



December 14, 2006

Beth K. Guevara
Manager, Reimbursement Planning
Respironics, Inc.
Sleep and Home Respiratory Group
1740 Golden Mile Highway
Monroeville, PA 15146

Re: Respironics SmartCard Technology with Encore Pro Software (#06.90)
Respironics SleepLink Modem System (Model 1008002) (#06.90)

Dear Ms. Guevara:

In response to your request for verification of the appropriate Healthcare Common Procedure Coding System (HCPCS) code to use for your product(s) when billing Medicare, we provide the following Coding Verification information. Attached is a copy of the confirmation letter you received from the CMS HCPCS Workgroup verifying that your product was considered and assigned a code during the annual HCPCS Modification Process. The SADMERC recognizes and acknowledges the CMS HCPCS Workgroup decisions.

In order to ensure appropriate billing to Medicare, these HCPCS coding decisions for your product(s) were reviewed by the SADMERC for correct coding category placement. It is our determination that the above listed product(s) meet(s) the description and characteristics of the HCPCS code(s) as assigned. Therefore, the correct Medicare billing code for the product(s) is/are:

A9279 Monitoring feature/device, stand-alone or integrated, any type, includes all accessories, components and electronics, not otherwise classified.

The above listed product(s) and HCPCS code(s) will be effective January 1, 2007. The product(s) will be added to the Product Classification List. Classification lists are located on our website at www.palmettogba.com. Our HCPCS Coding Helpline is available toll free at 1-877-735-1326.

Palmetto GBA

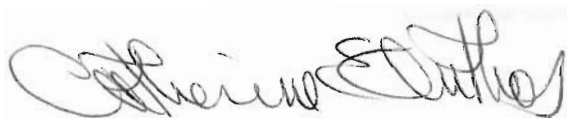
Statistical Analysis Durable Medical Equipment Regional Carrier
Post Office Box 100143 • Columbia, South Carolina • 29202-3143

A CMS Contracted Intermediary and Carrier

This HCPCS coding decision applies to your product(s) as reviewed by the SADMERC in response to the CMS HCPCS Workgroup decision(s). Any modification to the product(s) could change the HCPCS code and would need to be reviewed for coding verification. Assignment of a HCPCS code to the product(s) should in no way be construed as an approval or endorsement of the product(s) by SADMERC or Medicare, nor does it imply or guarantee claim reimbursement or coverage. For questions regarding claim coverage or reimbursement please contact your regional DMERC.

If you have any questions regarding this coding decision, please contact me at the address below or by telephone at (803) 763-8215.

Sincerely,

A handwritten signature in black ink, appearing to read "Catherine E. Anthos". The signature is written in a cursive style with a large initial "C".

Catherine E. Anthos, RN
HCPCS Medical Analyst
SADMERC

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



26 OCT 2006

Beth Guevara
Respironics, Inc.
Sleep and Home Respiratory Care Division
5250 Logan Ferry Road
Murrysville, PA 15668-9727

RECEIVED

NOV 02 2006

PALMETTO DESK
MEDICARE DOCUMENT CONTROL
CAMDEN 0M-210

Re: Request # 06.90

Request to establish a code Electronic Therapy Data Management Device (ETDMD) for Use with Continuous Positive Airway Pressure (CPAP) Devices or Bi-Level Respiratory Assist Devices (RADs), trade name: Respironics® SleepLink™ Modem System and Respironics® SmartCard® Technology.

Dear Ms. Guevara:

On behalf of the Centers for Medicare and Medicaid Services (CMS), I would like to thank you for your application to modify the HCPCS Level II code set. The HCPCS Level II code set is available for use by all payers, and maintained by CMS taking into consideration the national program operating needs of all payers, including Medicare, Medicaid, and Private Insurers.

CMS has reviewed this product category and published a preliminary decision to establish a new code: AXXXX "monitoring feature/device, stand-alone or integrated, any type, includes all accessories, components and electronics, not otherwise classified"

No comments were offered at CMS' HCPCS Public Meeting regarding your application or in response to our preliminary decision. CMS upheld its decision to:

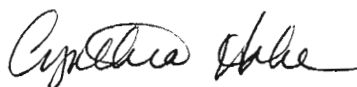
Establish A9279 "MONITORING FEATURE/DEVICE, STAND-ALONE OR INTEGRATED, ANY TYPE, INCLUDES ALL ACCESSORIES, COMPONENTS AND ELECTRONICS, NOT OTHERWISE CLASSIFIED"

All changes to the code set are effective January 1, 2007, unless an earlier effective date is specified in the 2007 Annual HCPCS Update. The entire 2007 HCPCS Annual Update is available and can be downloaded free of charge at:

www.cms.hhs.gov/medhcpcsgeninfo . The code set is searchable using the edit function and key words or code numbers.

The HCPCS Level II codes describe categories of like items. The code set is not intended to be an exhaustive listing of all products on the market. As a general rule, CMS does not classify individual products under code categories on behalf of insurers. Individual insurance contractors have the necessary flexibility to classify specific products into HCPCS Level II code categories and establish their own coding instructions in accordance with their policies and program operating needs. Questions regarding classification of products into HCPCS Level II code categories should be submitted to the contractor in whose jurisdiction a claim would be filed. For private sector health insurance systems, please contact the individual private insurance contractor. For Medicaid systems, please contact the Medicaid Agency in the state in which the claim is being filed. For confirmation of appropriate code assignment for Medicare billing, you may contact the Statistical Analysis Durable Medical Equipment Regional Carrier (SADMERC) toll free at 877-735-1326.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cynthia Hake".

Cynthia Hake
Director
CMS HCPCS Workgroup