



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

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Steven L. Beshear
Governor

Janie Miller
Secretary

Elizabeth A. Johnson
Commissioner

September 14, 2010

Re: ALERT FOR NF-OXYGEN THERAPY

Dear Kentucky Medicaid Provider,

Effective for dates of service October 1, 2010 and after, Nursing Facilities (NF) payment for oxygen claims with modifiers will be applied per the following guidelines:

- QE** = prescribed oxygen amount less than 1 LPM and/or 14 days or less pays 50% of DME rate
- QG** = prescribed oxygen amount is greater than 4 LPM pays 150% of DME rate
- QF** = prescribed oxygen amount is greater than 4 LPM and portable oxygen is prescribed - pays 250% of DME rate

The Department for Medicaid Services (DMS) will apply oxygen modifier QG and QF calculations only to procedure codes E0431 and E0434. Previously the QG and QF modifier calculations have been incorrectly applied to procedure codes E1390, E0424 and E0450. The modifier QE calculation will continue to be applied to all five procedure codes.

Payment for oxygen therapy for NF is required to follow the Durable Medical Equipment (DME) rate schedule per 907 KAR 1:065 Section 12 (2). Due to a previous error in the implementation of this methodology, submission of the QF modifier has resulted in the DME rate being multiplied by 150% and an 'add-on rate' of \$30.67 added. The add-on has remained constant at \$30.67 instead of changing each time the DME rate changes. This defect in pricing methodology for the QF modifier will be corrected to pay the lesser of the billed amount or (DME rate X 250%).

The effective date for this correction will be October 1, 2010.

Questions may be directed to Betty Murphy, Branch Manager, per email at Betty.Murphy@ky.gov or Sandy Carter, Medicaid Specialist II, at Sandy.Carter@ky.gov or call the Long Term Care Branch at 502-564-5707.

Sincerely,

Elizabeth A. Johnson, Esq.
Commissioner

JRH/qj