

## Durable medical equipment billing and reimbursement

### Definitions

- **Durable medical equipment (DME)** is any equipment that provides therapeutic benefits to a member because of certain medical conditions and/or illnesses that can withstand repeated use, is primarily and customarily used to serve a medical purpose, and is appropriate for use in the home.
- **Capped rentals** – Durable medical equipment that a member uses continuously over a relatively short period of time, where rental is more appropriate than purchase, as determined by BCBSNC. Therefore, capped rental items are reimbursed by BCBSNC as rentals rather than as purchases. Capped rental payment includes all related costs for the effective use of the equipment by the member, including equipment, accessories, supplies, delivery, shipping and handling, labor, setup, visits, patient education, maintenance, repairs, and replacement parts of the DME item in question.

Please note that in order for DME items to be eligible for reimbursement, the DME supplier must meet eligibility and/or credentialing requirements as defined by BCBSNC. . When DME is eligible for coverage, it is considered part of the member’s DME benefits provision.

### Durable medical equipment billing requirements – General

- DME requires a prescription to rent or purchase, as applicable, before it is eligible for coverage.
- Certain items must be rented and may not be purchased (See “Capped Rentals”). Certain other items must be rented prior to being converted to a purchase in accordance with BCBSNC medical policy.
- Bill on a typed CMS-1500 (version 08/05) claim form.
- Bill the applicable modifier after all HCPCS codes (including, but not limited to NU, RR, etc).
- Bill maintenance and repair modifier codes first after the procedure code.
- Submit all claims for repairs with a complete description of services provided.
- Use E1399 or other miscellaneous HCPCS codes only if no suitable HCPCS billing code exists. Each claim with miscellaneous codes or custom items (i.e., foot orthotics, specialty wheelchairs) must include special documentation:
  - Always submit a complete description of the item.
  - With the initial claim, submit a factory invoice for the item (catalogs and retail price listings are not acceptable) and, if appropriate, a certificate of medical necessity form with the physician’s signature (See chapter 23, “Forms,” for appropriate form.).
  - Do not staple this documentation to the claim form.
  - Submit all initial claims on paper to ensure that the appropriate documentation is received in the same envelope.
  - The additional documentation cannot be transmitted with electronically submitted claims.

### Reimbursement – General

- **Medical review documentation:** All services that are not authorized in advance (i.e., certification number obtained) will be subject to medical review. The medical review process will be expedited, if your files include:
  - Physician’s plan of treatment, including anticipated time frame that the equipment will be needed.
  - Predicted outcomes (therapeutic benefit) as provided by the prescribing physician.
  - Physician’s involvement in supervising the use of the prescribed item.
  - Detailed description of the member’s clinical and functional status so that a determination of medical necessity can be made.
- DME requires a prescription to rent or purchase, as applicable, before it is eligible for coverage.
- Coverage will begin on the day the device is delivered, setup, and ready for use by the member at the location needed.
- Reimbursement for new or revised HCPCS codes will be reviewed and adjusted as pursuant to BCBSNC pricing policy. For example, if a new HCPCS code is reviewed and approved, it will automatically be added to the fee

schedule (for specific details and instructions, please refer to your contract with BCBSNC and chapter 10 of this e-manual for the “Pricing Policy for Procedure/Service Codes”).

- The base reimbursement is inclusive of, and no additional reimbursement is payable for, fittings, shipping and handling, labor and subsequent adjustments to item.
- **Manufacturer’s warranty** – repairs and replacements should be addressed and paid through the manufacturer’s warranty before submitting claims to BCBSNC. Provider is responsible for billing BCBSNC only after the manufacturer’s warranty expires.
- DME may be purchased or rented at the discretion of BCBSNC.

Additional detail can be found in BCBSNC’s online Corporate Medical Policy for durable medical equipment at [http://www.bcbsnc.com/assets/services/public/pdfs/medicalpolicy/durable\\_medical\\_equipment\\_\(dme\).pdf#9.5](http://www.bcbsnc.com/assets/services/public/pdfs/medicalpolicy/durable_medical_equipment_(dme).pdf#9.5)

## Guidelines for purchasing DME

**DME may be purchased** in any of the following situations:

- The equipment is classified as “**Inexpensive DME**,” which is defined as equipment with an allowed amount that does not exceed \$200. Examples include, but are not limited to, canes, walkers, crutches, arm slings, patient transfer belts, cervical collars, comfort rings, dextrometers, peak-flow meters, and commode chairs.
- The equipment is classified as “**Other Routinely Purchased DME**,” which is defined as equipment acquired by purchase at least 75 percent of the time. Equipment in this category may be rented or purchased, but the total amount paid for monthly rentals cannot exceed the fee schedule purchase amount. Examples include, but are not limited to, home blood-glucose monitors, braces for legs, arms, cast boots, cervical braces, and Jobst stockings.
- More expensive DME not classified as “Routinely Purchased DME” (costing more than \$200) may be purchased when all of the following criteria are met:
  - Item is not a capped rental (See “Capped Rental” in definition section) or indefinite rental.
  - Long-term use is expected based on the patient’s prognosis (rental is anticipated to exceed allowed amount for purchase) and maintenance of DME.
  - A rental trial period (applied toward purchase price) has documented patient compliance, patient tolerance, and clinical benefits.
- When DME is purchased, the total benefits available cannot exceed the contracted fee schedule.

## Guidelines for renting DME

DME rental vs. purchase coverage is based on the item prescribed, the patient’s prognosis, the time frame required for use, and the total cost (rental vs. purchase) for the equipment.

When DME is rented, the benefits cannot exceed the total of the cost to purchase the DME or the contracted fee schedule.

Items that are considered to be a capped rental will be rented up to the allowed amount for purchase.

### **DME may be rented when:**

- DME is not classified as “Routinely Purchased DME” (costing more than \$200) or “Inexpensive DME” and anticipated medical need is for a limited time frame, or if the equipment requires high maintenance (i.e., requires specialized skills to service the item).

### **Billing requirements – Rentals**

- Always include modifier code on rental claim forms.
- Indicate beginning and ending dates of the rental period.
- Always include the modifier “RR” in the first modifier location of field 24D on claims for rented items. Items filed without the “RR” modifier and without the rental dates will be considered as purchases and will be reimbursed accordingly.
- Only bill for services already provided to a member.
- Bill each 30 days of rental as one unit unless classified as a daily rental.

- If an item is still being rented at the time of the claim, the claim must include the beginning date of the rental, and indicate the last day of the billing cycle as the ending date of service.

#### **Reimbursement – Rentals**

- BCBSNC will reimburse rentals up to the allowed amount for purchase.
- Rental rates are inclusive. Rental rates include all equipment, accessories, supplies, delivery, shipping and handling, labor, setup, visits, education, maintenance, repairs, and replacement parts of DME.
- Rental rates are monthly unless identified as daily. Ongoing rental claims will only be processed at the end of each month of service.
- DME rental rates and maintenance fees should be calculated for payment on a prorated basis, based on provider contracted rates, when a full 30 days is not utilized by the member.
- When DME is rented, the benefits cannot exceed the total of the cost to purchase the DME or the contracted fee schedule.
- Reimbursement for capped rentals may be made up to, but not exceeding, the following time frames:
  - Pulse oximeters \_\_\_\_\_ 15 Months
  - Apnea monitors \_\_\_\_\_ 15 Months
  - Hospital Beds \_\_\_\_\_ 15 Months
  - Mattress Overlays \_\_\_\_\_ 15 Months
  - Oxygen Devices \_\_\_\_\_ 36 Months

#### **Ownership of rental items**

- A rented item is considered the property of the provider and should be returned to the provider after it is no longer medically necessary for the member.
- However, a member will retain possession of a rented item until it is no longer considered medically necessary. Providers may not retrieve a rented item until this time.
- Except for capped rentals, the conversion of a rental to a purchase may be selected by the member at any time prior to reaching the allowed amount for purchase of the item. If an item is converted from rental to purchase prior to the rental reaching its allowed amount for purchase, it is considered the property of the member and is not returned to the provider.
- Once the rental has reached the allowed amount for purchase, covered supplies and maintenance related to an item will be reimbursed according to the provider's contract.
- Equipment that is purchased without prior rental will be owned by the patient.

#### **Guidelines for maintenance, repairs, and replacement of DME**

Maintenance, repair, or replacement and supplies may be eligible for separate reimbursement under a contracted maintenance fee with a DME supplier acceptable by the Plan.

#### **Billing requirements – Repairs and Maintenance**

- Use only standard codes and identifiers (HCPCS) when submitting maintenance and repair claims.
- Bill the labor component of the repair under the appropriate repair code.
- Bill all replacement parts separately under the appropriate repair code.
- Bill repairs only on purchased items. They may not be billed on rented equipment.
- When submitting a claim with a repair or maintenance modifier code and other modifier codes, list the repair or maintenance modifier code first after the procedure code.
- For claims with a repair code, submit a complete description of the services provided.
- Failure to provide appropriate documentation when using repair codes can result in processing delays and/or denials.

#### **Reimbursement – Repairs and Maintenance**

Certain items are eligible for maintenance fees after the items are purchased or if rented to the extent that the combined rental fees have reached or exceeded the price had the item been purchased. Nonroutine repairs that require the skill of a technician may be eligible for reimbursement.

- If the expense for repairs exceeds the estimated expense of purchasing or renting another item of equipment for the remaining period of medical need, no payment can be made for the amount in excess. The repair charge may include the use of “loaner” equipment when necessary.
- Replacement of a purchased item may occur when the item is irreparably damaged, or if replacement is required during repair and/or maintenance of a specific item. The cost will be negotiated on a rental vs. purchase agreement. Replacement may be based on the maintenance contract as stated above.
- Replacement of the rental equipment may occur when the rented item is irreparably damaged, or if replacement is required during repair and/or maintenance of a specific item.
- Replacement or repair of an item that was misused or abused by the member or member’s caregiver will be the responsibility of the member.
- DME rental fees will cover the cost of maintenance, repairs, replacements, adjustments, supplies, and accessories. Rental fees also include equipment delivery services and setup, education and training for patient and family, and nursing visits. These services are not eligible for separate reimbursement.
- Coverage will begin on the day the device is delivered to our member.
- Maintenance services for CPAP, BiPAP, and oxygen concentrators may be reimbursed once every six months after either the purchase date or the end of the capped rental timeframe until the item reaches the end of its usable lifespan.

### **Coverage for DME add-ons or upgrades**

“Standard DME” is one that will adequately meet the medical needs of the patient and is not designed or customized for a specific individual’s use. “Nonstandard DME” is any item that has certain convenience or luxury features. Electrical or mechanical features that enhance standard or basic equipment usually serve a convenience function. Consult the member’s booklet for coverage information regarding nonstandard DME, add-ons or upgrades.