Summary of HCPCS Coding Policies

Compiled by AAHomecare Medical Supplies Council

Introduction

The AAHomecare Medical Supplies Council compiled this summary of PDAC (Pricing, Data Analysis and Coding) HCPCS coding policies as an educational tool. Often, members have questions about how or why the Medicare program assigns specific codes to products. This paper addresses one aspect of Medicare's HCPCS coding authority: coding verifications. The code verification guidelines on the PDAC Web site are found on this paper.

A code verification is the PDAC's decision that a product meets the technical requirements of a code's descriptor. Manufacturers request code verifications because a new product or new model of a product matches the product features in the code's descriptor. When the PDAC "code verifies" the product, the PDAC confirms the product fits within the code. Existing codes are the reference for a code verification. In contrast, Medicare assigns new codes to products whose function and technology are so different from existing products that they do not fit within any current HCPCS codes and descriptors.

Manufacturers are not required to have their product code verified except when an LCD or NCD makes code verification a condition of coverage for that type of product. If the LCD or NCD for a product does not require code verification, suppliers can furnish the product to beneficiaries and bill Medicare for the product even if it has not been code verified. This means that most products do not have to be code verified before suppliers can bill Medicare for the item.

The Medicare coverage policy will specify when products require code verification. If a NCD or LCD require code verification of a type of product, Medicare will not cover the item until the PDAC determines the product meets the technical specifications in the HCPCS code descriptor. So there are a relatively small number of products that require code verification according to the medical policy.

The History of PDAC

Before 1993, a DME specialty contractor did not exist. CMS created four regional DMEPOS contractors and a 5th contractor to do data analysis in October of 1993. Today, the 5th contractor is called the PDAC, the Pricing, Data Analysis and Coding.

PDAC Function and Role

The PDAC receives, evaluates, and processes coding verification applications for DMEPOS. It establishes, maintains, and updates all coding verification decisions on the Product Classification List. However, data analysis is the largest bulk of the work. Contractors to law enforcement use data analytics that are developed at the PDAC.

When and Why the PDAC Creates a New Code

The PDAC, Manufacturers, DME MACs, other industry stakeholders, and the public can request the creation of a new code. It is rare for a new code to be created for Medicaid or private insurers only, although CMS and the contractors will consider other payors' need for a new code when evaluating whether or not to award one. New codes (as opposed to coding verifications) are created only when a product's technology or clinical function is different from those of products in existing HCPCS codes and descriptors. There is nothing that requires manufacturers to request a code verification, but some Medicare coverage policies identify DMEPOS items that MUST meet the explicit technical specifications in the HCPCS codes and descriptors for those products. For these items, PDAC states that Medicare will deny claims for these items "if the products…are not listed on the [PCL]."[1]

Coding Verification/Assignment of HCPCS Codes

The PDAC Web site states[2],

"The [PDAC] contractor maintains the Durable Medical Equipment Coding System (DMECS). DMECS is an official source for the Medicare [DMEPOS] product code verification and assignment.

"Coding verification is the process that allows manufacturers/distributors to request a coding decision on a DMEPOS item. It is the responsibility of the PDAC to review DMEPOS products to determine the appropriate [HCPCS] code for Medicare billing.

"Code verification by the PDAC is a voluntary process [for manufacturers] unless mandated by [DME] Medicare Administrative Contractor (DME MAC) policy.

"Benefits of submitting products to PDAC for code verification include:

- The product and assigned HCPCS code will be listed in DMECS on the [PCL]
- DMEPOS suppliers have access to the correct HCPCS code to use for billing DMEPOS claims by utilizing DMECS.

"The PDAC will review the manufacturer product specifications to determine an appropriate HCPCS code(s) based on established policy as published in DME MAC LCDs, Policy articles and other Advisory Articles as applicable. In the absence of published coding guidelines, the PDAC may seek input from the DME MAC Medical Directors and CMS.

"PDAC reserves the right to re-review and request a sample of any previously coded product if it determines the product may have changed, coding guidelines have changed from when the product was initially coded or in the course of a normal systematic review of HCPCS coding decisions. If this re-review determines the current HCPCS code assigned is no longer correct, a new code may be assigned to the product."

The PDAC Web site also cautions that there are circumstances where Medicare will deny claims for the products that lack code verification. This occurs if Medicare coverage policies require code verification for those products. Depending on the facts surrounding the use of unverified codes, usually involving fraud or abusive billing practices, Medicare might take other enforcement actions.

What Code Should a Supplier Use When a Product Has Not Been Code Verified by the PDAC

The PDAC Web site places responsibility for using correct HCPCS codes for the DMEPOS items they bill to Medicare on the supplier. If a specific item has not received a code verification (it is not listed on the PDAC DMECS), the supplier should contact the PDAC or the manufacturer for guidance. Medicare will deny claims for products that REQUIRE code verification as a condition for Medicare payment. For these products, suppliers should contact the manufacturer.

How Manufacturers/Distributors Can Submit Medical Devices for Coding Decision

The PDAC Web site states[3]:

"The PDAC will review the submitted material related to the product. Once a consensus coding decision is established, the PDAC sends written notification of the coding decision to the manufacturer/distributor.

"Any questions regarding a coding decision must be submitted by mail to the PDAC. Due to the large volume of product reviews, responses cannot be provided over the phone. Only questions related to the coding decision and review process may be answered.

"The DME MACs should be contacted for any information regarding the following:

- Coverage and Utilization
- Eligibility
- Claim Inquiries/Forms
- Required Documentation
- Publications
- CMN/DIF Information
- Allowables for items priced by reasonable charge or individual consideration
- Type of Service
- Place of Service"

How Manufacturers/Distributors Can Request a PDAC Meeting

The PDAC Web site states[4]:

> "Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) product manufacturers/distributors may request an appointment to meet with PDAC staff to discuss questions they may have regarding a HCPCS coding decision assigned to their product, or their pending coding verification application. In the interests of time and costs expended to travel for meetings, and to assist the PDAC in serving your needs in the best possible manner, the following guidelines are provided as to when in-person meetings are appropriate and acceptable.
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> - The product is "billable" to the Medicare Durable Medical Equipment Medicare Administrative Contractors (DME MACs) under the DMEPOS benefit
> - The product is already registered with the US Food & Drug Administration (FDA)
> - A coding verification application has been completed, or is on file and in process at the PDAC
> - The manufacturer/distributor has questions about a HCPCS code assigned by the PDAC and feels a product demonstration and time to ask questions would be helpful
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> "In-person meetings with the PDAC are not appropriate in the following situations:
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> - The product is "pre-market" and not yet registered with the FDA
> - A coding verification application for the product has not been submitted to the PDAC
> - The manufacturer has an application on file with the CMS HCPCS Work Group for the product
> - Questions that relate to a Local Coverage Determination (LCD) or LDC Policy Article requirement are the purview of the DME MACs and should be addressed to the respective Medical Director(s).
> - Questions that relate to a Medicare Beneficiary Category Determination are the purview of the CMS Division of DMEPOS Policy and should be addressed to CMS.
> - Questions that relate to the need for a new or revised HCPCS code to more accurately describe a product are the purview of the CMS HCPCS Workgroup and should be addressed there.
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> "To inquire about a meeting date and/or schedule an appointment, call the PDAC Contact Center at 877.735.1326. You will be referred to a member of the PDAC coding staff to review the purpose of your meeting.
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> - Meeting dates are set quarterly at Noridian in Fargo, North Dakota
> - Meeting times are limited to 30 minutes per manufacturer/distributor
> - Coding decisions/re-decisions will NOT be made at the meeting
> - If you will be presenting hardcopy handouts or materials, please bring enough for 5 people
> - Please be prepared and please be on time for the meeting"

Sources

1. *https://www.dmepdac.com/review/items_requiring_coding_verification_reviews.html*
2. *https://www.dmepdac.com/review/*
3. *https://www.dmepdac.com/*review/questions.html
4. https://www.dmepdac.com/review/scheduling.html

***The Information in this paper was compiled from code verification guidelines available on the PDAC Web site. The information was accurate at the time this summary was prepared. No one should interpret this summary as legal advice or coding advice. This summary is education in nature only. ***