

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 11917</b>	<b>Date: March 21, 2023</b>
	<b>Change Request 13014</b>

**Transmittal 11834 issued February 16, 2023, is being rescinded and replaced by Transmittal 11917, dated, March 21, 2023 to add business requirement 13014.9.1 for VMS. All other information remains the same.**

**NOTE: This Transmittal is no longer sensitive and is being re-communicated February 16, 2023. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.**

**SUBJECT: Inflation Reduction Act Section 11407: Limitations on Monthly Coinsurance and Adjustments to Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment (DME) – IMPLEMENTATION**

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to implement the Medicare Part B deductible, which is waived for insulin furnished through an item of durable medical equipment, and limits the beneficiary coinsurance for a month’s supply of insulin not to exceed \$35. The supplier payment is to be adjusted as necessary so that Medicare pays for the rest of the amount for the month’s supply of insulin.

**EFFECTIVE DATE: July 1, 2023**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: July 3, 2023**

*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.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N	17/80/80.13/ Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment
N	20/140/140.1.1/ Billing of Insulin Furnished through DME

**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:**

**Business Requirements**

**Manual Instruction**

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 11917	Date: March 21, 2023	Change Request: 13014
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**SUBJECT: Inflation Reduction Act Section 11407: Limitations on Monthly Coinsurance and Adjustments to Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment (DME) – IMPLEMENTATION**

**EFFECTIVE DATE: July 1, 2023**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: July 3, 2023**

## **I. GENERAL INFORMATION**

**A. Background:** On August, 16, 2022, the Inflation Reduction Act (IRA) Became Public Law No: 117-169. Section 11407, implemented the Limitations on Monthly Coinsurance and Adjustments to Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment (DME), which requires that, beginning on July 1, 2023, the Medicare Part B deductible is waived for insulin furnished through an item of durable medical equipment. Also, beginning on July 1, 2023, beneficiary coinsurance for a month's supply of insulin is not to exceed \$35. The supplier payment is to be adjusted as necessary so that the supplier continues to receive the Average Sales Price (ASP) rate minus any applicable coinsurance. Thus, the supplier is not responsible for the balance of the reduced coinsurance.

**B. Policy:** Section 1833(b) of the Social Security Act (the Act) is amended by Section 11407 of the Inflation Reduction Act, which waives the Medicare Part B deductible beginning July 1, 2023 for insulin furnished through an item of DME covered under section 1861(n) of the Act. Also, Section 1833(a) of the Act is amended by Section 11407 of the Inflation Reduction Act, which requires that beneficiary coinsurance for a month's supply of insulin furnished through an item of durable medical equipment is not to exceed \$35 beginning July 1, 2023. The supplier payment is to be adjusted as necessary so that Medicare pays for the rest of the amount for the month's supply of insulin.

The Shared Systems Maintainers (SSMs) shall implement necessary changes to their respective systems in order to ensure their systems are programmed to adjudicate Medicare Part B claims containing HCPCS for insulin administered via DME pump, ensuring the beneficiary coinsurance for a month's supply of insulin is not to exceed \$35. The supplier payment is to be adjusted as necessary, so that Medicare pays for the rest of the amount for the month's supply of insulin.

The following modifiers are effective April 1, 2023:

JK - Short Descriptor: Drug supply 1 month or less; Long Descriptor: One month supply or less of drug or biological

JL - Short Descriptor: Drug 3-month supply; Long Descriptor: Three-month supply of drug or biological

These new modifiers will be provided in the April 2023 Healthcare Common Procedure Coding System (HCPCS) quarterly update file:

**Important Billing Message to Suppliers:** The system updates necessary to implement this provision will be completed by the implementation date of this instruction. In order to ensure Medicare beneficiaries are not charged more than the \$35 maximum allowed for the month of July, **suppliers shall not bill for supplies of insulin for July or subsequent months before July 1, 2023.**

If the from date of service is in May or June 2023, suppliers must only bill a one-month supply and append the JK modifier. If the JL modifier is billed with a date of service of May or June the claim will be returned as un-processable. For the transition into July implementation, suppliers must wait to bill the supply for July until on or after July 1, 2023 or the claim will be returned as un-processable.

Additional billing instructions for this transition period will be provided by the Durable Medical Equipment Medicare Administrative Contractors.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
13014.1	<p>The contractors shall be aware of the new modifiers below for tracking of claims for insulin administered through a DME pump:</p> <p><b>JK - Short Descriptor:</b> Drug supply 1 month or less; <b>Long Descriptor:</b> One month supply or less of drug or biological</p> <p><b>JL - Short Descriptor:</b> Drug 3 month supply; <b>Long Descriptor:</b> Three month supply of drug or biological</p> <p><b>NOTE:</b> These modifiers will be included in the April HCPCS file.</p>				X			X		BCRC, CEDI, IDR, MSPSC, PDAC	
13014.2	The contractors shall establish an updatable parameter or table with user controls to allow for adding new insulin Healthcare Common Procedure Coding System (HCPCS) to enforce the modifier requirements.				X			X			
13014.3	VMS shall add editing in the VMS online claims system for the combination of the insulin HCPCS and							X			





Number	Requirement	Responsibility							
		A/B MAC		D M E M A C	Shared- System Maintainers				Other
		A	B		H H H	F I S S	M C S	V M S	

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
13014.12	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the “MLN Connects” listserv to get MLN content notifications. You don’t need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.		X		X	X

### 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:** NA

### V. CONTACTS

**Pre-Implementation Contact(s):** Adam Brooks, Adam.Brooks@cms.hhs.gov (Policy Contact) , Bobbett Plummer, bobbett.plummer@cms.hhs.gov , Diana Motsiopoulos, diana.motsiopoulos@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## **VI. FUNDING**

### **Section A: 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.

**ATTACHMENTS: 0**



# Medicare Claims Processing Manual

## Chapter 17 - Drugs and Biologicals

Table of Contents  
*(Rev. 11917; Issued: 03-21-23)*

### Transmittals for Chapter 17

80 - Claims Processing for Special Drug Categories

*80.13 - Supplier Payment Under Medicare Part B for Insulin Furnished Through  
Durable Medical Equipment*

## **80 – Claims Processing for Special Drug Categories**

### ***80.13 - Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment***

***(Rev. 11917; Issued: 03-21-23; Effective: 07-01-23; Implementation: 07-03-23)***

*For insulin administered through an item of DME see Pub. 100-04 Chapter 20, – Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS), Section 140.1.1 for further instruction.*

# **Medicare Claims Processing Manual**

## **Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)**

**Table of Contents**  
*(Rev. 11917; Issued: 03-21-23)*

### **Transmittals for Chapter 20**

140 - Billing for Supplies

*140.1.1 - Billing of Insulin Furnished through DME*

## **140 - Billing for Supplies**

### ***140.1.1 - Supplier Payment Under Medicare Part B for Insulin Furnished Through Durable Medical Equipment***

***(Rev. 11917; Issued: 03-21-23; Effective: 07-01-23; Implementation: 07-03-23)***

*Section 1833(b) of the Social Security Act (the Act) is amended by Section 11407 of the Inflation Reduction Act, which waives the Medicare Part B deductible beginning July 1, 2023 for insulin furnished through an item of durable medical equipment covered under section 1861(n) of the Act. Also, Section 1833(a) of the Act is amended by Section 11407 of the Inflation Reduction Act, which requires that beneficiary coinsurance for a month's supply of insulin furnished through an item of durable medical equipment is not to exceed \$35 beginning July 1, 2023. The supplier payment is to be adjusted as necessary so that Medicare pays for the rest of the amount for the month's supply of insulin.*

*Effective July 1, 2023, to ensure the appropriate coinsurance is applied all claims billing for insulin administered through an item of DME must have a modifier appended to identify if the supply is for one month or a three month supply. Claims submitted for insulin administered through an item of DME that do not include one of the modifiers listed below will be returned to the supplier as un-processable.*

***JK - Short Descriptor: Drug supply 1 month or less;***

***Long Descriptor: One month supply or less of drug or biological  
or***

***JL- Short Descriptor: Drug 3 month supply;***

***Long Descriptor: Three month supply of drug or biological***