

Internal Healthcare Common Procedure Coding System (HCPCS) Decision Regarding Codes for Ventilators

The HCPCS Alpha-Numeric Workgroup has decided to make the following changes to the HCPCS:

Codes to be added effective January 1, 2016 (numbers not yet assigned):

- Exxx1 Home ventilator, any type, used with invasive interface (e.g., tracheostomy tube)
- Exxx2 Home ventilator, any type, used with non-invasive interface (e.g., mask, chest shell)

Codes to be discontinued effective December 31, 2015:

- E0450 Volume control ventilator, without pressure support mode, may include pressure control mode, used with invasive interface (e.g., tracheostomy tube)
- E0460 Negative pressure ventilator, portable or stationary
- E0461 Volume control ventilator, without pressure support mode, may include pressure control mode, used with non-invasive interface (e.g., mask)
- E0463 Pressure support ventilator with volume control mode, may include pressure control mode, used with invasive interface (e.g., tracheostomy tube)
- E0464 Pressure support ventilator with volume control mode, may include pressure control mode, used with non-invasive interface (e.g., mask)

For Medicare program purposes, this change is needed in order to correctly apply national Medicare coverage rules and statutorily mandated payment rules for ventilators, and to prevent abuse of the program. Ventilators are covered under the Medicare program for treatment of neuromuscular diseases, thoracic restrictive diseases, and chronic respiratory failure consequent to chronic obstructive pulmonary disease. Both positive and negative pressure type ventilators are covered for these purposes. The Medicare statute mandates payment for ventilators on a monthly rental basis, with payments continuing as long as medical necessity and Part B coverage continues. Section 1834(a)(3)(B) of the Social Security Act mandates that the monthly rental fee schedule amounts for ventilators be based on average reasonable charges for the monthly rental of the items from July 1, 1986, through June 30, 1987, increased by update factors provided in the statute.

By contrast, Medicare has different statutorily mandated payment rules for continuous positive airway pressure (CPAP) devices and respiratory assist devices, or bi-level CPAP devices, covered under Medicare for use in treating obstructive sleep apnea (OSA). The Medicare statute mandates payment for CPAP and respiratory assist devices on a monthly rental basis not to exceed a period of continuous use of 13 months, after which the supplier is required to transfer title to the device to the beneficiary. The monthly rental fee schedule amounts are based on 10

percent of the average reasonable charges for purchase of the CPAP or respiratory assist device from July 1, 1986, through December 31, 1986, increased by update factors provided in the statute.

Codes E0450 (volume ventilator) and E0451 (volume ventilator, portable) were used to pay Medicare claims for positive pressure ventilators from July 1, 1986, through June 30, 1987. Code E0451 was discontinued effective December 31, 1991, and items and services that were being billed using this code were crosswalked to code E0450 effective January 1, 1992. Code E0674 (iron lung) was used to pay Medicare claims for negative pressure ventilators from July 1, 1986, through June 30, 1987. This code was discontinued effective December 31, 1989, and items and services that were being billed using this code were crosswalked to a code for stationary negative pressure ventilators, and ultimately to existing code E0460. Negative pressure ventilators are rarely used today.

Codes E0463 and E0464 were added to the HCPCS in 2005 to describe specific types of ventilators used by pediatric patients, patients being weaned from a ventilator, or patients being ventilated with a tracheostomy tube with a deflated cuff. The fee schedule amounts for these codes were established using manufacturer suggested retail prices for specific products and not based on average reasonable charges for the monthly rental of the items from July 1, 1986, through June 30, 1987. The 2015 monthly rental fee schedule amounts for codes E0463 and E0464 are over \$500 more than the 2015 monthly rental fee schedule amounts for codes E0450 and E0461, the codes priced using average reasonable charges for positive pressure ventilators from July 1, 1986 through June 1987.

Medicare allowed charges in 2014 for the various HCPCS codes for ventilators show a dramatic increase in utilization and expenditures for codes E0463 and E0464:

	Allowed Charges 2014	Allowed Charges 2012	Average Monthly Rental Fee
E0450 Volume Ventilators	\$15,229,195	\$19,506,285	\$1,019
E0460 Negative Pressure Ventilators	\$128,515	\$203,210	\$765
E0461 Volume Ventilators (non-invasive)	\$2,716,578	\$3,017,681	\$1,019
E0463 Pressure Support Ventilators	\$63,452,572	\$48,789,474	\$1,567
E0464 Pressure Support Ventilators (non-invasive)	\$181,181,791	\$34,933,471	\$1,567

Program abuse is occurring when code E0464 is used inappropriately to bill for pressure support ventilators that can also function as and are used as positive airway pressure devices for treatment of OSA rather than treatment of respiratory failure. In these instances, the devices are paid using the wrong fee schedule amounts and payment rules. Some products classified under code E0464 are capable of being used in multiple modes, either to ventilate patients using a non-invasive interface to treat respiratory failure or to provide continuous positive airway pressure using a non-invasive interface to treat OSA.

Since the Medicare coverage rules for ventilators are the same regardless of what type of ventilator is being used, there is no program need to have codes for different types of ventilators. Therefore, codes E0450, E0460, E0461, E0463, and E0464 will be discontinued effective December 31, 2015. New code Exxx1 will be used for ventilators currently described by codes E0450 and E0463, while new code Exxx2 will be used for ventilators currently described by codes E0460, E0461 and E0464.

A national program operating need was not identified by Medicaid or the Private Insurance sector to retain codes E0450, E0460, E0461, E0463 or E0464 once the new codes are established.

The Medicare fee schedule amounts for code E0450 will be used to establish the fee schedule amounts for both new code Exxx1 and Exxx2, thereby restoring payment to the levels mandated by the statute for ventilars in general.

CMS intends to closely monitor use of new codes Exxx1 and Exxx2 to ensure that items used for the treatment of OSA are not being billed under these codes.

Comments on these coding actions can be submitted to the mailbox listed below and will be considered if they are received by no later than 5pm on June 25, 2015.

CodingComments@cms.hhs.gov

Please include “Ventilator Comments” in the subject line when sending comments to this mailbox.

Special note:

On April 21, 2015, CMS announced the phase in of code E0464 under the DMEPOS competitive bidding program for contracts that would take effect January 1, 2017. The phase in of competitions for this code have been terminated. For more information, visit:

<http://dmecompetitivebid.com/palmetto/cbicrd12017.nsf/DocsCat/Home>