

**CODING, MARKET ANALYSES AND CONTRACT GUIDANCE FOR PROSTHETIC
LIMB AND/OR CUSTOM ORTHOTIC DEVICE PROCUREMENT**

1. REASON FOR ISSUE: This Veterans Health Administration (VHA) directive establishes the policy and responsibilities for the development and use of the appropriate coding, market analyses and contract guidance for prosthetic limbs and/or custom orthotic devices utilizing the Healthcare Common Procedure Coding System (HCPCS) and/or VHA-issued descriptor codes.

2. SUMMARY OF MAJOR CHANGES:

a. This directive further clarifies the responsibilities of VHA staff in paragraph four for developing and utilizing the coding, market analyses and contract guidance for prosthetic limb and/or custom orthotic device procurement. This directive also establishes the development of market analyses and coding councils to assist in prosthetic limb and custom orthotic device procurement, as stated in paragraph four.

b. Amendment dated February 17, 2021 clarifies paragraphs 4.g.(1) and 4.h.(2).

NOTE: *This is a technical amendment.*

3. RELATED ISSUES: None.

4. RESPONSIBLE OFFICE: Rehabilitation and Prosthetic Services (10P4R) is responsible for the contents of this directive. Questions may be referred to 10P4R at (202) 461-0389.

5. RECISSIONS: VHA Directive 1045, Healthcare Common Procedure Coding System List for Prosthetic Limb and/or Custom Orthotic Device Prescription, dated December 30, 2013; and 10N Memorandum, Medical L Code Usage for Orthotic and Prosthetic Limb Components – Not Otherwise Classified (NOC), dated February 20, 2013, are rescinded.

6. RECERTIFICATION: This VHA directive is scheduled for recertification on or before the last working day of May 2025. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.

**BY DIRECTION OF THE OFFICE OF THE
UNDER SECRETARY FOR HEALTH:**

/s/ Lucille B. Beck, Ph.D
Deputy Under Secretary for Health
for Policy and Services

May 12, 2020

VHA DIRECTIVE 1045(1)

NOTE: All references herein to VA and VHA documents incorporate by reference subsequent VA and VHA documents on the same or similar subject matter.

DISTRIBUTION: Emailed to the VHA Publications Distribution List on June 24, 2020.

CONTENTS

**CODING, MARKET ANALYSES AND CONTRACT GUIDANCE FOR PROSTHETIC
LIMB AND/OR CUSTOM ORTHOTIC DEVICE PROCUREMENT**

1. PURPOSE.....	1
2. BACKGROUND.....	1
3. POLICY	1
4. RESPONSIBILITIES	2
5. TRAINING	4
6. RECORDS MANAGEMENT.....	5
7. REFERENCES.....	5

CODING, MARKET ANALYSES AND CONTRACT GUIDANCE FOR PROSTHETIC LIMB AND/OR CUSTOM ORTHOTIC DEVICE PROCUREMENT**1. PURPOSE**

This Veterans Health Administration (VHA) directive establishes the policy and responsibilities for the development of Healthcare Common Procedure Coding (HCPC) and VHA issued descriptor coding for prosthetic limb and custom orthotic device procurement. Although encouraged, this directive does not require Department of Veterans Affairs (VA) orthotics and prosthetics (O&P) professionals to code for off-the-shelf, over-the-counter, customizable items and foot orthoses/inserts. This directive continues the established practice of VHA staff to develop and utilize coding for prosthetic limb and custom orthotic device procurement. This directive also establishes the development of market analyses and coding councils to assist in prosthetic limb and custom orthotic device procurement. **AUTHORITY:** Title 38 United States Code (U.S.C.) § 7301(b), 8123; Title 38 Code of Federal Regulations (C.F.R.) § 17.150.

2. BACKGROUND

The procurement of a prosthetic limb or custom orthotic device begins with the development of the prescription. Upon receipt of the prescription by VA clinical O&P, descriptor coding is required. Coding is necessary to classify prostheses and orthoses relative to their componentry, both for construction and functionality. This is done for numerous purposes including broad categorization of function, pricing and population utilization. Historically, VA has utilized the Centers for Medicare and Medicaid Services (CMS) Healthcare Common Procedure Coding System (HCPCS). Challenges have appeared as there has been a lack of a formalized process and oversight to guide VA's use of codes, for example, when new technologies become commercially available. VA's use of CMS HCPCS codes has created additional problems in the areas of emerging technology when CMS has either not assigned codes and when CMS has assigned codes that result in reimbursement that does not cover the cost of the device. Further, the aforementioned issues have contributed to a lack of consistency of pricing and reimbursement across the VA network. Generally, these problems have resulted from a lack of formalized processes, authority and oversight in the areas of coding, market analyses and contract guidance related to orthotic, prosthetic and pedorthic procurement. This directive addresses these concerns by standardizing the processes and systems for coding, market analysis and contract guidance for prosthetic limb and custom orthotic device procurement.

3. POLICY

It is VHA policy that VA health care providers use standard coding, market analysis and contract guidance for the procurement of prosthetic limbs and custom orthotic devices to ensure consistent, cost-effective and high-quality health care for Veterans requiring prosthetic devices and services. It is VHA policy that VHA Rehabilitation and Prosthetic Services, in collaboration with field level O&P staff, Veterans Integrated Services Network (VISN) leadership, and the Office of Procurement and Logistics have

the authority for the development and oversight of coding, market analysis and contract guidance for prosthetic limb and custom orthotic device prescription for VA clinical provision and procurement.

4. RESPONSIBILITIES

a. **Under Secretary for Health.** The Under Secretary for Health is responsible for ensuring overall VHA compliance with this directive.

b. **Assistant Under Secretary for Health for Operations.** The Assistant Under Secretary for Health for Operations is responsible for:

(1) Communicating the contents of this directive to each of the Veterans Integrated Service Networks (VISNs).

(2) Providing assistance to VISN Directors to resolve implementation and compliance challenges in all VA medical facilities within that VISN.

(3) Providing oversight of VISNs to assure compliance with this directive, relevant standards and applicable regulations.

c. **Executive Director, Office of Procurement and Logistics.** The Executive Director, Office of Procurement and Logistics is responsible for participation and representation for market analyses processes and the development of pricing guidance for items above the micro-purchase threshold. This includes:

(1) Assuring that Contracting Officers utilize the nationally produced Independent Government Cost Estimate (IGCE) from the Market Analyses and Research Council (MARC), when available, over locally produced IGCE or historical pricing.

(2) Ensuring contract prices adhere to the awarded contract. ***NOTE: Only the Contracting Officer may authorize purchases above the micro-purchase threshold and must determine prices to be fair and reasonable. The Contracting Officer Representative (COR) or authorized Ordering Official is responsible for reviewing vendor invoices and verifying pricing is the negotiated amount.***

d. **Chief Consultant, Rehabilitation and Prosthetics Services.** The Chief Consultant of Rehabilitation and Prosthetics Services (RPS) is responsible for:

(1) Ensuring inter-office collaboration between the Clinical Orthotics and Prosthetics, Prosthetics and Sensory Aids Services (PSAS), and Office of Procurement and Logistics national program offices.

(2) Ensuring collaborative offices within RPS have the necessary resources to fulfill their responsibilities to implement their portion of the directive.

e. **Veterans Integrated Services Network Director.** Each VISN Director or other designated Regional Director is responsible for providing oversight of the HCPCS

and/or VA-issued coding list development process for individual prosthetic limb and/or custom orthotic and pedorthic device prescriptions within their respective VISN, and for ensuring adherence to this directive.

f. **Veterans Integrated Services Network Prosthetics Representative or VA Medical Facility Director.** Depending upon supervisory control, either the VISN Prosthetics Representative (VPR) or VA medical facility Director is responsible for:

(1) Ensuring a Veteran-centric approach to coding for prosthetic limb and custom orthotic device prescriptions. This means that all staff are working at the top of their scope within their respective lanes of responsibility with the Veteran always as the center of focus. This generally applies to timeliness and staff training related to conducting O&P coding and procurement functions. Examples in this case include assuring subordinate staff are trained and competent with the most current, approved coding and procurement guidance and policies. Additional examples include support for local supervisors to provide clinical O&P staff, purchasing agents and prosthetic representatives the permission, time and resources to attend local, regional and national training on these issues.

(2) Providing guidance and oversight of appropriate labor mapping for designated subordinate staff.

(3) Ensuring compliance with the practices and procedures outlined in this directive including those of the MARC and Coding Guidance Council (CGC) charters identified herein and ensuring the Coding and Market Analysis Councils are staffed with personnel from their respective facility or VISN. This can be accomplished by encouraging, facilitating and permitting the participation of subordinate O&P clinical staff to participate as members of the councils when called upon (reactive) or when vacancies are imminent (proactive).

g. **VA Medical Facility Prosthetic and Sensory Aids Service or Section Service Chief.** Depending on supervisory control, the VA medical facility PSAS or Section Service Chief is responsible for:

(1) Ensuring certified VHA prosthetists or orthotists participate in the clinic at the time of patient evaluation and prescription of prostheses and custom orthotic devices, except in cases where a VHA prosthetist or orthotist is not at the site nor available via telehealth. In such instances, refer to 4.h.2 below.

(2) Ensuring that only authorized VHA prosthetists, orthotists and pedorthists develop an appropriate coding list, which includes either VA CGC guidance, CMS assigned HCPCS or VHA issued codes for prosthetic limb and custom orthotic device prescriptions in a timely manner.

(3) Ensuring appropriate code usage for not otherwise classified (NOC) orthotic and prosthetic limb components. ***NOTE: VA may reimburse for emerging technology that is not formally recognized by current CMS HCPCS coding and processes. VA may develop a VA based coding system to classify emerging technology for reimbursement.***

(a) Orthotic and prosthetic components that do not have or have not been assigned an L Code are considered to be not classified.

(b) If a NOC code has been determined appropriate by the CGC, only a single NOC code is to be utilized for the component. No other L Code will be accepted in conjunction with the NOC code.

(4) Ensuring VHA coding for emerging technology (i.e., use of NOC codes) is reviewed by the VHA O&P CGC. The O&P CGC will provide guidance on the appropriate use of existing codes or development of a VHA issued code and description. **NOTE:** *VA may reimburse for emerging technology that is not formally recognized by current CMS HCPCS coding or processes. VA may develop a VA based coding system to classify emerging technology for reimbursement. VA may reimburse for products classified as NOC L Codes L0999, L2999, L3999, L5999, L7499, and L8499 by CMS as emerging technology until CMS formally classifies and/or assigns an L Code to the subject products.*

(5) Ensuring authorized purchase card holders utilize the nationally produced IGCE from the MARC, when available, over locally produced IGCE or historical pricing.

h. **VA Medical Facility Prosthetists and Orthotists.** VA medical facility prosthetists and orthotists are responsible for attending their assigned clinic(s) and developing final coding for all prosthetic limb and custom orthotic device prescriptions. VHA prosthetic representatives may develop coding in consultation with VHA prosthetists and orthotists. While contract vendors may provide proposed coding for consideration, they do not determine final coding for any prosthetic limb or custom orthotic device prescriptions as the determination of final coding is a governmental responsibility.

(1) VA medical facilities without a VHA prosthetist or orthotist must utilize the expertise of a VHA prosthetist or orthotist within their VISN or other VISNs to develop coding.

(2) Coding lists must be developed in the clinic at the time of patient evaluation, except in circumstances where a VA prosthetist or orthotist is not available to attend the clinic. In those circumstances, coding must be developed no more than 2 business days after the prescription and relevant clinical notes are received by the VA prosthetist or orthotist, as appropriate.

(3) VHA medical facility prosthetists and orthotists will provide the nationally produced IGCE from the MARC to PSAS and contracting staff, when available, over locally produced IGCE or historical pricing for procurement or contracting submission.

5. TRAINING

All VA prosthetic, orthotic, pedorthic clinical supervisors or designated leads; VISN Prosthetic Representative; and orthotic, prosthetic, and pedorthic practitioners must become proficient with the process of orthotic, prosthetic, and pedorthic coding, coding

requirements, and pricing of orthotic, prosthetic and pedorthic goods and services (as outlined in this directive) and:

a. How to request review of an orthotic, limb prosthetic or pedorthic product and related coding, available at:

https://spsites.cdw.va.gov/sites/RPS_STAGE/OPClinical/Pages/CodingCouncilMain.aspx.

b. Given that VA's clinical orthotic, prosthetic and pedorthic staff are responsible for coding for prescriptions from their respective clinics, must become proficient with coding guidance and policy documents found in the Orthotic and Prosthetic Information Repository (OPIR), available at:

https://spsites.cdw.va.gov/sites/RPS_STAGE/OPClinical/SitePages/Operations.aspx.

NOTE: This is an internal VA website that is not available to the public.

c. Ensuring procurement staff are aware of MARC products on the Orthotic and Prosthetic Information Repository (OPIR), available at:

https://spsites.cdw.va.gov/sites/RPS_STAGE/OPClinical/SitePages/Operations.aspx.

NOTE: This is an internal VA website that is not available to the public.

NOTE: For Centers for Medicare and Medicaid Services guidance, please visit the main CMS HCPCS website at:

<https://www.cms.gov/Medicare/Coding/MedHCPCSGenInfo/index.html>. For VA policy or guidance on specific products or codes, please refer to the OPIR site at:

https://spsites.cdw.va.gov/sites/RPS_STAGE/OPClinical/SitePages/Operations.aspx.

This is an internal VA website that is not available to the public.

6. RECORDS MANAGEMENT

All records regardless of format (e.g., paper, electronic, electronic systems) created in this directive shall be managed per the National Archives and Records Administration (NARA) approved records schedules found in VHA Records Control Schedule 10-1. Questions regarding any aspect of records management should be addressed to the appropriate Records Officer.

7. REFERENCES

a. 38 U.S.C. § 7301.

b. 38 U.S.C. § 8123.

c. 38 C.F.R. § 17.1750.

d. Department of Veterans Affairs, Office of Inspector General (OIG) Report, Audit of the Management and Acquisition of Prosthetic Limbs, dated March 8, 2012. Report #11-02254-102, available at: <https://www.va.gov/oig/pubs/VAOIG-11-02254-102.pdf>.

e. Department of Veterans Affairs, OIG Report, Healthcare Inspection: Prosthetic Limb Care in VA Facilities, dated March 8, 2012. Report #11-02138-116, available at: <https://www.va.gov/oig/pubs/VAOIG-11-02138-116.pdf>.

f. Department of Veterans Affairs, OIG Report, Use of Not Otherwise Classified Codes for Prosthetic Limb Components, dated Aug 27, 2018. Report #16-01913-223, available at: <https://www.va.gov/oig/pubs/VAOIG-16-01913-223.pdf>.

g. Orthotic and Prosthetic Information Repository (OPIR), available at: https://spsites.cdw.va.gov/sites/RPS_STAGE/OPClinical/SitePages/HomePage.aspx.

NOTE: *This is an internal VA website that is not available to the public.*