Fact Sheet

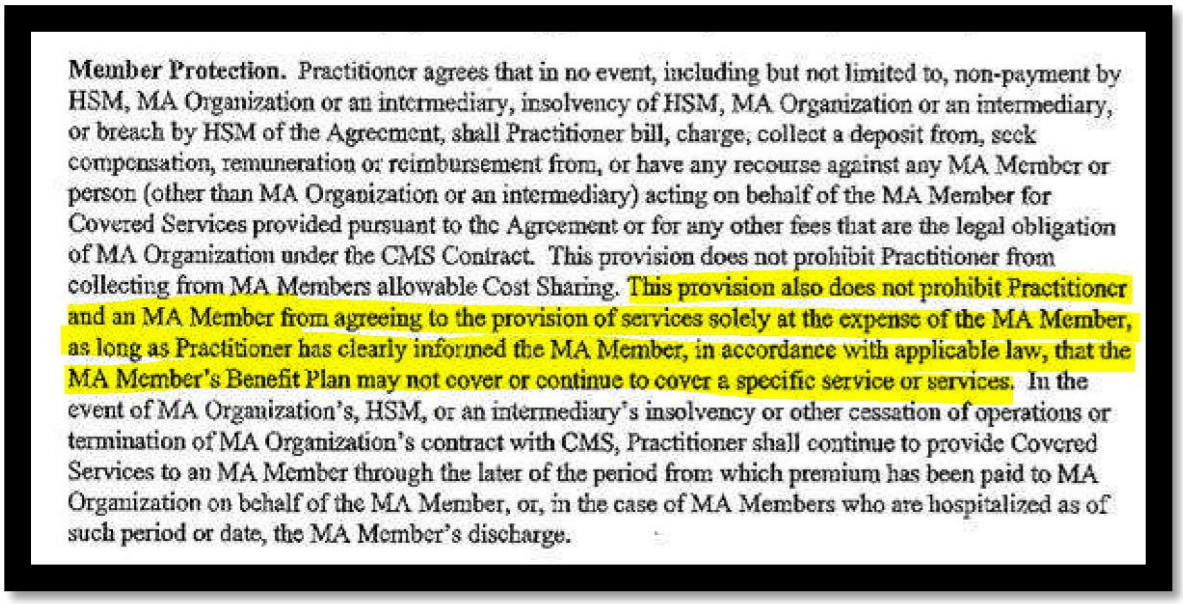
Proper Use of Code S1001-Luxury Item, Patient Aware

Often, providers that participate with various third-party payers find that the allowable fee schedule agreed to by contract may be lower than the cost of the Durable Medical Equipment item dispensed. In the case of orthotics for example, the fee schedule may allow $98/pair but the orthotics cost $150/pair. The fee schedule doesn't allow for even a minimal profit on this or any other fixed costs the provider has.

Participating providers may be able to use the HCPCS code **S1001 -** Deluxe item, patient aware (listed in addition to the code for basic item). If appropriate and with advance patient notice and agreement, the patient can opt for the higher level, luxury item (e.g., a Foot Levelers' orthotic) and agree to pay the difference between the allowed amount and the provider's actual charged fee.

Every provider agreement is different; however, we believe that the components of the HIPAA Omnibus Updates published in 2013 clearly allows a patient to direct how a provider deals with the carrier. Figure 1 below is an example of a provider agreement with language explaining that an arrangement between a patient and the provider is permitted. This arrangement should allow the patient to use insurance benefits toward the total cost of the orthotics, then, with agreement up front, to pay the difference between that amount and the provider's actual fee.

Fig. 1



Member Protection. Practitioner agrees that in no event, including but not limited to, non-payment by HSM, MA Organization or an intermediary, insolvency of HSM, MA Organization or an intermediary, or breach by HSM of the Agreement, shall Practitioner bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against any MA Member or person (other than MA Organization or an intermediary) acting on behalf of the MA Member for Covered Services provided pursuant to the Agreement or for any other fees that are the legal obligation of MA Organization under the CMS Contract. This provision does not prohibit Practitioner from collecting from MA Members allowable Cost Sharing. This provision also does not prohibit Practitioner and an MA Member from agreeing to the provision of services solely at the expense of the MA Member, as long as Practitioner has clearly informed the MA Member, in accordance with applicable law, that the MA Member's Benefit Plan may not cover or continue to cover a specific service or services. In the event of MA Organization's, HSM, or an intermediary's insolvency or other cessation of operations or termination of MA Organization's contract with CMS, Practitioner shall continue to provide Covered Services to an MA Member through the later of the period from which premium has been paid to MA Organization on behalf of the MA Member, or, in the case of MA Members who are hospitalized as of such period or date, the MA Member's discharge.

If you want to consider occasionally using the **S1001** billing option, we recommend taking the following steps:

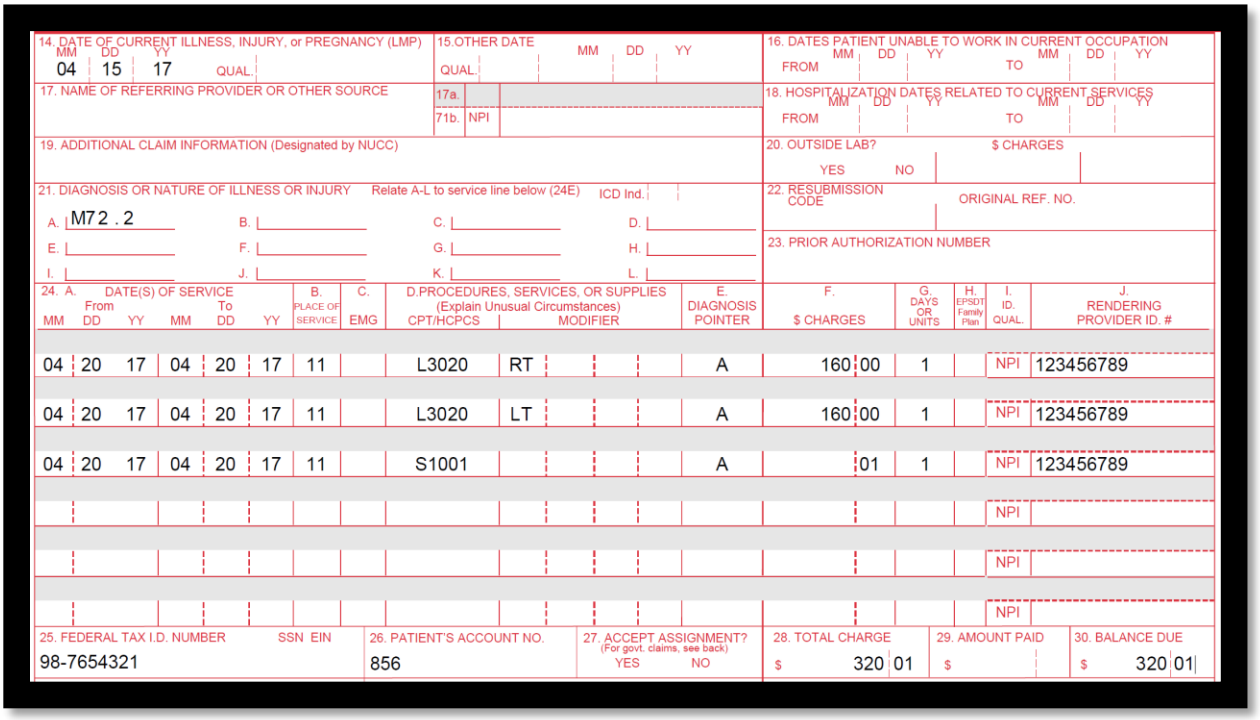
1) Check with your Provider Relations Department for any carriers with which the provider has a contract. Find out whether S1001 usage is addressed in the agreement or in the medical review policies. If possible, get all answers in writing.
2) Consider writing to the Provider Relations Department to request an amendment to your agreement with them to permit billing for upgraded products that include advance-notice cost-sharing by the patient. A letter with sample language can be found on **page 11** of the Foot Levelers Reference Tool titled ***Billing and Coding for Functional Orthotics***.
3) Create an Advance Notice document to be signed by patients in this situation. Outline the details and include the circumstances, the products, and the costs. Have this available for your patient to review and OK **prior** to

charging anything above the allowed amount and billing the S1001 code to the carrier. A sample template letter can be found on page 11 of the Foot Levelers Reference Tool titled ***Billing and Coding for Functional Orthotics***.

Note: KMC University clients can find a customizable letter to use in the KMC University Library. Ask your coach or account manager if you need assistance locating and/or customizing the letter.

4) Submit the billing to the carrier using the correct HCPCS codes and amounts as in any other billing situation. Include the S1001 code on the same date of service with a .00 or .01-dollar amount charged (this amount depends on the requirements of your software or electronic billing service). See Figure 2 below for an example.
5) Collect the correct amount from the patient, reflecting the difference between the actual charged fee and the amount paid by the carrier.

Fig. 2



14. DATE OF CURRENT ILLNESS, INJURY, or PREGNANCY (LMP) MM DD YY: 04 15 17 QUAL.
15. OTHER DATE QUAL. MM DD YY
16. DATES PATIENT UNABLE TO WORK IN CURRENT OCCUPATION MM DD YY FROM TO MM DD YY
17. NAME OF REFERRING PROVIDER OR OTHER SOURCE
17a.
71b. NPI
18. HOSPITALIZATION DATES RELATED TO CURRENT SERVICES MM DD YY FROM TO MM DD YY
19. ADDITIONAL CLAIM INFORMATION (Designated by NUCC)
20. OUTSIDE LAB? YES NO $ CHARGES
21. DIAGNOSIS OR NATURE OF ILLNESS OR INJURY Relate A-L to service line below (24E) ICD Ind.
A. M72.2 B. C. D.
E. F. G. H.
I. J. K. L.
22. RESUBMISSION CODE ORIGINAL REF. NO.
23. PRIOR AUTHORIZATION NUMBER

24. A. DATE(S) OF SERVICE From MM	DD	YY	To MM	DD	YY	B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances) CPT/HCPCS	MODIFIER	E. DIAGNOSIS POINTER	F. $ CHARGES	G. DAYS OR UNITS	H. EPSDT Family Plan	I. ID. QUAL.	J. RENDERING PROVIDER ID. #
04	20	17	04	20	17	11		L3020	RT	A	160 00	1		NPI	123456789
04	20	17	04	20	17	11		L3020	LT	A	160 00	1		NPI	123456789
04	20	17	04	20	17	11		S1001		A	01	1		NPI	123456789
														NPI	
														NPI	
														NPI	

25. FEDERAL TAX I.D. NUMBER SSN EIN: 98-7654321
26. PATIENT'S ACCOUNT NO.: 856
27. ACCEPT ASSIGNMENT? (For govt. claims, see back) YES NO
28. TOTAL CHARGE: $ 320 01
29. AMOUNT PAID: $
30. BALANCE DUE: $ 320 01