CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 1785	**Date: February 3, 2017**
	Change Request 9928

SUBJECT: Payment for Oxygen Volume Adjustments and Portable Oxygen Equipment- FISS

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: July 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
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: 1785	Date: February 3, 2017	Change Request: 9928

SUBJECT: Payment for Oxygen Volume Adjustments and Portable Oxygen Equipment- FISS

EFFECTIVE DATE: April 1, 2017
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IMPLEMENTATION DATE: July 3, 2017

I. GENERAL INFORMATION

A. Background: 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 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 to the provider.

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 to the provider.

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 to the provider 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 to the provider 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	
9928.1	Contractors shall return to provider (RTP) claims for stationary oxygen equipment codes (E0424, E0439, E1390 or 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				
9928.2	Contractors shall RTP claims for portable oxygen equipment codes (E0431, E0433, E0434, E1392, or K0738) when received with the same dates of service or within the past 30 days of a stationary oxygen equipment codes (E0424, E0439, E1390, or E1391)			X		X				

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	claim submitted with the QG modifier.									
9928.3	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				
9928.3.1	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				
9928.4	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		X				
9928.5	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, E1390 or 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				
9928.6	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 DMEPOS fee schedule file under the portable oxygen code associated with the QF modifier.			X		X				

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
9928.7	Contractors shall RTP claims to the provider submitted for the same beneficiary for stationary oxygen equipment codes (E0424, E0439, E1390 or 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		X				
9928.8	Contractors shall RTP 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		X				
9928.9	Contractors shall adjust incorrectly paid claims with dates of service April 1, 2017 through July 1, 2017 when brought to their attention.			X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
9928.10	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-			X		

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

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 , Bobbett Plummer, 410-786-3321 or bobbett.plummer@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