CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3730	**Date: march 3, 2017**
	Change Request 9848

Transmittal 3679, dated December 16, 2016, is being rescinded and replaced by Transmittal 3730, dated, March 3, 2017 to add BR.9848.10. All other information remains the same.

SUBJECT: Payment for Oxygen Volume Adjustments and Portable Oxygen Equipment

I. SUMMARY OF CHANGES: This change request (CR) reminds contractors of instructions located at section 130.6 of chapter 20 of the Medicare Claims Processing Manual (Pub.100-04). The instructions in this section were originally furnished in June 1989, via transmittal 1310, and provide the following instructions for Medicare contractors involved in processing claims for oxygen and oxygen equipment under the Medicare Part B benefit for durable medical equipment.

EFFECTIVE DATE: April 1, 2017
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: April 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	20/130/130.6/Billing for Oxygen and Oxygen Equipment

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:

Business Requirements
Manual Instruction

Attachment - Business Requirements

Pub. 100-04	Transmittal: 3730	Date: March 3, 2017	Change Request: 9848

Transmittal 3679, dated December 16, 2016, is being rescinded and replaced by Transmittal 3730, dated, March 3, 2017 to add BR.9848.10. All other information remains the same.

SUBJECT: Payment for Oxygen Volume Adjustments and Portable Oxygen Equipment

EFFECTIVE DATE: April 1, 2017
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: April 3, 2017

I. GENERAL INFORMATION

A. Background: This change request (CR) updates section 130.6 of chapter 20 of the Medicare Claims Processing Manual (Pub.100-04). This section provides the following instructions for Medicare contractors involved in processing claims for oxygen and oxygen equipment under the Medicare Part B benefit for durable medical equipment:

The fee schedule amount for stationary oxygen equipment is increased under the following conditions. If both conditions apply, contractors use the higher of either of the following add-ons. Contractors may not pay both add-ons:
a. Volume Adjustment - If the prescribed amount of oxygen for stationary equipment exceeds 4 liters per minute, the fee schedule amount for stationary oxygen rental is increased by 50 percent. If the prescribed liter flow for stationary oxygen is different than for portable or different for rest and exercise, contractors use the prescribed amount for stationary systems and for patients at rest. If the prescribed liter flow is different for day and night use, contractors use the average of the two rates.

b. Portable Add-on - If portable oxygen is prescribed, the fee schedule amount for portable equipment is added to the fee schedule amount for stationary oxygen rental.

The following HCPCS code modifiers are used to denote when the oxygen flow exceeds 4 liters per minute:

QF - Prescribed amount of oxygen is greater than 4 liters per minute (LPM) and portable oxygen is prescribed

QG - Prescribed amount of oxygen is greater than 4 liters per minute (LPM)

The modifier “QF” should be used in conjunction with claims submitted for stationary oxygen (codes E0424, E0439, E1390, or E1391) and portable oxygen (codes E0431, E0433, E0434, E1392, or K0738) when the prescribed amount of oxygen is greater than 4 liters per minute (LPM) .

B. Policy: For covered claims submitted with the QG modifier, the fee schedule amount for stationary oxygen is increased by 50 percent. The QG modifier is billed with the stationary oxygen code (E0424, E0439, E1390 or E1391).

For covered claims submitted with the QF modifier, payment is made at the higher of the add-on payment for the volume adjustment (i.e., 50 percent of the monthly stationary oxygen payment amount) or the fee schedule amount for the portable oxygen add-on (codes E0431, E0433, E0434, E1392, or K0738), but not both. The QF modifier is billed with both the stationary oxygen code (E0424, E0439, E1390 or E1391) and the portable oxygen code (codes E0431, E0433, E0434, E1392, or K0738). Effective April 1, 2017, stationary and portable oxygen and oxygen equipment QF fee schedule amounts will be added to the DMEPOS fee schedule file. The stationary oxygen and oxygen equipment QF fee schedule amount on the

file will represent 100 percent of the stationary oxygen and oxygen equipment allowed fee schedule amount. The portable oxygen equipment add-on QF fee schedule amount on the file by state will represent the higher of:

1) 50 percent of the monthly stationary oxygen payment amount (codes E0424, E0439, E1390, E1391); or

2) the fee schedule amount for the portable oxygen add-on (codes E0431, E0433, E0434, E1392 or K0738) .

The following are possible claims processing scenarios:

Scenario 1 – A claim for stationary oxygen equipment is submitted with the QG modifier. The history is reviewed and it is discovered that portable oxygen equipment was billed AND paid within the last 30 days prior to the date of service for the stationary oxygen equipment. Since the portable oxygen equipment add-on payment has already been made for this month, the volume adjustment add-on payment shall not be made in accordance with the rules of the statute. Use of the QG modifier is inappropriate in this case, and the claim should be returned as unprocessable.

Scenario 2 – A claim for stationary oxygen equipment is submitted with the QG modifier, and within 30 days the beneficiary needs portable oxygen equipment. In this case, the volume add-on payment has already been made for this month, so the portable oxygen equipment add –on payment shall not be made in accordance with the rules of the statute. The claim for the portable oxygen equipment should be returned as unprocessable.

Scenario 3 – A claim for stationary oxygen equipment is submitted with the QG modifier AND a claim for portable oxygen equipment is submitted with the same date of service. In this case EVERYTHING is returned as unprocessable due to the incorrect use of the modifier, and neither the claim for stationary oxygen equipment with the QG modifier nor the claim for portable oxygen equipment is valid.

NOTE: All these claims are being returned as unprocessable since there is no way for Medicare to know whether the first submitted claim was billed incorrectly or the subsequent claim was billed incorrectly.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME	Shared-System Maintainers				Other
		A	B	HHH	MAC	FISS	MCS	VMS	CWF	
9848.1	Contractors shall return as unprocessable claims for stationary oxygen equipment codes (E0424, E0439, E1390or E1391) billed with modifier QG if the dates of service for the claim overlap with a portable oxygen equipment claim (HCPCS codes E0431, E0433, E0434, E1392, or K0738) for the same beneficiary with the same dates of service or within the past 30 days of the dates of service.				X			X		
9848.2	Contractors shall return as unprocessable claims for portable oxygen equipment codes (E0431, E0433, E0434, E1392, or K0738) when received with the				X			X		

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	same dates of service or within the past 30 days of a stationary oxygen equipment codes (E0424, E0439, E1390, E1391 or) claim submitted with the QG modifier.									
9848.3	Contractors shall pay claims for stationary oxygen equipment codes (E0424, E0439, E1390 or E1391) billed with modifier QF with dates of service that overlap with a portable oxygen equipment claim (HCPCS E0431, E0433, E0434, E1392, or K0738) for the same beneficiary with the same dates of service or within the past 30 days of the dates of service when the billed amount is greater than 4 LPM.				X			X		
9848.3.1	When the prescribed amount of oxygen is greater than 4 LPM and portable oxygen is prescribed, contractors shall pay the higher of 50 percent of the monthly stationary oxygen payment amount (E0424, E0439, E1390 or E1391) or the fee schedule amount for the portable oxygen add-on (codes E0431, E0433, E0434, E1392 or K0738), but not both.				X			X		
9848.4	Contractors shall instruct suppliers to submit the QF modifier on both the portable oxygen HCPCS code (codes E0431, E0433, E0434, E1392 or K0738) and the stationary oxygen HCPCS code (E0424, E0439, E1390 or E1391) when the prescribed amount of oxygen is greater than 4 liters per minute (LPM) and portable oxygen is prescribed.				X					
9848.5	For claims where the prescribed amount of oxygen is greater than 4 liters per minute and portable oxygen is billed, contractors shall make payment for the stationary oxygen equipment code (E0424, E0439, E1390or E1391), billed with the QF modifier, at 100 percent of the monthly stationary oxygen payment amount using the stationary oxygen QF fee schedule amount on the DMEPOS fee schedule file.				X			X		
9848.6	For claims where the billed amount of oxygen is greater than 4 liters per minute and portable oxygen is billed, contractors shall make payment for the portable oxygen code (E0431, E0433, E0434, E1392 or K0738), billed with the QF modifier, at the higher of 50 percent of the monthly stationary oxygen payment amount or the fee schedule amount for the portable oxygen add-on. This amount will be denoted on the				X			X		

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	DMEPOS fee schedule file under the portable oxygen code associated with the QF modifier.									
9848.7	Contractors shall return as unprocessable claims to the provider submitted for the same beneficiary for stationary oxygen equipment codes (E0424, E0439, E1390or E1391) with the QF modifier and portable oxygen equipment codes (E0431, E0433, E0434, E1392 or K0738) without the QF modifier whether on the same claim or an overlapping claim with same dates of service or within the past 30 days from the date of service.				X					
9848.8	Contractors shall return as unprocessable claims to the provider submitted for the same beneficiary for portable oxygen equipment codes (E0431, E0433, E0434, E1392 or K0738) with the QF modifier and stationary oxygen equipment codes (E0424, E0439, E1390 or E1391) without the QF modifier whether on the same claim or an overlapping claim with same dates of service or within the past 30 days from the date of service.				X					
9848.9	Contractors shall use the following messages for claims that are returned as unprocessable: Group Code: CO (Contractual Obligation) CARC - 4 The procedure code is inconsistent with the modifier used or a required modifier is missing. Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present. RARC MA130 - Your claim contains incomplete and/or invalid information, and no appeal rights are afforded because the claim is unprocessable. Please submit a new claim with the complete/correct information.				X			X		
9848.10	The contractors shall update the system to accept and process the QF modifier on the CBIC HCPCS file.							X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
9848.11	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 that would benefit their provider community in billing and administering the Medicare program correctly.				X	

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): Karen Jacobs, 410-786-2173 or karen.jacobs@cms.hhs.gov (For policy questions) , Bobbett Plummer, 410-786-3321 or bobbett.plummer@cms.hhs.gov (For claims processing questions)

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

Medicare Claims Processing Manual
Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

Table of Contents
(Rev.3730, Issued: 03-03-17)

130.6 - Billing for Oxygen and Oxygen Equipment
(Rev. 3730, Issued: 03-03-17, Effective: 04-01-17, Implementation: 04-03-17)

The following instructions apply to all claims from providers and suppliers to whom payment may be made for oxygen. The chart in §130.6.1 indicates what is payable under which situation.

A. Monthly Billing

Fee schedule payments for stationary oxygen system rentals are all inclusive and represent a monthly allowance per beneficiary. Accordingly, a supplier must bill on a monthly basis for stationary oxygen equipment and contents furnished during a rental month.

A portable equipment add-on is also payable when portable oxygen is prescribed and it is determined to be medically necessary in accordance with Medicare coverage requirements. The portable add-on must be claimed in order to be paid. (See §30.6.)

B. HCPCS Codes

The HCPCS codes must be used to report the service. One month of service equals one unit.

C. Use of Payment Modifiers and Revenue Codes for Payment Adjustments

The monthly payment amount for stationary oxygen is subject to adjustment depending on the amount of oxygen prescribed (liters per minute (LPM)), and whether or not portable oxygen is also prescribed. (See §30.6.) HHAs billing the A/B MAC (HHH) for stationary equipment, supplies, or contents, which are not eligible for payment adjustment, bill under revenue code 0601. Claims must indicate the appropriate HCPCS modifier described below, if applicable.

- If the prescribed amount of oxygen is less than 1 LPM, suppliers use the modifier "QE"; HHAs use revenue code 0602. The monthly payment amount for stationary oxygen is reduced by 50 percent.

- If the prescribed amount of oxygen is greater than 4 LPM, suppliers use the modifier "QG"; HHAs use revenue code 0603. The monthly payment amount for stationary oxygen is *increased* by 50 percent.

- If the prescribed amount of oxygen exceeds 4 LPM and portable oxygen is prescribed, suppliers use the modifier "QF"; HHAs use revenue code 0604. The monthly payment for stationary oxygen is increased by the higher of 50 percent of the monthly stationary oxygen payment amount, or, the fee schedule amount for the portable oxygen add-on. (A separate monthly payment is not allowed for the portable equipment.) *Effective April 1, 2017, the modifier "QF" must be used with both the stationary and portable oxygen equipment codes.*

Effective April 1, 2017, portable oxygen "QF" modifier fee schedule amounts will be added to the DMEPOS fee schedule file. The portable oxygen "QF" fee schedule amounts will represent the higher of 1) 50

percent of the monthly stationary oxygen payment amount or 2) the fee schedule amount for the portable oxygen add-on.

There are three claims processing scenarios:
Scenario 1 – A claim for stationary oxygen equipment is submitted with the QG modifier. The history is reviewed and it is discovered that portable oxygen equipment was billed AND paid within the last 30 days prior to the stationary oxygen equipment's date of service. Since we have already paid the portable add-on, we can't pay the volume adjustment add-on, therefore billing with QG modifier is inappropriate and the claim should be returned as unprocessable.

Scenario 2 – A claim for stationary oxygen equipment is submitted with the QG modifier and within 30 days, a claim for portable oxygen equipment is received. In this case we have already paid the volume add-on so the portable equipment add –on is returned as unprocessable.

Scenario 3 – A claim for stationary oxygen equipment is submitted with the QG modifier AND the portable oxygen equipment comes in with the same date of service. In this case EVERYTHING is returned as unprocessable due to the incorrect use of the modifier and neither is valid.

NOTE: All these claims are being returned as unprocessable since there is no way for Medicare to know whether the first claim submitted was billed incorrectly or if the subsequent claim was billed incorrectly.

Contractors shall use the following messages for claims that are returned as unprocessable:
Group Code: CO (Contractual Obligation)
CARC 4 - The procedure code is inconsistent with the modifier used or a required modifier is missing. Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.
RARC MA130 - Your claim contains incomplete and/or invalid information, and no appeal rights are afforded because the claim is unprocessable. Please submit a new claim with the complete/correct information.

D. Conserving Device Modifier

The HHA's and suppliers must indicate if an oxygen conserving device is being used with an oxygen delivery system by using HCPCS modifier "QH".

E. DME MACs Only

For all States that have licensure/certification requirements for the provision of oxygen and/or oxygen related products, DME MACs shall process claims for oxygen and oxygen related products only when an oxygen specialty code is assigned to the DMEPOS supplier by the NSC and is forwarded to the DME MACs from the NSC.

This specialty shall be licensed and/or certified by the State when applicable. This specialty shall bill for Medicare-covered services and/or products when State law permits such entity to furnish oxygen and/or oxygen related products.