



DMEPOS Fee Schedule: CY 2023 Update

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Related CR Title: Calendar Year 2023 Update for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

Provider Types Affected

This MLN Matters Article is for suppliers and other providers who bill Medicare Administrative Contractors (MACs) for DMEPOS they provide to Medicare patients.

Provider Action Needed

Make sure your billing staff knows about this annual update:

- Fee schedule amounts for new and existing codes
- Payment policy changes

Background

CMS pays for certain DMEPOS products and surgical dressings on a fee schedule basis based on Sections 1834(a), (h), and (i) of the [Social Security Act](#) (the Act) and [42 CFR 414.102](#) for Parenteral and Enteral Nutrition (PEN), splints, casts, and Intraocular Lenses (IOLs) inserted in a physician's office.

The DMEPOS and PEN fee schedule files contain HCPCS codes subject to fee schedule adjustments using information on the payment we decide for these items under the DMEPOS Competitive Bidding Program (CBP), as well as codes that aren't subject to the CBP or fee schedule adjustments.

The COVID-19 Aid, Relief, and Economic Security Act of 2020 (CARES Act)

Section 3712 of the [Cares Act](#) requires:

- For items and services subject to the fee schedule adjustments provided in rural or noncontiguous areas, the fee schedule amounts will continue to be based on a blend of 50% of the adjusted fee schedule amount and 50% of the unadjusted fee schedule amounts through December 31, 2020, or the duration of the COVID-19 Public Health Emergency (PHE), whichever is later

- For items and services subject to the fee schedule adjustments provided in non-rural contiguous, non-Competitive Bid Areas (CBAs), the fee schedule amounts will be based on a blend of 75% of the adjusted fee schedule amounts and 25% of the unadjusted fee schedule amounts for claims with dates of service starting March 6, 2020 through the end of the COVID-19 PHE

Since the PHE continues, the 2023 DMEPOS and PEN fee schedule files still have the rural and non-contiguous, non-CBA 50/50 blended fees and the non-rural contiguous non-CBA 75/25 blended fees.

CY 2023 Updates

For the 2023 fee schedule update, the following fee schedule adjustments apply in non-CBAs based on the areas in which you provide the items and services:

1. Fee Schedule Amounts for Areas within the Contiguous U.S.

To decide the adjusted fee schedule amounts, we use the average of the Single Payment Amounts (SPAs) from CBAs in 8 different regions of the contiguous U.S. to adjust the fee schedule amounts for the states in each of the 8 regions. These regional SPAs (RSPAs) are also subject to these limits:

- National ceiling: 110% of the average of the RSPAs for all contiguous states plus the District of Columbia
- National floor: 90% of the average of the RSPAs for all contiguous states plus the District of Columbia

This applies to competitively bid items you provide in the contiguous U.S., or those included in more than 10 CBAs. We adjust fee schedule amounts for competitively bid items included in 10 or fewer CBAs so they're equal to 110% of the average of the SPAs for the 10 or fewer CBAs.

The ZIP Code associated with the address used for pricing a DMEPOS claim decides the rural fee schedule payment applicability for codes with rural and non-rural adjusted fee schedule amounts. The DMEPOS Rural ZIP Code file contains the ZIP Codes of rural areas. ZIP Codes for non-continental Metropolitan Statistical Areas (MSAs) aren't in the DMEPOS Rural ZIP Code file, which is updated quarterly, as necessary. Regulations at [42 CFR 414.202](#) define a rural area as a geographical area represented by a postal ZIP Code where at least 50% of the total geographical area of the ZIP Code is estimated to be outside any MSA. A rural area also includes any ZIP Code within an MSA that's excluded from a CBA established for that MSA.

2. Fee Schedule Amounts for Areas Outside the Contiguous U.S.

According to the CARES Act and [42 CFR 414.210\(g\)\(9\)\(iii\)](#), we base fee schedule amounts for items provided in areas outside the contiguous U.S. such as Alaska, Hawaii, and Guam, on a blend of 50% of the adjusted fee schedule amount and 50% of the unadjusted fee schedule

amount updated by the covered item updates in Sections 1834(a)(14), 1834(h)(4), and [1842\(s\)\(B\)](#) of the Act.

Areas outside the contiguous U.S. get adjusted fee schedule amounts so they're equal to the higher of the average of SPAs for CBAs in areas outside the contiguous U.S. (currently only applicable to Honolulu, Hawaii), or the national ceiling amounts described above and calculated based on SPAs for areas within the contiguous U.S.

3. Fee Schedule Amounts for Items Where Contracts Weren't Awarded in Round 2021 of the CBP in CBAs and Former CBAs

Round 2021 of the DMEPOS CBP started on January 1, 2021, through December 31, 2023. On October 27, 2020, [we announced](#) that we'll only award Round 2021 CBP contracts to bidders in the off-the-shelf back and knee brace product categories. We didn't award Round 2021 CBP contracts to bidders who bid in any other product category in Round 2021. In 3 of the 130 CBAs, we didn't make award for Round 2021. These areas (Colorado Springs, CO., Miami-Fort Lauderdale-West Palm Beach, FL., and Worcester, MA.) stay as former CBAs during this round.

For items that we included in Round 2021, but didn't award any contracts, the fee schedules for these items and services provided in CBAs are based on the SPAs in effect in the CBA on the last day before the CBP contract period of performance ended (December 31, 2018). We increased these fees by the projected percentage change in the Consumer Price Index for all Urban consumers (CPI-U) for the 12-month period on the date after the contract periods ended. The fee schedule amounts increase once annually by the CPI-U on the anniversary date of the first day after the contract period ended.

For CY 2023, we increased the 2022 adjusted fee schedule amount by the projected percentage change in the CPI-U of 6.4% for the 12-month period ending January 1, 2023.

A former CBA ZIP Code file contains the competitive bidding area ZIP Codes we used in pricing a claim for an item provided in a CBA and we update it on a quarterly basis as necessary. Starting January 1, 2023, the former CBA ZIP Code file will contain the CBA ZIP Codes for the items in the 13 product categories where contracts weren't awarded in Round 2021 of the CBP.

KE Modifier

As the revised fee schedule amounts are based in part on unadjusted fee schedule amounts, the January 2023 DMEPOS fee schedule files continue to have fee schedule amounts for certain codes billed with modifier KE for all non-CBA areas. [CR 6270](#) provides background information on the KE modifier.

Suppliers should append the KE modifier to the HCPCS code for the accessory for patients residing in non-rural areas where accessories included in the Initial Round One CBP in 2008 were provided for use with base equipment that wasn't included in the 2008 CBP (for example, manual wheelchairs where the KU modifier doesn't apply, canes, and aspirators).

Correction to the 2022 DMEPOS Fee Schedule Amounts

On November 10, 2022, we released revised 2022 Medicare DMEPOS fee schedule public use files containing corrections for certain items provided in non-contiguous areas (Alaska, Hawaii, Puerto Rico, and the U.S. Virgin Islands). The public use file includes a list of the 179 HCPCS code and modifier combinations affected by the revisions. Less than 3,000 claims were affected and your DME MAC will automatically reprocess these claims with dates of service on or after January 1, 2022.

DMEPOS Fee Schedule Files

The DMEPOS fee schedule file has fee schedule amounts for non-rural and rural areas. The PEN fee schedule file includes state fee schedule amounts for enteral nutrition items and national fee schedule amounts for parenteral nutrition items.

We're providing updates to the following files:

- DMEPOS fee schedule file for 2023
- DMEPOS Rural ZIP Code file for Quarter 1, 2023
- DMEPOS PEN fee schedule file for 2023
- Former CBA Fee schedule file
- Former CBA National Mail Order diabetic testing supply fee schedule
- Former CBA ZIP Code

These updates will be available as [Public Use Files \(PUFs\)](#) for State Medicaid Agencies, managed care organizations, and other interested parties.

New Codes Added

We're adding new DMEPOS codes to the HCPCS file, effective January 1, 2023. Don't bill these new codes until they're effective. The new codes are:

- A4239 - Supply allowance for non-adjunctive, non-implanted continuous glucose monitor (cgm), includes all supplies and accessories, 1 month supply = 1 unit of service
- E2103 - Non-adjunctive, non-implanted continuous glucose monitor or receiver

For gap-filling purposes, the deflation factors for 2022 by payment category are:

- 0.370 for Oxygen
- 0.372 for Capped Rental
- 0.373 for Prosthetics and Orthotics

- 0.473 for Surgical Dressings
- 0.515 for PEN
- 0.788 for Splints and Casts
- 0.774 for Intraocular Lenses (IOL)

Codes Deleted

We're deleting K0553 and K0554 from the DMEPOS fee schedule file effective January 1, 2023.

For items and services billed using HCPCS codes for specific items and services that don't have national Benefit Category Determinations or payment decisions, the Medicare benefit category, coverage, and payment decisions will be at the discretion of the DME MAC processing claims for these items. More information on final benefit category and payment decisions for HCPCS code changes discussed during the B1 2022 HCPCS cycle is available in the [HCPCS narrative summaries](#).

2023 Fees Update Factor of 8.7%

For CY 2023, we apply an update factor of 8.7% to certain DMEPOS fee schedule amounts that aren't adjusted using information from CBPs.

We update certain DMEPOS fee schedule amounts for 2023 by the percentage increase in the CPI-U for the 12-month period ending June 30, 2022, adjusted by the change in the economy-wide productivity equal to the 10-year moving average of changes in annual economy-wide private nonfarm business Multi-Factor Productivity (MFP).

For CY 2023 the TFP adjustment is 0.4% and the CPI-U increase is 9.1%. Therefore, we reduce the 9.1% increase in the CPI-U by the 0.4% increase in the TFP. That results in a net increase of 8.7% for the update factor.

2023 Oxygen and Oxygen Equipment Fee Schedule Amounts

For CY 2023, a budget neutrality offset isn't applied. A budget neutrality offset no longer applies to oxygen payment classes and items due to Section 121 of Division H of title II of the [Consolidated Appropriations Act of 2021](#), effective April 1, 2021.

Therapeutic Shoe Modification Codes

We annually adjust the fee schedule amounts for shoe modification codes (A5503 through A5507) to show the most current allowed service data. We do this in a way that prevents a net increase in expenditures when substituting these items for therapeutic shoe insert codes A5512, A5513, and A5514.

For 2023, we're updating the weighted average insert fees used to establish the fee schedule amounts for the shoe modification codes with the most current allowed service data for each insert code. We'll base the fees for A5512, A5513, and A5514 on the approximated total

allowed services for each code for items provided during CY 2021. We're revising the fee schedule amounts for shoe modification codes A5503-A5507 to show this change, effective January 1, 2023.

Diabetic Testing Supplies

We're not updating the fee schedule for non-mail order Diabetic Testing Supplies (DTS) (without the KL modifier) for codes A4233, A4234, A4235, A4236, A4253, A4256, A4258, and A4259. We adjusted the fee schedule amounts for these codes in CY 2013 so they're equal to the SPAs for mail order DTS established in implementing the national mail-order CBP. CRs [8204](#) and [8325](#) contain initial program instructions on these fees, or you can visit the [National Mail-Order Recompete DTS SPAs website](#).

We'll update the non-mail order DTS amounts on the fee schedule each time the SPAs are updated. This can happen no less often than every time we recompute the mail-order CBP

The National Mail-Order Recompete CBP for mail-order DTS was effective from July 1, 2016, to December 31, 2018. As of January 1, 2023, payment for non-mail order DTS will continue in accordance with Section 1834(a)(1)(H) of the Act. These rates remain in effect until the new SPA rates are set under the national mail-order program.

Effective January 1, 2023, we're adjusting the mail-order DTS (with KL modifier) fee schedule amounts using the methods for areas that were formerly CBAs during periods when there's a temporary lapse in the CBP.

- For CY 2022, the adjusted CY 2021 mail-order DTS fees show the increase in the CPI-U of 5.0% for the 12-month period ending January 1, 2022
- For CY 2023, we increase the 2022 adjusted fee schedule amounts by the projected percentage change in the CPI-U of 6.4% for the 12-month period ending January 1, 2023

We'll use the national mail-order adjusted fee schedule amounts in paying mail-order DTS claims in all parts of the U.S., including all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.

2023 Maintenance and Servicing Payment Amount for Certain Oxygen Equipment

We're updating the payment amount for maintenance and servicing for certain oxygen equipment. Instructions for payment on these claims are in [CR 6792](#) and [CR 6990](#). Payment for maintenance and servicing of certain oxygen equipment can occur every 6 months, starting 6 months after the end of the 36th month of continuous use or the end of the supplier's or manufacturer's warranty, whichever is later. This applies to HCPCS codes E1390, E1391, E0433, or K0738, billed with the MS modifier. Payment can't occur more than once per patient, regardless of the combination of oxygen concentrator equipment and refilling equipment used by the patient, for any 6-month period.

We're adjusting the 2023 maintenance and servicing fee by the 8.7% MFP-adjusted covered item update factor to give a CY 2023 maintenance and servicing fee of \$83.59 for oxygen

concentrators and transfilling equipment.

2023 Labor Payment Amounts for Repairs & Service Codes

Included in [Attachment A of CR13006](#) are the CY 2023 allowed payment amounts for HCPCS labor payment codes K0739, L4205 and L7520. Since the percentage increase in the CPI- U for the twelve-month period ending with June 30, 2022 is 9.1%, we apply this change to the 2022 labor payment amounts for the CY 2023 rates. The 2023 labor payment amounts in Attachment A are effective for claims you send using K0739, L4205 and L7520 with dates of service from January 1, 2023 - December 31, 2023.

Continuous Glucose Monitors (CGMs)

On December 28, 2021, we published the [Medicare DMEPOS final rule](#). This rule expanded the classification of DME to a larger group of non-implantable CGMs, regardless of whether the CGMs are non-adjunctive (can alert patients when glucose levels are approaching dangerous levels, including while they sleep and also replace blood glucose monitors) or adjunctive (can alert patients when glucose levels may be approaching dangerous levels, including while they sleep but don't replace blood glucose monitors), as long as the CGMs otherwise satisfy the regulatory definition of DME.

Effective April 1, 2022, we added codes A4238 and E2102 to the HCPCS file to describe adjunctive CGM receivers and supplies and accessories. More information on the coding and payment for adjunctive CGMs is in the April 2022 DMEPOS Fee Schedule [CR 12654](#).

A narrative summary for the [B1 2022 Non-Drug and Non-Biological Items and Services Coding Cycle](#) is available. The effective date for coding changes for new and revised CGM codes A4238, A4239, A9276, A9277, A9278, E2102, E2103, K0553, K0554 is delayed from October 1, 2022 until January 1, 2023.

Effective January 1, 2023, we deleted the fees for codes:

- K0553 and K0553 KF from the DMEPOS fee schedule file and cross-walked to new code and modifier combinations A4239 and A4239 KF.
- K0554 and K0554 KF from the DMEPOS fee schedule file and cross-walked to new code and modifier combinations E2103 and E2103 KF.

Effective January 1, 2023 the code descriptors for adjunctive CGM codes A4238 and E2102 are revised to add "non-implanted" to clarify use with no associated changes to the Class III code/modifier KF fee schedule amounts on the DMEPOS fee schedule file:

- A4238 - Supply allowance for adjunctive, non-implanted continuous glucose monitor (cgm), includes all supplies and accessories, 1 month supply = 1 unit of service
- E2102 - Adjunctive, non-implanted continuous glucose monitor or receiver

Effective January 1, 2023, suppliers may submit claims for HCPCS codes A9276, A9277 and A9278 codes in order to get a Medicare denial for the claim.

We revised code descriptors for:

- A9276 Sensor; invasive (e.g., subcutaneous), disposable, for use with non-durable medical equipment interstitial continuous glucose monitoring system, one unit = 1 day supply
- A9277 Transmitter; external, for use with non-durable medical equipment interstitial continuous glucose monitoring system
- A9278 Receiver (monitor); external, for use with non-durable medical equipment interstitial continuous glucose monitoring system

More Information

We issued [CR 13006](#) to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
December 2, 2022	Initial article released.

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