



## Comparative Billing Report

April 29, 2014

CBR #: CBR201404  
NPI #: 1111111111  
Fax #: (888)555-5555

Organization Name

Full Name  
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Dear Medicare Provider:

The Centers for Medicare & Medicaid Services (CMS) strives to protect the Medicare Trust Fund and effectively manage Medicare resources. In an effort to accomplish these goals, CMS has contracted eGlobalTech, a professional services firm in Arlington, VA, to develop Comparative Billing Reports (CBRs). CBRs are designed to educate providers on their billing or referral patterns for selected topics through a comparison to other providers across their state and the nation. As CBRs are for educational purposes, no reply is necessary; the data provided is simply for your information.

Attached is a CBR that is designed to reflect your billing or referral patterns compared to peer suppliers billing or referring the same services in your state and nationwide. We hope you find this CBR beneficial as an educational tool which may assist you in identifying opportunities for improvement. If you have any questions regarding this CBR, or if you want to change the way you receive CBRs in the future, please contact the CBR Support Help Desk via:

- Calling the Toll Free Number, 1-800-771-4430;
- Sending an email to [cbrsupport@eglobaltech.com](mailto:cbrsupport@eglobaltech.com);
- Visiting the website at <http://www.cbrinfo.net>.

REMINDER: If you have changed your mailing address or contact information and have not notified the National Plan and Provider Enumeration System (NPPES) and/or CMS' provider enrollment contractor via the internet or the appropriate Medicare enrollment application, please take time to review and update the system.

You can update your National Provider Identifier (NPI) on NPPES at <https://nppes.cms.hhs.gov/NPPES>. If you have forgotten your User ID and/or password, or need assistance, contact the NPI Enumerator at 1-800-465-3203 or email [customerservice@npienumerator.com](mailto:customerservice@npienumerator.com).

For more information regarding the Medicare enrollment process or to obtain a copy of the Medicare enrollment application for your provider type, refer to <http://www.cms.gov/MedicareproviderSupenroll>.

We thank you for your cooperation and hope you find the attached report informative and educational.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kasey' followed by a surname.

Kasey Curtis  
CBR Project Director  
eGlobalTech

Enclosure

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**Comparative Billing Report (CBR): NPI #: 1111111111**  
**Durable Medical Equipment, Prosthetics/Orthotics, and Supplies (DMEPOS)**  
**Diabetic Testing Supplies**

## Introduction

This CBR focuses on suppliers that dispensed DMEPOS for diabetic testing to Medicare beneficiaries. Preliminary analysis of Medicare paid claims data indicated that 48,431 DMEPOS suppliers dispensed blood glucose test strips and lancets from July 1, 2013 to December 31, 2013. Of all DMEPOS suppliers, 55% disseminated diabetic testing supplies to 37% of Medicare beneficiaries receiving any DMEPOS product during the time period of analysis. This CBR examines:

- The percentage of beneficiaries with a KX modifier and those transitioning between KS and KX modifiers
- The average number of services per beneficiary by Healthcare Common Procedure Coding System (HCPCS) code and modifier
- The average mileage between supplier and beneficiary and possible improper delivery and KL modifier use

HCPCS codes and descriptions included in this CBR are:

- **A4253:** Blood glucose test or reagent strips for home blood glucose monitor; 50 strips
- **A4259:** Lancets; 100 per box

## Coverage and Documentation Overview

This portion of the CBR offers a broad look at the coverage and documentation requirements to ensure compliance with Medicare guidelines. **The information provided does not supersede or alter the coverage and documentation policies as outlined in the Durable Medical Equipment (DME) Medicare Administrative Contractor (MAC) local coverage determinations (LCDs) and Policy Articles.** Please refer any specific questions you may have to the DME MAC for your region.

### Basic Coverage Criteria:

Diabetic testing supplies are only covered by Medicare when the beneficiary has been diagnosed with diabetes, and the treating physician has provided a prescription or detailed written order (DWO) for supplies with the determination that the beneficiary or caregiver has sufficient training to use the prescribed device.

### KS and KX Modifiers:

- **KS modifier:** diabetic beneficiary not treated with insulin
- **KX modifier:** diabetic beneficiary treated with insulin

### Usual Utilization:

The quantity of supplies dispensed must be supported by the information indicated on the DWO and the beneficiary's medical record. Usual utilization by modifier is indicated below:

- **KS modifier:** 100 strips (2 units) and 100 lancets (1 unit) for a three month period
- **KX modifier:** 300 strips (6 units) and 300 lancets (3 units) for a three month period

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## **High Utilization Criteria:**

The following criteria are required for coverage of supplies that exceed usual utilization:

- Basic coverage criteria as indicated above
- Face-to-face examination with treating provider within prior six months
- Medical record documentation indicating specific reason for need of additional supplies
- Documentation by treating provider indicating beneficiary compliance of testing in excess of usual utilization guidelines; required every six months

## **KL Modifier:**

The KL modifier is used for products shipped or delivered to the beneficiary. Only DMEPOS suppliers on competitively-bid contracts are to use the KL modifier and dispense diabetic testing supplies by any mode of delivery. If the KL modifier is not indicated on the claim, then it is expected that the beneficiary or designee collected the supplies in person at the supplier's physical location. Suppliers that bill without the KL modifier and provide these items via delivery could be subject to significant penalties.

## **Product Refill and Documentation Requirements (Including but not limited to):**

- Refill dispensed no sooner than 10 days prior to depletion of beneficiary's current supply
- Dispense no more than a three month quantity at one time
- Quantity dispensed does not exceed expected utilization
- Documented name of the beneficiary
- Documented description of each item being dispensed
- Documented date of the refill request
- Documented information about the remaining quantity of beneficiary's current supply
- DWO signed and dated by treating provider
- Proof of Delivery (POD) documentation
- Medical Record indicating medical necessity; continued medical necessity
- Documentation of beneficiary compliance and continued use

## **References**

The coverage and documentation guidelines listed below have been furnished for each geographic region and contractor. Table 1 lists the LCD and articles related to glucose monitors and mail-order diabetic testing supplies by contractor. Please follow the guidelines pertinent to your region. To review an article or LCD, visit the following link:

<http://www.cms.gov/medicare-coverage-database/overview-and-quick-search.aspx>

**Table 1: LCD Per Contractor**

Contractor	LCD	Article
CGS Administrators, LLC	L11520	A48300, A50376, A33745, A49029
National Government Services, Inc.	L27231	A50403, A47238
NHIC, Corp.	L11530	A1864, A50405, A51054, A41115, A50553, A7087, A7119
Noridian Healthcare Solutions, LLC	L196	A50385, A33673

- **DMEPOS Supplier Standards**

- 42 CFR 424.57 (c)

- **DME MAC Supplier Manuals**

- Jurisdiction A, Chapter 2 and Chapter 10
  - Jurisdiction B, Chapter 3 and Chapter 8
  - Jurisdiction C, Chapter 3 and Chapter 5
  - Jurisdiction D, Chapter 3 and Chapter 5

- **Office Of Inspector General (OIG) Reports**

- Inappropriate and Questionable Medicare Billing for Diabetes Test Strips, August 2013, OEI-04-11-00330
  - Claims Submitted for Diabetic Testing Supplies Without the KL Modifier, April 2013, A-09-12-02053
  - Supplier Billing for Diabetes Test Strips and Inappropriate Supplier Activities in Competitive Bidding Areas, November 2012, OEI-04-11-00760
  - Mail Order Diabetic Supplies, December 2010, OEI-04-10-00130

- **Comprehensive Error Rate Testing (CERT) Reports**

- Medicare Fee-for-Service 2012 Improper Payment Report, October 2012
  - Medicare Fee-for-Service 2012 Improper Payment Report Supplementary Appendices, 2013
  - Medicare Fee-for-Service 2012 Improper Payment Report Supplementary Appendices, November 2012
  - Medicare Claims Processing Manual, Chapter 20

## **Methodology**

Allowed services for DMEPOS claims with the HCPCS codes A4253 and A4259 for dates of service July 1, 2013 to December 31, 2013 are included in this analysis. All services are based on the latest version of the claims as of April 1, 2014.

## **Beneficiaries by Modifier Type**

Beneficiaries are categorized by the use of the KS and KX modifiers. The 'KS and KX' category is used when the beneficiary has allowed claim lines that include both KS and KX modifiers. These modifiers could be found on the same claim line or on separate claim lines during the six-month period. The 'KX' category is used if the beneficiary has allowed claim lines that only include the

KX modifier. The percentages of beneficiaries by modifier type are calculated for you, your state, and the nation as follows:

$$\left( \frac{\text{Number of Beneficiaries by Modifier Type}}{\text{Total Number of Beneficiaries}} \right) \times 100$$

### Allowed Services per Beneficiary

The average allowed services per beneficiary based on a combination of the HCPCS codes and modifiers listed above were evaluated. The average allowed services per beneficiary for you, your state, and the nation are calculated as follows:

$$\frac{\text{Total Allowed Services}}{\text{Total Number of Beneficiaries}}$$

### Distance from DMEPOS Supplier to Beneficiary

The distances between the DMEPOS supplier and the beneficiaries for claims submitted without the KL modifier are assessed. The lack of the KL modifier on the claim line indicates that the supplies were collected by the beneficiary or a designee at the supplier's physical location. Distance is calculated as the mileage between the midpoint of the DMEPOS supplier's location ZIP code and the midpoint of the beneficiary's ZIP code. The average distance is based on the claim line, rather than the individual beneficiary. This allows beneficiaries with multiple claim lines to be weighted more heavily than those with fewer claim lines during this period. The average distance from the DMEPOS supplier to the beneficiary for you, your state, and the nation is calculated as follows:

$$\frac{\text{Total Distance between Supplier and Beneficiary for each Claim Line}}{\text{Total Number of Claim Lines}}$$

## Results

Table 2 provides a statistical analysis of the percentage of beneficiaries by modifier type and compares those results with your state (GA) and the nation. If "Significantly Higher" is listed under the column heading(s) Comparison with Your State and/or the National Average, your percentage of beneficiaries for the modifier type is significantly higher than the percentage of beneficiaries in your state and/or the nation with p-values less than 0.05. Otherwise, "Higher" or "Does Not Exceed" is listed in the columns that compare your average to that of your peers.

**Table 2: Statistical Comparison of Percentage of Beneficiaries by Modifier Type For You, Your State, and the Nation**  
**July 1, 2013 - December 31, 2013**

Modifier Type	Your Percentage of Beneficiaries	Your State's Percentage of Beneficiaries	Comparison with Your State's Average	National Percentage of Beneficiaries	Comparison with the National Average
KS and KX	5%	7%	Does Not Exceed	4%	Higher
KX	51%	34%	Significantly Higher	37%	Significantly Higher

A chi-square test was used in this analysis, alpha=0.05.

Table 3 provides a statistical comparison of your average allowed services per beneficiary for the HCPCS codes and modifier combinations to that of your state and the nation. If "Significantly Higher" is listed under the column heading(s) Comparison with Your State and/or the National Average, your average allowed services per beneficiary is significantly higher than the average allowed services per beneficiary for your state and/or the nation with p-values less than 0.05. Otherwise, "Higher" or "Does Not Exceed" is listed in these comparisons with your peers.

**Table 3: Statistical Comparison of Average Allowed Services per Beneficiary Rendered by You, Your State, and the Nation**  
**July 1, 2013 - December 31, 2013**

HCPCS Code and Modifier	Your Average Services per Beneficiary	Your State's Average Services per Beneficiary	Comparison with Your State's Average	National Average Services per Beneficiary	Comparison with the National Average
A4253 KS	1.85	3.02	Does Not Exceed	3.69	Does Not Exceed
A4253 KX	6.28	5.14	Significantly Higher	7.34	Does Not Exceed
A4259 KS	1.23	1.49	Does Not Exceed	1.87	Does Not Exceed
A4259 KX	3.12	2.17	Significantly Higher	3.58	Does Not Exceed

A t-test was used in this analysis, alpha=0.05.

Table 4 looks at the average distance between the beneficiary and the supplier's physical location for claims submitted without the KL modifier. The lack of a KL modifier indicates that the supplies were collected in person at the supplier's location, rather than being shipped or mailed. While there are occasions where a beneficiary purchases items in person from a distant supplier, significantly greater average distances may be an indicator that products are being shipped or delivered. Only DMEPOS suppliers on competitively-bid contracts are allowed to ship or deliver supplies, and those claims must use the KL modifier. Table 4 provides a statistical comparison of the average distance between your business location to the beneficiaries, with the average distances between the suppliers and beneficiaries in your state and the nation. If "Significantly Higher" is listed under the column heading(s) Comparison with Your State and/or the National Average, your average distance is significantly higher than that of your state and/or the nation with p-values less than 0.05. Otherwise, "Higher" or "Does Not Exceed" is listed in the comparisons with your peers.

**Table 4: Statistical Comparison of Average Distance from DMEPOS Supplier to Beneficiary Rendered by You, Your State, and the Nation**  
**July 1, 2013 - December 31, 2013**

Your Average Distance from Beneficiary	Your State's Average Distance from Beneficiary	Comparison with Your State's Average	National Average Distance from Beneficiary	Comparison with the National Average
36.58	13.70	Significantly Higher	21.51	Higher

A t-test was used in this analysis, alpha=0.05. Distance calculation is weighted by the number of claim lines.

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## Resources

The following resources are pertinent to this CBR and will assist suppliers with developing policies to address any areas of concern:

- **Medicare Learning Network®**

- MLN Matters® Article Number MM 8080-DME National Competitive Bidding (NCB): National Mail Order (NMO) Program Implementation for Diabetic Supplies
- MLN Matters® Article Number SE 1008-Medicare Coverage of Blood Glucose Monitors and Testing Supplies
- MLN Matters® Article Number SE 0821-Medicare Provides Coverage of Diabetes Screening Tests
- MLN Matters® Article Number SE 0738-An Overview of Medicare Covered Diabetes Supplies and Services
- DMEPOS Competitive Bidding Mail-Order Diabetic Supplies, March 2013
- MLN® Fact Sheet Grandfathering Requirements for Non-Contract Suppliers, October 2013

- **Documentation Checklists**

- Jurisdiction A-NHIC-Glucose Monitors and Supplies Physician letter
- Jurisdiction B-NGS-Glucose Monitors and Supplies Checklist
- Jurisdiction C-CGS-Glucose Monitors and Supplies Checklist
- Jurisdiction D-Nordian-Glucose Monitors and Supplies Checklist

## The Next Steps

We encourage you to check with your DME MAC to ensure that you are meeting the Medicare DMEPOS standards for all items that you are providing. Please use the above references and resources as a guide.

Join us for the CBR201404 webinar on May 7, 2014 from 3:00 - 4:00 PM ET. Space is limited, so please register early.

Register online at <https://engage.vevent.com/rt/cbr~050714>.

If you are unable to attend, you may access a recording of the webinar two days following the event at the website above.

For detailed links to information listed in the references and resources section, visit <http://www.cbrinfo.net/cbr201404.html>.

If you have any questions or suggestions relating to this CBR, please contact the CBR Support Help Desk via email at [CBRSupport@eglobaltech.com](mailto:CBRSupport@eglobaltech.com) or via telephone at (800) 771-4430.