

(CPI) for all urban consumers (United States city average) for the 12-month period ending with June of the preceding year.

(3)(i) An annual reduction in the percentage increase described in paragraph (d)(2) of this section by the productivity adjustment described in section 1886(b)(3)(B)(xi)(II) of the Act.

(ii) The application of the paragraph (c)(3)(i) of this section may result in the both of the following:

(A) A percentage being less than zero for a year.

(B) Payment being less than the payment rates for the preceding year.

(e) *Medical review.* All payments under this system may be subject to a medical review adjustment reflecting the following:

(1) Beneficiary eligibility.

(2) Plan of care requirements.

(3) Medical necessity determinations.

Subpart Q—Payment for Lymphedema Compression Treatment Items

SOURCE: 88 FR 77876, Nov. 13, 2023, unless otherwise noted.

§ 414.1600 Purpose and definitions.

(a) *Purpose.* This subpart implements section 1834(z) of the Act and establishes procedures for making benefit category determinations and payment determinations for lymphedema compression treatment items.

(b) *Definitions.* For purposes of this subpart the following definitions apply:

Benefit category determination means a national determination regarding whether an item or service meets the Medicare definition of lymphedema compression treatment item at section 1861(mmm) of the Act and the rules of this subpart and is not otherwise excluded from coverage by statute.

Lymphedema compression treatment item means an item as described in § 410.2.

§ 414.1650 Payment basis for lymphedema compression treatment items.

(a) *General payment rule.* For items furnished on or after January 1, 2024, Medicare pays for lymphedema com-

pression treatment items on the basis of 80 percent of the lesser of—

(1) The actual charge for the item; or

(2) The payment amount for the item, as determined in accordance with paragraph (b) of this section.

(b) *Payment amounts.* The payment amounts for covered lymphedema compression treatment items paid for under this subpart are established based on one of the following:

(1) If payment amounts are available from Medicaid state plans, then 120 percent of the average of the Medicaid payment amounts.

(2) If payment amounts are not available from Medicaid state plans, then 100 percent of the average of average internet retail prices and payment amounts from TRICARE (Department of Defense).

(3) If payment amounts are not available from Medicaid state plans or TRICARE, then 100 percent of average internet retail prices.

(c) *Updates to payment amounts.* The payment amounts for covered lymphedema compression treatment items established in accordance with paragraph (b) of this section are increased on an annual basis beginning on January 1 of the year subsequent to the year in which the payment amounts are initially established based on the percent change in the Consumer Price Index for all Urban Consumers (CPI-U) for the 12-month period ending with June of the previous year.

§ 414.1660 Continuity of pricing when HCPCS codes are divided or combined.

(a) *General rule.* If HCPCS codes for lymphedema compression treatment items are divided or combined, the payment amounts for the old codes are mapped to the new codes to ensure continuity of pricing.

(b) *Mapping of payment amounts.* (1) If there is a single code that describes two or more distinct complete items (for example, two different but related or similar items), and separate codes are subsequently established for each item, then the payment amounts that applied to the single code continue to apply to each of the items described by the new codes.