

Durable Medical Equipment (DME) Payment Policy

Policy

The Plan reimburses contracted suppliers for medically necessary durable medical equipment (DME).

In general, the Plan follows Medicare regulations (42 CFR 414.200 – 414.238) and subregulatory guidance to determine whether a DME item will be covered and whether the item is purchased or rented. The Centers for Medicare and Medicaid Services (CMS) has established the following categories for covered DME:

- Inexpensive or routinely purchased items
- Items requiring frequent and substantial servicing (equipment in this category is reimbursed on a rental basis only. The monthly rental payment includes supplies and accessories, maintenance and servicing and repairs. This category includes ventilators and continuous passive motion devices.)
- Certain customized items
- Oxygen and oxygen equipment
- Capped rental items

Supplies and accessories that are necessary for the effective use of medically necessary DME are covered.

For Commercial and Medicare members, in the absence of Plan-specific policy, the Plan follows the Centers for Medicare and Medicaid Services (CMS) guidelines for reimbursement. The Medicare National Coverage Determination (NCD) for Durable Medical Equipment (280.1) includes a list of items that cannot be covered under the Medicare DME benefit. The Medicare Claims Processing Manual, Chapter 20 – Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) provides general instructions on billing and claims processing for DMEPOS. The Durable Medical Equipment Medicare Administrative Carrier (DME MAC) with jurisdiction over the Plan's service area is Noridian Healthcare Solutions.

For MassHealth ACO members, in the absence of Plan-specific policy, the Plan will follow MassHealth guidance. Please refer to the MassHealth DME Payment and Guideline Tool at: <https://www.mass.gov/info-details/masshealth-payment-and-coverage-guideline-tools> and MassHealth DME Regulations.

Capped Rental Items

For capped rental items for all products except MassHealth ACO* the Plan will pay 10 monthly payments equal to the allowed amount for the purchase of the item, when the item is in continuous use by the plan member.

* Effective December 1, 2020, for capped rental items for MassHealth ACO plan members, the Plan will pay 13 monthly payments equal to the allowed amount for the purchase of the item, when the item is in continuous use by the plan member, unless otherwise specified in the supplier's contract. Capped rental items for MassHealth ACO plans must include the appropriate capped rental modifier: KH (for the 1st rental month), KI (for the 2nd and 3rd rental months) and KJ (for the 4th through 13th rental months).

The capped rental payment is inclusive of all costs for the effective use of the equipment by the plan member including maintenance and services, repairs or replacement, and supplies and accessories needed to use the equipment. At the end of the capped rental period the plan member owns the equipment. The supplier will transfer ownership and any warranties to the plan member.

Continuous use - A period of continuous use allows for temporary interruptions in the use of equipment. Interruptions must exceed 60 consecutive days, plus the days remaining in the rental month in which the use ceases (not calendar month, but the 30-day rental period) in order for a new capped rental period to begin.

Modification or substitutions of capped rental items - If an item is changed to different but similar item and the plan member's condition has substantially changed to support the medical necessity for the new item, a new capped rental period will begin. Otherwise, the rental will continue to count against the current capped rental period. If the capped rental period has already expired, no additional rental payment will be made for modified or substituted items in the absence of substantial change in medical need. If a modification is added to existing equipment and there is a substantial change in medical need, the capped rental period for the original equipment continues and a new capped rental period begins for the added equipment.

Payment for Maintenance and Servicing - Payment for all maintenance, servicing, and repair of capped rental DME is included in the capped rental payment amounts. Therefore, under no circumstances will separate payment be made for these services prior to the end of the capped rental period.

The Plan will pay for reasonable and necessary maintenance, servicing and repair of member-owned capped rental items. Reasonable and necessary maintenance and servicing includes parts and labor not otherwise covered under a manufacturer's or supplier's warranty.

The supplier must maintain detailed records describing the need for and nature of all repairs including a detailed explanation of the justification for any component or part replaced as well as the labor time to restore the item to its functionality.

Replacement of Equipment - The Plan covers replacement of DME (capped rental or purchased items) during the reasonable useful lifetime (RUL) when the equipment is lost, irreparably damaged or the plan member's condition changes such that the current equipment no longer meets the plan member's needs. Unless otherwise stated, the RUL for DME is 5 years. The RUL starts on the date of delivery. The age of the equipment at the time of delivery is not a factor. The equipment must be in continuous use by the plan member. A new physician's order is not required for replacement of capped rental DME due to loss or irreparable damage as long as the equipment originally ordered still meets the needs of the plan member.

- When indicating replacement due to irreparable damage, indicate how the item was damaged (fire, flood, etc.).
- When indicating replacement due to loss, indicate the nature of the loss (theft, fire, etc.).

The term "irreparable damage" is often confused with "irreparable wear." Irreparable damage, like loss or theft, is a rare, unexpected event that is an exception to the RUL rule. The Plan considers irreparable damage to have occurred when an item is damaged beyond repair by a specific incident or accident. If the cost to repair the item exceeds the cost of a replacement, the Plan would cover the replacement.

Irreparable wear refers to deterioration sustained from day-to-day usage over time and a specific event cannot be identified. Replacement of a DME item due to irreparable wear takes into consideration the RUL. The RUL of DME varies, but in no case can it be less than five (5) years. If the item has been in continuous use by the plan member for its RUL, the plan member may elect to obtain a replacement. (This means that replacement due to wear and tear is possible only after the 5-year RUL.) After the supplier transfers title for capped rental DME to the member, the supplier is responsible for furnishing replacement equipment at no cost to the member or the Plan if it is determined that the item will not last until the end of its 5-year reasonable useful lifetime. In making this determination, the Plan will consider whether the accumulated repair costs exceed 60% of the fee schedule amount for the item. Accumulated repair costs refer to all repair claims for a given item after the rental period ends. These repair costs represent the total of all repair costs after the plan member has assumed ownership of the item.

Oxygen and oxygen equipment

The rental period for oxygen and oxygen equipment is 36 months. The Plan will follow Medicare guidelines relating to reimbursement for oxygen and oxygen equipment. This rental period applies to all of the Plan products.

Definitions

Durable medical equipment: An item for external use that can withstand repeated use, is primarily and customarily used to serve a medical purpose, generally is not useful to a person in the absence of illness or injury, and is appropriate for use in a member's home.

Power mobility device: A device that is battery-driven, designed for use by people with mobility impairments, and is used for the main purpose of indoor and/or outdoor locomotion. The term power mobility device (PMD) includes power operated vehicles (POV) and power wheelchairs (PWC).

Medical supplies and surgical dressings: Items which are primarily and customarily used to serve a medical purpose; are ordered or prescribed by a practitioner; and are not useful to a person in the absence of illness or injury. Medical supplies cannot withstand repeated use and are usually disposable in nature. Surgical dressings are therapeutic or protective coverings applied directly to wounds or lesions either on the skin or caused by an opening to the skin.

Reimbursement

DME

The Plan will reimburse for:

- The least costly DME that permits the member to perform activities of daily living.
- Rental or purchase of DME based on equipment needed, as set forth in the provider fee schedule.
- Costs associated with replacement parts and labor for DME that is member-owned.

The Plan will **not** reimburse:

- Repair or replacement of items lost or damaged due to abuse or neglect.
- Sales tax, shipping and handling, or restocking charges associated with obtaining DME.
- Spare or back-up equipment.
- Standard "off the shelf" batteries including but not limited to battery sizes AAA, AA, A, C, D, etc.
- Replacement during the reasonable useful lifetime of the equipment. These reasonable useful lifetimes are item-specific and are based on Medicare guidelines.

Equipment that is rented will be reimbursed up to, and not exceeding, the maximum allowed rental period. Providers may not bill the Plan or the member for further rental costs. In the event of a Plan member's death or disenrollment during the rental period, the equipment will be returned to the vendor. In the event of a Plan member's death or disenrollment after the rental period is satisfied or the item is purchased, the equipment becomes the member's or belongs to the member's estate.

If the Plan rents or purchases any DME on behalf of an individual member receiving care within a facility (either purchased from the facility or from an independent DME provider), those items must be sent home with the member upon discharge from the facility. This would apply to any items not typically available within the facility.

Power Mobility Devices

The Centers for Medicare and Medicaid Services (CMS) classifies power wheelchairs and power operated vehicles collectively as "power mobility devices." The Durable Medical Equipment Medicare Administrative Carrier (DME MAC) with jurisdiction over the Plan's service area is Noridian Healthcare Solutions. Please refer to Noridian's Local Coverage Determination for Power Mobility Devices (L33789) for coverage guidance and Noridian's Local Coverage Article for Power Mobility Devices (A52498) for billing and coding guidance for power wheelchairs and power operated vehicles.

Consistent with CMS guidelines, the following requirements must be met in order for reimbursement to be made. Supporting documentation must be complete and submitted to the Plan before the request for prior authorization will be considered.

- There must be an in-person (face-to-face) visit with a physician specifically addressing the patient's mobility needs.
- There must be a history and physical examination by the physician or other medical professional focusing on an assessment of the member's mobility limitation and needs. The results of this evaluation must be recorded in the member's medical record.
- A prescription must be written AFTER the in-person visit has occurred and the medical evaluation is completed. This prescription has seven required elements.
- The prescription and medical records documenting the in-person visit and evaluation must be sent to the equipment supplier within 45 days after the completion of the evaluation.

The in-person visit and mobility evaluation together are often referred as the "face-to-face evaluation". For further details regarding the face-to-face evaluation documentation requirements, please visit the following link: [Power Mobility Devices \(PMDs\): Complying with Documentation & Coverage Requirements](#).

Power wheelchairs – Standard power wheelchairs are capped rental DME. The purchase option is available for complex, rehabilitative power wheelchairs (e.g., power wheelchairs with power seating systems and/or special controls needed by the plan member). Power wheelchairs are not covered for short-term use. The supplier will transfer the title to the plan member at the end of the capped rental period. The supplier must replace a capped rental item free of charge if it does not last the full 5-year period (i.e., is no longer serviceable or needs substantial repairs exceeding 60% of the cost to replace the item). This replacement equipment does not need to be new (42 CFR Section 414.210(e)(4)).

Power Operated Vehicles (POV) – Power Operated Vehicles can be rented or purchased.

Replacement of a power mobility device during the 5-year reasonable useful lifetime (RUL) will only be authorized in limited situations involving loss or irreparable damage from a specific accident or natural disaster (e.g., fire, flood, etc.).

Irreparable wear refers to deterioration sustained from day-to-day usage over time and a specific event cannot be identified. Replacement of equipment due to irreparable wear takes into consideration the reasonable useful lifetime of the equipment. (This means that replacement due to wear and tear is possible only after the 5-year reasonable useful lifetime.)

The plan member may elect to obtain a replacement power mobility device, when the power mobility device has been in use on a continuous basis for five years. If a new power mobility device is needed after the 5-year RUL, all requirements for a new power mobility device must be met. Many new products are available, the codes have changed, and a plan member's functional status must be assessed through a new face-to-face evaluation in order to establish need.

Reimbursement for the wheelchair includes all labor charges involved in the assembly of the wheelchair. Reimbursement also includes support services, such as delivery, set-up, and education about the use of the power mobility device.

After ownership of the power mobility device has been transferred to the plan member, the Plan will reimburse maintenance and servicing.

Upgrades that are beneficial primarily in allowing the plan member to perform leisure or recreational activities are noncovered.

A power mobility device only for use outside the home is noncovered.

Backup chairs are denied as not medically necessary.

One month's rental of a PWC or POV (K0462) is covered if a plan member-owned wheelchair is being repaired. Payment is based on the type of replacement device that is provided but will not exceed the rental allowance for the power mobility device that is being repaired.

Medical supplies and surgical dressings

Required medical/surgical supplies can be obtained by the member from a Plan-contracted DME provider with a provider's prescription. The Plan reimburses for medical supplies and surgical dressings when they are determined to be medically necessary, are appropriate for the treatment

of the member's condition, are prescribed by a practitioner, and are used primarily for the practitioner's supervised treatment of a medical illness or injury.

Medical supplies and surgical dressings are not covered when they are items usually stocked in the home for general use, or when they are considered a routine part of the doctor's office visit. If a specialist applies a surgical dressing as part of a professional service, the surgical dressings are considered incidental to the professional service and are not reimbursed separately from the office visit.

Please see the *Non-Covered Services* payment policy code report for further details regarding coverage of specific codes.

Practitioner orders and maximum quantity of supplies

To ensure alignment with industry standards, the Plan follows CMS guidelines regarding unit limits (for members enrolled through MassHealth, the Plan will follow MassHealth guidelines). Please refer to CMS or MassHealth guidelines for more details.

Order quantity must be based on medical necessity and not for the convenience of the member or home health agency staff.

Written orders

- An order for each item billed must be signed and dated by the **treating practitioner** and kept on file by the supplier and made available upon request from the Plan.
- A written, signed, and dated order must be received by the supplier before a claim is submitted.

The order must specify the following:

1. Type of supply or dressing (e.g., catheter, hydrocolloid wound cover, hydrogel wound filler).
2. Size of the dressing (if appropriate).
3. The number/amount to be used at one time (if more than one).
4. The frequency of dressing changes expected (if appropriate).
5. The date of the order.
6. The expected duration of need.
7. The signature of the ordering, treating practitioner.

Medical record documentation requires the following:

1. The type of supply or dressing, listed by code.
2. When applicable, the number of surgical/debrided wounds being treated with a dressing.
3. When applicable, the reason for dressing use (e.g., surgical wound, debrided wounds).
4. When applicable, whether the dressing is being used as primary or secondary.
5. The source of that information and date obtained must be documented in the supplier's records.
6. Current clinical information which supports the reasonableness and necessity of the type and quantity of supplies or surgical dressings provided must be easily inferred in the patient's medical records.
7. Evidence of monthly evaluation of patient status must be performed and documented, and if not, reasons why an evaluation could not occur.
8. The evaluation must include the type of wound, location, size and depth, the amount of drainage, and any other information.

This information must be made available upon request of the Plan.

New orders – every 3 months

- A new order is needed if a new supply or dressing is added or if the quantity of an existing supply or dressing to be used is increased. A new order is not needed if the quantity of supplies or dressings is decreased.

- A new order is required at least every 3 months for each supply or dressing being used even if the quantity used has remained the same or decreased.
- Medical supplies (e.g., catheters) for chronic, permanent conditions may have a standing order issued that is valid for a maximum of one year.

Referral/notification/prior authorization requirements

DME

Most DME items require prior authorization. Please refer to the Procedure code look-up tool on the Plan website for prior authorization requirements. The Procedure code look-up tool is available at: <http://www.fchp.org/providertools/ProcedureCodeLookup/>.

Medical supplies

Prior authorization is not required for medical supplies and/or surgical dressings with the exception of the following:

- Miscellaneous medical supply codes,
- Not Otherwise Specified (NOS) medical supply codes, and
- Therapeutic molded shoes and shoe inserts for diabetics.

The vendor must obtain orders, maintain Medical Record Documentation, and produce this documentation upon the request of the Plan.

If the member is self-pay, a copy of the member's Waiver Letter must be available upon request of the Plan.

Power mobility devices

Power mobility devices require Plan prior authorization.

Fallon Health Weinberg PACE and MLTC programs are based on patient care coordination; therefore, we encourage referring providers to contact the member's designated care coordinator if there are questions or concerns prior to prescribing tests, supplying equipment, or providing any other additional appointments or services that may not routinely be authorized or may require prior authorization.

Summit ElderCare® is based on member care coordination; therefore, the referring Summit ElderCare PACE site must be contacted for approval, prior to coordinating and/or rendering services.

Billing/coding guidelines

Professional charges must be submitted on a CMS-1500 claim form or electronic equivalent. Hospital charges must be submitted on a UB-04 or in HIPAA standard electronic formats, per industry standard guidelines.

The Plan may request medical records for determination of medical necessity. When medical records are requested, letters of support and/or explanation are often useful, but are not sufficient documentation unless all specific information needed to make a medical necessity determination is included.

Bill items with valid HCPCS codes and use one of the following modifiers:

| | |
|----|---|
| NU | Submit with HCPCS DME code to indicate new durable medical equipment |
| UE | Submit with HCPCS DME code to indicate used durable medical equipment |
| RR | Submit with HCPCS DME code to indicate a rental |
| MS | Submit with HCPCS DME code to indicate six month maintenance and servicing fee for reasonable and necessary parts and labor which are not covered under any manufacturer or supplier warranty |

Bill capped rental DME items for MassHealth ACO plan members with a valid HCPCS code and one of the following modifiers:

| | |
|----|------------------------------------|
| KH | First rental month |
| KI | Second and third rental months |
| KJ | Fourth to thirteenth rental months |

For ACO members, please refer to the MassHealth DME Payment and Guideline Tool at: <https://www.mass.gov/info-details/masshealth-payment-and-coverage-guideline-tools>.

Ordering/Referring Provider NPI

Effective December 1, 2020, all claims for items and services that are the result of an order or referral must include the ordering/referring provider’s name, qualifier (DN/DK), and valid NPI.

On a CMS-1500 claim form (02-12) or electronic equivalent:

- Report the name of the ordering provider in Item 17 and the appropriate qualifier to the left of the dotted line on the CMS-1500 (Version 02/12) claim form: DK (ordering provider); report the name of the ordering provider in 2420E Ordering Provider Loop, segment NM1 Ordering Provider Name (Segment NM101 (Qualifier), Segment NM103-NM105 (Name)).
- No information should appear in Item 17a. Item 17a was formerly used to report the Unique Physician Identification Number (UPIN), which is no longer used -- leave this item blank.
- Report the National Provider Identifier (NPI) of the ordering provider in Item 17b or the 837P 2420E Ordering Provider Loop, segment NM109 [NPI].

| Qualifier | Provider Role |
|-----------|--------------------|
| DN | Referring Provider |
| DK | Ordering Provider |

Place of service

This policy applies to DME provided for use in the member’s home and medical supplies/ surgical dressings provided in the home. Additionally when provided as part of a skilled home care service authorized by the Plan in an outpatient setting. For the purposes of the policy, a long term care facility is not considered a member’s home.

When billing POS for ACO members please refer to the MassHealth DME Payment and Guideline Tool at: <https://www.mass.gov/info-details/masshealth-payment-and-coverage-guideline-tools> .

Policy history

Origination date: 11/06/2002
 Previous revision date(s): 11/06/2002, 10/25/07
 01/01/2011 - Moved to new payment policy format; expanded scope to address more than a capped period for rental of DME; added 36 month rental period cap for oxygen system and equipment for Senior Plan members; changed name from Durable Medical Equipment (DME) Capped Rental Payment Policy.
 03/01/2013 – Updated discussion about prior authorization for rented DME.
 09/01/2015 - Moved to Plan template and clarified capped language.
 03/01/2016 - Updated policy section and clarified language regarding reasonable useful lifetime.

Connection date & details:

07/01/2016 - Added clarifying language regarding rental periods and reasonable useful lifetimes and added additional modifiers.
01/01/2017 - Updated the policy section.
07/01/2017 - Added requirements for power mobility device reimbursement.
09/01/2017 - Added medical supply language and updated title.
November 2017 – Updated the reimbursement section.
April 2018 – Updated place of service section
April 2019 – Updated policy section to clarify we defer to CMS rules. Removed authorization requirement for DME repair.
July 2019 – Removed Wigs from requiring authorization section.
October 2020 – Clarified payment for capped rental DME; added requirement for ordering/referring provider's name, qualifier, and valid NPI.
January 2021 – Added clarification that the 13-month rental period shall apply to capped rental DME for MassHealth ACO members unless otherwise specified in the supplier's contract.
January 2022 – Added information and link for the MassHealth DME and payment guideline tool which will be applied to MassHealth ACO members unless otherwise specified in supplier's contract.

The criteria listed above apply to Fallon Health plan and its subsidiaries. This payment policy has been developed to provide information regarding general billing, coding, and documentation guidelines for the Plan. Even though this payment policy may indicate that a particular service or supply is considered covered, specific provider contract terms and/or member individual benefit plans may apply and this policy is not a guarantee of payment. The Plan reserves the right to apply this payment policy to all of the Plan companies and subsidiaries. The Plan routinely verifies that charges billed are in accordance with the guidelines stated in this payment policy and are appropriately documented in the medical records. Payments are subject to post-payment audits and retraction of overpayments.