



Medicare Policy Update Pedorthic Footcare Association Annual Meeting

Stacey V. Brennan, MD
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Today's presenter

Stacey V. Brennan, MD, FAAFP

Jurisdiction B DME MAC Medical Director (“DMD”)

National Government Services

115 Knue Road, Indianapolis, IN 46250

Stacey.Brennan@Wellpoint.com

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Agenda

- ❖ National Government Services
- ❖ Introduction to Medicare Policies
- ❖ Medicare Policies in areas of business interest for Pedorthic Footcare Association
- ❖ Policy Modifications
- ❖ Medicare Audits & Outcomes
- ❖ CERT Performance

National Government Services, Inc. (NGS)

Medicare Contractor since 1966; home office located in Indianapolis, IN

- Serving nearly 23 million people who are on traditional Medicare within 23 states and 5 US territories.
- Contractor for Medicare Part A (hospital insurance) for JK and J6 contracts (CT, IL, ME, MA, MN, NH, NY, RI, VT, WI) serving over 13,7000 Part A providers
- Contractor for Medicare Part B (individual health insurance) for J6 and JK states (see above) serving nearly 550,000 physicians and providers of services
- Contractor for home health and hospice for 19 states and 5 territories, serving nearly 5,500 home health and hospice providers of service
- NGS processed over 158 million Medicare claims and administered benefits of more than \$55.7 billion from the Medicare Trust Fund in 2013

National Government Services

NGS administers the Medicare durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) contract for seven states: Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio, and Wisconsin, which serves over **19,500 DMEPOS suppliers**.

- Over **10,000,000 beneficiaries** receive DMEPOS benefits from NGS in these 7 states as of 2012 (from Medicare enrollment reports, www.CMS.gov)



DME MAC Jurisdictions

In 2006 & 2007, the Centers for Medicare and Medicaid Services (CMS) awarded the first MAC contracts to administer Medicare claims for DME benefits in Jurisdictions A, B, C and D.

- Jurisdiction A: NHIC, Corp
- Jurisdiction B: National Government Services
- Jurisdiction C: CGS Administrators, LLC
- Jurisdiction D: Noridian Healthcare Solutions, LLC

DMEPOS benefits

- ❖ Medicare is a defined benefit program. No benefit = No coverage.
- ❖ Benefits for DMEPOS are statutory definitions of coverage, set by Congress, which form the foundation of the Medicare program.
- ❖ Some benefits are broad in scope, such as DME, prosthetics and braces.
- ❖ Some are narrow, such as IVIG, Oral Anti-Cancer Drugs (OACD) and Oral Anti-Emetic Drugs (OAED).
- ❖ Some contain requirements that address medical criteria such as IVIG, orthotics, and prosthetics. Some criteria are non-medical – DME and OACD

DMEPOS Benefits

- ❖ Source of benefit requirements – Law vs. National Coverage Determinations (NCDs) vs. other Manuals
- ❖ The source will determine the claim denial types (i.e. statutory vs. reasonable and necessary), the impact on liability (beneficiary vs. supplier) and what requirements are binding at the appeals levels (QIC and ALJ).
- ❖ Read about these:
 - Internet Only Manual (IOM)
 - NCDs
 - Benefit Policy Manual (BPM)
 - Claims Payment Manual (CPM)
 - Local Coverage Determinations (LCDs) - policies

Local Coverage Determinations (LCDs)

- ❖ Instructions are in the Program Integrity Manual Chapter 13:
- ❖ Develop new/revised LCDs:
 - For non-coverage purposes (when no NCD or other coverage provision exists)
 - There is a widespread risk to the Trust Fund, demonstrated by:
 - Need to assure access to care
 - Provide edits when frequent denials are issued/anticipated
- ❖ All 4 jurisdictions have duplicate LCDs and Policy Articles
- ❖ Read the LCDs by accessing
 - ✓ NGS website: <http://www.NGS Medicare.com>
 - ✓ CMS website: <http://CMS.hhs.gov>

National Government Services



JURISDICTION B - DME
IN ALL STATES

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The screenshot shows a red 'About Me' form with three dropdown menus and a 'Next' button. A callout bubble points to the first dropdown menu, which is set to 'DME Supplier'. Another callout bubble points to the 'Remember my choice' checkbox, which is checked. The background of the form is a photograph of three healthcare professionals in blue scrubs.

About Me

Choose Your Contract Type

DME Supplier

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Supplies Live Audit Chat | 1:30
-2:30 p.m. ET

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Top LCDs/Policies

Oxygen and Oxygen Equipment (L27221)

Positive Airway Pressure Devices for the Treatment of Obstructive Sleep Apnea (L27230)

Surgical Dressings (L27222)

Nebulizers (L27226)

Ankle-Foot/Knee-Ankle-Foot Orthoses (L27229)



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Local Coverage Determinations and Policy Articles

Local Coverage Determination	Effective Date	View Policy Article	Effective Date
<u>Ankle-Foot/Knee-Ankle-Foot Orthoses (L27229)</u>	1/1/2014	<u>A47227</u>	1/1/2014
<u>Orthopedic Footwear (L27220)</u>	1/1/2014	<u>A47239</u>	4/1/2013
<u>Therapeutic Shoes for Persons with Diabetes (L27040)</u>	2/4/2011	<u>A47129</u>	5/1/2013

Example of AFO/KAFO LCD

LCD FOR ANKLE-FOOT/KNEE-ANKLE-FOOT ORTHOSES (L27229)

Contractor Information

Contractor Name

National Government Services, Inc.

Contractor Number

17003

Contractor Type

DME MAC

LCD Information

LCD ID Number

L27229

LCD Title

Ankle-Foot/Knee-Ankle-Foot Orthoses

Contractor's Determination Number

AF/KAF Orthoses Policy

Coverage is statutory, so the coverage explanation is found in the Policy Article:

- ❖ Ankle-foot orthoses and knee-ankle foot orthoses are covered under the Braces benefit category (Social Security Act §1861(s)(9)).
- ❖ An orthosis must be a rigid or semi-rigid device which is used for the purpose of supporting a weak or deformed body member or restricting or eliminating motion in a diseased or injured part of the body.
- ❖ It must provide support and counterforce (i.e., a force in a defined direction of a magnitude at least as great as a rigid or semi-rigid support) on the limb or body part that it is being used to brace.
- ❖ An orthosis can be classified as either prefabricated (off-the-shelf or custom fitted) or custom-fabricated. Items that do not meet the definition of a brace are noncovered.

AF/KAF Orthoses Policy

- ❖ Items are prefabricated (off the shelf or custom fitted) or custom fabricated.
- ❖ Definitions of OTS, custom fitted and certain custom fabricated braces are described.
- ❖ Custom fitting requires substantial modification for fitting at the time of delivery. Policy article states:
 - ❖ This fitting at delivery does require expertise of a certified orthotist or an individual who has equivalent specialized training in the provision of orthosis to fit the item to the individual beneficiary
 - ❖ Current language: certified orthotist or an individual who has equivalent specialized training in the provision of orthotics such as a physician, treating practitioner, an occupational therapist, or physical therapist in compliance with all applicable Federal and State licensure and regulatory requirements.

Effective January 2014

AF/KAF Orthoses Policy

❖ HCPCS CODES AND MODIFIERS

- Added: L4361; L4387; L4397

❖ Documentation requirement for custom fitted vs. OTS

- “For prefabricated orthoses ...there is no physical difference between orthoses coded as custom fitted versus those coded as off-the-shelf. The differentiating factor for proper coding ... is the need for “minimal self-adjustment” at the time of fitting by the beneficiary, caretaker for the beneficiary, or supplier. This minimal self-adjustment does not require the services of a certified orthotist or an individual who has specialized training. Items requiring minimal self-adjustment are coded as off-the-shelf orthoses. For example, adjustment of straps and closures, bending or trimming for final fit or comfort (not all-inclusive) fall into this category.”

Revised March 27, 2014

AF/KAF Orthoses Policy

❖ **Correct Coding article**

❖ **Definitions Used for Off-the-Shelf versus Custom Fitted Prefabricated Orthotics (Braces) – Revised**

- ❖ Both: prefabricated and may or may not be supplied as a kit.
- ❖ OTS: “minimal self adjustment” is defined in 42 CFR §414.402 as an adjustment the beneficiary, caretaker for the beneficiary, or supplier of the device can perform and that does not require the services of a certified orthotist.....
- ❖ Custom fitted orthoses: requires “substantial modification” for fitting at the time of delivery in order to provide an individualized fit.....and does require expertise of a certified orthotist or an individual who has equivalent specialized training in the provision of orthosis to fit the item to the individual beneficiary”.

AF/KAF Orthoses Policy

Recent articles under “policy education” on NGS web page:

- ✓ [Ankle-Foot Orthoses: Arizona-Type Revised Correct Coding](#)
- ✓ [Ankle-Foot Orthoses: Walking Boots – Coverage and Coding Issues – Revised](#)
- ✓ [Billing Reminder: AFO/KAFO Prefabricated Base Orthoses and Custom-Fabricated Additions](#)
- ✓ [Charcot Restraint Orthotic Walker Coding Update](#)
- ✓ [Concentric Adjustable Torsion Joints - Correct Coding](#)
- ✓ [Orthoses: Replacement of Components Clarification](#)
- ✓ [Revised Coding Guidelines for Ankle Foot Orthoses](#)

Medicare Coverage of Shoes

- ❖ Shoes are in general not statutorily covered with the exception of TSDs.
- ❖ Read Social Security Act 1862 (a)(8):
 - ❖ SEC. 1862. [42 U.S.C. 1395y] (a) Notwithstanding any other provision of this title, **no payment may be made** under part A or part B for any expenses incurred for items or services—
 - ❖ (8) where such expenses **are for orthopedic shoes or other supportive devices for the feet, other than shoes furnished pursuant to section 1861(s)(12);**
 - ❖ 1861(s)(12) = Therapeutic Shoes for Individuals with Diabetes

Orthopedic Footwear Policy

- ❖ An administrative decision was made to include a subset of orthopedic shoes in the brace benefit. Orthopedic shoes are covered if they are an integral part of a leg brace. (BPM 15 §290). The expense is to be included as part of the cost of the brace.
- ❖ The orthopedic footwear related Policy Article specifies the brace codes that can be used in combination with L-coded shoes.
- ❖ L codes for orthopedic footwear must be billed by the provider of the brace.
- ❖ Few changes or modifications have been made to this policy. The one on 1/1/14 was a code narrative description.

Orthopedic Footwear Policy

- ❖ About prosthetic shoes – there is a NCD (280.10). This LCD explains that these shoes (L3250) are covered if they are an integral part of holding the insert (prosthesis) on the leg of a beneficiary with a partial foot amputation. These are diagnosis code specific. The Policy Article explains that shoes that are put over another type of leg prosthesis or (L5010 – L5600) there is no coverage.

Articles:

[Orthopedic Shoes - HCPCS Code L3000 Billing Reminder](#)

Therapeutic Shoes for Persons with Diabetes Policy

- ❖ BPM Chapter 15, §140 - Therapeutic Shoes for Individuals with Diabetes
- ❖ Statutorily covered benefit – §1861(s)(12) and §1833(o) of the Act.
- ❖ Coverage initiated in 1993. Not considered DME nor orthotics, but have a separate benefit.
- ❖ TSDs **and** a brace are each covered separately, and have separate criteria for meeting coverage.
- ❖ TSDs must be billed by the provider of the shoes and if the beneficiary also qualifies for a brace, the brace is to be billed by the provider of the brace.

Therapeutic Shoes for Persons with Diabetes Policy

Standard language has been added to the policy (2011)

Policy Article:

- ❖ Credentialing of “certifying physician”: The requirement that the Certifying Physician be an M.D. or D.O. originates in the *CMS Benefit Policy Manual* (Internet-Only Manual, Publ. 100-02), Chapter 15, Section 140.C. That section stipulates that:
 - ❖ *“The need for diabetic shoes must be certified by a physician who is a doctor of medicine or a doctor of osteopathy and who is responsible for diagnosing and treating the patient’s diabetic systemic condition through a comprehensive plan of care.”*

Therapeutic Shoes Policy Article

- ❖ Revision to Criterion 5 In-Person Fitting Requirements– Effective 11/01/14
 - ❖ At the time of in-person delivery to the beneficiary of the items selected, the supplier must conduct an objective assessment of the fit of the shoe and insert and document the results. A beneficiary's subjective statements regarding fit as the sole documentation of the in-person delivery does not meet this criterion.

Therapeutic Shoes for Persons with Diabetes Policy

- ✓ **Dear Physician Letter: CERT/Therapeutic Shoes for Persons with Diabetes**
- ✓ **Coding Guidelines for Therapeutic Shoes for Persons with Diabetes**
- ✓ **Narrative Explanation Required for A5507**
- ✓ **Submitting Diabetic Shoe Inserts for Coding**
- ✓ **Therapeutic Shoes for Persons with Diabetes Order Requirements**
- ✓ **Therapeutic Shoes: In-Person Fitting and Delivery (A49951)**
- ✓ **Therapeutic Shoes—Documentation Requirements**
- ✓ **Therapeutic Shoes—Policy Revision/Documentation Requirements**
- ✓ **Toe Fillers and Diabetic Shoe Inserts - Coding Clarification**

Medicare Review Contractors

- ❖ DME MAC Medicare Review (4)
- ❖ Medicare Recovery Audit Program (4)
- ❖ Comprehensive Error Rate Testing (1)
- ❖ Supplemental Medicare Review Contractor (1)
- ❖ Zone Program Integrity Contractors (7)

Medicare Audits - Purpose

Identify and prevent inappropriate payments

- ❖ Review claims on a pre/post payment basis following:
 - ❖ NCD, LCD, and CMS manuals/regulations
 - ❖ Reviews performed by DME MAC medical review nurses

Goal:

- ❖ Reduce payment error by preventing the initial payment of claims that do not comply with Medicare's coverage, coding, payment, and billing policies

Determine What to Review?

Data analysis

- ❖ Service specific

- ❖ Choose the service based on data resources
- ❖ MR will generally use a 100 claim sample from the identified criteria

- ❖ Provider specific

- ❖ Choose # of providers based on data resources
- ❖ MR will generally use a 20 to 40 claim sample

JB Medical Review Trends

❖ Therapeutic Shoes – Third Quarter 2012

- ❖ No documentation – 22%
- ❖ Insufficient medical record documentation - 68%
 - ❖ The top issues contributing to these denials are:
 - ❖ No response to the additional documentation request (ADR) letter within the required timeframe
 - ❖ Medical record from treating physician fails to sufficiently document qualifying foot condition
 - ❖ Certifying statement not received
 - ❖ No detailed order received prior to billing
 - ❖ Pricing, Data Analysis, & Coding Contractor (PDAC)—Information on shoes and/or inserts not provided
 - ❖ Proof of delivery not provided

CERT Overview: What it is

- ❖ The Centers for Medicare & Medicaid Services (CMS) established the Comprehensive Error Rate Testing (CERT) program in November 2003.
- ❖ The purpose of the program is to measure and improve the quality and accuracy of Medicare claims submission, processing, and payment.
- ❖ The results are used to identify local, regional, and national error rates.

Comprehensive Error Rate Testing

- ❖ Improper Payments Elimination and Recovery Act of 2010 (IPERA; Public Law 111-204)
- ❖ CERT Contractor <http://www.cms.hhs.gov/CERT/>
 - ❖ Livanta – CDC
 - ❖ Advance Med – CDR
 - ❖ Random audits
 - ❖ Measure claims paid error rate

CERT – Highest Improper Payments per DME Policy by dollar (Medicare Fee For Service 2013 Improper Payment Rate Report)

Service Type	Projected Improper Payments	Insufficient Documentation Error Rate
1. Oxygen	\$1,166,165,190.00	97.3%
2. Glucose	\$930,847,134.00	90.0%
3. Supply Codes/Dispensing Fees	\$511,091,781.00	48.2%
13. Diabetic Shoes	\$156,108,741.00	76.8%

CERT – Improper Payments by Error Rate per Policy (Medicare Fee For Service 2013 Improper Payment Rate Report)

Service Type	Improper Payment Rate	Insufficient Documentation	No Documentation	Medical Necessity	Incorrect Coding
1. Wheelchairs (manual)	90.7%	97.4%	0.09%	0.4%	0.0%
2. Hospital Bed/accessories	84.3%	95.8%	1.2%	0.5%	0.8%
3. Wheelchairs (motorized)	81.8%	96.2%	0.8%	2.8%	0.0%
4. Diabetic Shoes	76.8%	97.9%	0.0%	2.0%	0.0%

CERT – Improper Payment Rates by Provider Type (Medicare Fee For Service 2013 Improper Payment Rate Report)

Supplier Type	Improper Error Rate	Projected Improper Payments
Individual prosthetic personnel certified by an accrediting organization	52.7%	\$119,885,764.00
Individual orthotic personnel certified by an accrediting organization	43.9%	\$92,467,927.00
Podiatry	74.0%	\$79,396,056.00
Medical Supply company with prosthetic/orthotic personnel certified by an accrediting organization	51.8%	\$69,297,901.00
Medical supply company with orthotic personnel certified by an accrediting organization	52.2%	\$55,228,608.00
All provider types	58.2%	\$5,666,383,056.00

Questions