k)(3)(B), and 1842(s)(2) of the Act, Section 154(b) of MIPPA 2008

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		FISS	MCS	VMS	CWF	
9904.1	Provider Enrollment Chain and Ownership System (PECOS) shall add the product and service codes and include the effective and expiration dates for both product and service codes to									PECOS

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	the daily PECOS extract.									
9904.2	ViPS Medicare System (VMS) shall make the necessary system changes to accept the accreditation codes with the effective and expiration dates transmitted in the daily PECOS extract.							X		
9904.3	VMS shall make the necessary system changes to house the accreditation codes with the effective and expiration dates, for the DMEPOS suppliers indicating they will furnish the products and services found on CMS 855S, section 3A which require accreditation.							X		
9904.4	Pricing, Data Analysis, and Coding Contractor (PDAC) shall provide ongoing electronic updates to the HCPCS to 855S Crosswalk by the 15th day of each quarter after CMS approval is received. The HCPCS to 855S Crosswalk will be sent to the VMS claims processing system by sending the crosswalk file transmission to the Baltimore Data Center (BDC). The PDAC HCPCS to 855S Crosswalk will be a full replacement file that includes historical records.									PDAC
9904.5	VMS shall accept, prior to the implementation date of this CR, the accreditation codes, including effective and expiration dates for product and service codes via the daily PECOS							X		PECOS

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	transmission.									
9904.6	VMS shall make necessary system changes to recognize HCPCS codes in the product categories designated by 1834(a)(13), section 1834(h)(4), and section 1842(s)(2) of the Act.							X		
9904.7	VMS shall accept a transmission from PECOS of all current accreditation codes as well as effective and expiration dates for both non-exempt and exempt DMEPOS suppliers through its daily transmission.							X		
9904.8	Durable Medical Equipment (DME)-Medicare Administrative Contractors (MAC) shall continue to process claims with dates of service prior to the implementation date of this CR.				X					
9904.9	DME MACs shall pay claims with date of service prior to the implementation date of this CR regardless of the date the supplier is deemed accredited.				X					
9904.10	If a claim was processed and paid prior to the effective date of this CR and the supplier submits an adjustment to that claim after implementation, the adjustment should not be subject to the accreditation edits.				X			X		
9904.11	Contractors shall perform end to end testing of the functionality this CR and will report results to CMS							X		HP VDC, PDAC, PECOS

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	prior to implementation. Testing will include: PDAC shall test the HCPCS to 855S crosswalk file transmission to the BDC and report results. Hewlett-Packard (HP) VDC shall test the HCPCS to 855S crosswalk file retrieval from the BDS and upload to the VMS. Results should be reported to the following email addresses: Vani.Annadata@cms.hhs.gov, Sandhya.Mathur@cms.hhs.gov, and Belinda.Gravel@cms.hhs.gov.									
9904.12	DME MACs shall use Remittance Advice Remark Code N211 – "Alert: You may not appeal this decision" and Claim Adjustment Reason Code CO-B7 "This provider was not certified/eligible to be paid for this procedure/service on this date of service. Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present," and medicare summary notice (MSN) messages 21.18 and 16.34 for denial of claim.				X					
9904.13	The DME MACs shall automatically deny effected line items submitted on a supplier's claim (as the supplier is liable), if the rendering DMEPOS supplier has not been identified by the National Supplier				X					

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	Clearinghouse (NSC) as being accredited to supply the specific product or service at the time of date of service (between the effective and expiration dates for both product and service codes) and is not exempt from accreditation.									
9904.14	Contractors along with CMS shall coordinate to develop a process to prevent claim denials when a new product and service code as been established.				X					NSC, PDAC, PECOS
9904.15	VMS shall develop a quarterly load process in order to load the file of accreditation category established by the PDAC.							X		
9904.16	The HP VDC shall NDM the PDAC HCPCS to 855S Crosswalk from the Baltimore Data Center.									HP VDC
9904.17	The DME MACs shall set the PECOS:ACCRED EDITS EFF date on the VMAP/4C/ ENVDATES - ENVIRONMENT DATES TABLE.				X					
9904.18	PECOS shall develop and perform a one-time extract to submit to VMS that includes effective and expiration dates with sufficient identifying information, including Provider Transaction Number (PTAN), Enrollment ID and PAC ID, to link the accreditation data to the DMEPOS supplier prior to the implementation									PECOS

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	date.									
9904.19	Contractors shall create a user controlled mechanism to allow contractors the ability to turn edits off or on for claim payment denial.				X			X		
9904.20	Contractors shall build the edit to allow for carrier override/bypass on a claim basis to allow for processing of overturned appeals.				X			X		
9904.21	Contractors shall be notified in advance by Technical Direction Letter when CMS requires them to turn edits on for claims to deny. Until such instruction is issued, contractors shall not implement edits.				X			X		HP VDC, NSC, PDAC, PECOS, STC
9904.22	Contractors shall be aware that CMS does not intend to turn the edits on until we are confident that the developed process will not result in inappropriately denied claims.				X			X		HP VDC, NSC, PDAC, PECOS, STC
9904.23	VMS shall generate a new warning message on all remittances and MSNs for DME claim lines where the HCPCS code is linked to a product code which requires accreditation from a non-exempt DMEPOS supplier and the claim line date of service does not fall between the effective and expiration dates of the supplier's accreditation for that category and is after the implementation date of this CR.							X		

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
9904.24	VMS shall make sure that the following warning message goes out in an MSN by reporting a new Remittance Advice Remark code on both the 835 and SPR; "Supplier not accredited for prod/serv code."				X			X		
9904.25	VMS shall provide the DME MACs with a mechanism to stop the generation of the warning message when the DME MACs are instructed to do so by CMS. Note: CMS may choose not to move forward with activating the accreditation editing and may choose to stop generating the new warning message.				X			X		
9904.26	VMS shall receive notification by the end of February 2017 from CMS of a test HCPCS to 855S Crosswalk file for use during the development period.				X			X		HP EDC, NSC, PDAC, PECOS, STC
9904.27	VMS shall make available to the DME MACs and the STC the test version of the HCPCS to 855S Crosswalk file for use during the Beta Period.				X			X		HP EDC, NSC, PECOS, STC
9904.28	The attached Internal Control Document shall be reviewed and verified for completion. Contractors shall propose necessary changes to CMS prior to development according to CMS guidelines.							X		BDC, PDAC, VDC
9904.29	VMS shall generate on a daily basis a report which							X		

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	will provide the number of claim lines which generated the new warning message. The report shall provide Health Insurance Claim Number, Claim Control Number (CCN), submitted and allowed amounts, supplier NSC, supplier National Provider Identifier, accreditation category, procedure code and the claim line number for each claim line generating the new warning message. The report shall be in order by accreditation category, supplier NSC, CCN and claim line number. Sub-totals by accreditation category shall be provided and a grand claim line total.									

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
9904.30	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 free to supplement MLN Matters articles with localized information				X	

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	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: 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

Pre-Implementation Contact(s): Michael Cimmino, 410-786-6408 or Michael.cimmino@cms.hhs.gov , Sandhya Mathur, 410-786-3476 or Sandhya.Mathur@cms.hhs.gov

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

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0