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Medicare Fees for DME Items in 2005

The Medicare Modernization Act of 2003 (MMA) requires that the Centers for Medicare and Medicaid Services (CMS) cut reimbursement effective January 1, 2005 for several items by basing payment on the percentage difference between median 2002 Federal Employees Health Benefits Program (FEHBP) amounts and Medicare amounts. Those items include oxygen, nebulizers (E0570), hospital beds (E0260), standard manual wheelchairs (K0001), standard power wheelchairs (K0011), blood glucose test strips (A4253), lancets (A4259) and pressure-reducing air mattresses (E0277).

CMS has posted the 2005 fee schedule for Durable Medical Equipment, Prosthetics/Orthotics, and Supplies, which vary by state. For all codes, see: www.cms.hhs.gov/providers/pufdownload/#dme. (Click on [d05_Jand.ZIP](#). Downloading requires UNZIP software.) CMS said the fee schedule amounts for oxygen and the new 2005 HCPCS codes will be included in an addenda file to be posted in December.

The chart below shows national fee changes including the basis (the percentage difference between 2002 FEHBP vs. Medicare), the 2004 Medicare ceiling for DME items targeted by MMA and the new 2005 Medicare maximum fees. Some states may have larger cuts because they were above the FEHBP median. Others have no cuts because they were at or below the median. For state by state fees for the 7 codes below, see www.aahomecare.org.

| HCPCS Code | DME Item | 2002 Medicare Ceiling | 2002 OIG FEHBP Fee | Difference 2002 FEHBP vs. Medicare* | 2004 Medicare Ceiling | 2005 Medicare Max Fee |
|------------|----------------------------------|-----------------------|--------------------|-------------------------------------|-----------------------|-----------------------|
| A4253 | Blood glucose test strips | \$38.32 | \$36.75 | (4.10%) | \$38.52 | \$36.94 |
| A4259 | Lancets (box of 100) | 12.68 | 12.00 | (5.36%) | 12.74 | 12.06 |
| E0260 | Hospital beds | 167.10 | 1397.65 | (20.34%) | 167.93 | 140.46 |
| E0277 | Pressure-reducing air mattresses | 755.61 | 7000.00 | (11.77%) | 759.36 | 703.51 |
| E0570 | Nebulizers | 19.64 | 160.29 | (22.27%) | 19.73 | 16.11 |
| K0001 | Manual wheelchairs | 54.35 | 530.00 | (7.19%) | 54.62 | 53.27 |
| K0011 | Power wheelchairs | 527.03 | 5097.40 | (3.28%) | 529.65 | 512.29 |

* This is the basis for calculating adjustments required by the Medicare Modernization Act of 2003.

To validate the fee on the 2005 schedule, use the 2002 Medicare ceiling. For example, for E0570, \$19.64 x 10.5 (equivalent to 13 months of capped rental payment) = \$206.22. The FEHBP fee in 2002 = \$160.29. The percentage difference is 22.27%.

