Subject: Durable Medical Equipment

NY Policy: 0022  Effective: 12/01/2013 – 11/30/2014

Coverage is subject to the terms, conditions, and limitations of an individual member’s programs or products and policy criteria listed below.

DESCRIPTION
The definition of durable medical equipment (DME) is based on the member’s contract definition of DME. Generally a DME item must:
- Be able to withstand repeated use
- Be appropriate for use in the home
- Be medically necessary for the treatment of an illness or injury
- Be primarily used to serve a medical condition
- Not be generally useful to a person in the absence of illness or injury

Our members’ contract benefits also address coverage specifics for prosthetic devices, orthotics, and supplies (POS).
- Prosthetic devices are items that replace all or part of an internal body organ, or replace all or part of the function of a permanently inoperative or malfunctioning internal body organ.
- Orthotic devices are items used for the correction or prevention of skeletal deformities and are rigid or semi-rigid supportive appliance which restricts or eliminates motion.
- Supplies needed in conjunction with DME equipment are items which are usually disposable and are provided as needed to accomplish a specific task or function. Supplies are always purchased, not rented, but may not be a covered benefit.

This policy applies to providers’/suppliers’ claims submitted on a Form CMS 1500. DME can be purchased, rented, or rented until the purchase price has been paid. Occasionally, a purchased DME item may need maintenance, repair, or replacement. This policy addresses the Health Plan’s reimbursement policy pertaining to these categories, and describes the appropriate billing guidelines required in order for a DME item or service to be eligible for reimbursement.

POLICY
All claims submitted by a provider/supplier for purchased or rented DME, and for DME repair, maintenance or replacement must be coded with the applicable Health Care Procedure Coding System (HCPCS) code(s) and must have the applicable modifier appended.

The following are not eligible for separate reimbursement:
- Sales tax
- Shipping and handling fees
- Equipment delivery services, and set-up fees
- Education and/or training for a member/family member.
- Maintenance and repair fees for rented DME items

A. REIMBURSEMENT CLASSIFICATIONS. The Health Plan has four types of reimbursement classifications for DME. They are:
1. Purchase Only (new or used) (P)
2. Rent to Purchase Only (RTP)
3. Continuous Rental
4. Purchase and Rent to Purchase (P/RTP)

We use The Centers for Medicare & Medicaid Services (CMS) DMEPOS payment classes as a general guide to help decide on the reimbursement classification for a particular DME item. The CMS categories are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>OS</td>
<td>Ostomy Supplies</td>
</tr>
<tr>
<td>PO</td>
<td>Prosthetics and orthotics</td>
</tr>
<tr>
<td>SD</td>
<td>Surgical dressings</td>
</tr>
<tr>
<td>TS</td>
<td>Therapeutic Shoes</td>
</tr>
<tr>
<td>TE</td>
<td>Transcutaneous electric stimulators</td>
</tr>
<tr>
<td>SU</td>
<td>Supplies</td>
</tr>
<tr>
<td>CR</td>
<td>Capped rental</td>
</tr>
<tr>
<td>OX</td>
<td>Oxygen</td>
</tr>
<tr>
<td>IN</td>
<td>Inexpensive</td>
</tr>
<tr>
<td>FS</td>
<td>Frequently serviced</td>
</tr>
</tbody>
</table>

The nature of the DME item, its cost, and its assigned payment class is considered when determining whether a covered item will be eligible for reimbursement as a P, RTP, Continuous Rental, or a P/RTP.

1. PURCHASE ONLY (P):
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a. Items assigned to this classification are eligible for reimbursement only when purchased; they are not eligible for reimbursement when rented. These items generally are not reusable (such as supplies), or are available for long-term use, and/or are customized and/or have a purchase price of $250 or greater.

b. Payment for a covered purchased DME item is reimbursed at the allowed amount. To designate that a DME item was purchased, the applicable HCPCS code must be reported with the appropriate modifier or the claim will be denied since the modifier affects the allowed amount.
   - Modifier NR is to be appended if the DME was new at the time of rental and is subsequently purchased.
   - Modifier NU is to be appended if the DME item is purchased new.
   - Modifier UE is to be appended if the DME item is purchased used.

c. General Prosthetic and Orthotic devices, Supplies, Miscellaneous Supplies and Other Items (OS, PO, SD, SU, TS) are classified as “Purchase Only.” Some examples are:
   - Parenteral and enteral nutrition
   - Insertion trays, catheters, drainage bags, and skin barriers
   - Lumbar-sacral orthotics (LSO)
   - Prostheses (leg, foot, knee, etc.), prosthetic lenses, and maxillofacial devices
   - Cardiac pacemakers
   - A urinary collection and retention system with or without a tube. (This is a prosthetic device replacing bladder function in case of permanent urinary incontinence.)
   - Colostomy (and other ostomy) bags and necessary accoutrements (such as irrigation and flushing equipment, and other items and supplies directly related to ostomy care, whether or not the attachment of a bag is required.) These items are covered as prosthetic devices.
   - Other miscellaneous supplies such as: sterile saline or water, blood glucose test or reagent strips, lancets, medication, hemodialysis kits, peritoneal dialysis kits, etc.

2. RENT TO PURCHASE ONLY (RTP):
   a. Items assigned to this classification are not routinely purchased up-front. They are reusable; not service intensive; not customized; and/or may only be needed for short term use.
      - Reimbursement for the rental of RTP items is based on the Health Plan’s allowed amount for such items, and is limited to 10 months.
      - Reimbursement for items that are rented for less than 10 months is limited to the allowed amount for the purchase price (“rental limit”) for the item.
      - At 10 months, or once the item has reached the rental limit, no further reimbursement is allowed.*
      - If an item is rented for a trial period and then purchased, the rental fee paid for the trial period is deducted from the allowed amount for the purchase price.
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• During the rental period, maintenance and/or repairs are not separately payable as they are included in the rental allowance.

*An exception to this rule is if there is a consecutive 3-month break in rental, or if the rental of a DME item is discontinued from one provider, and then obtained from a different provider. The 10-month RTP reimbursement limit begins with the resumption month or the new rental from the new provider.

b. If the Health Plan’s rental limit changes during the rental period, the new rental limit is applicable, and not the rental limit in effect before the change.

3. CONTINUOUS RENTAL
This category includes equipment which is never purchased and the rental reimbursement is not capped at the purchase price. These items are referred to as frequently serviced (FS) items. The Health Plan reimburses these items as rentals for as long as is medically necessary. Reimbursement for continuous rental items is based on the Health Plan’s allowed amount for the monthly rental period. Some examples of continuous rental items include: oxygen related equipment, ventilators, aspirators, and IPPB machines.

4. PURCHASE AND RENT TO PURCHASE (P/RTP)
Items assigned to this classification can be either purchased or rented to purchase. The Health Plan will determine reimbursement for purchased items based on the allowed amount for the purchase of the item. The Health Plan will determine reimbursement for items rented to purchase at the allowed amount for the rented item for the rental period (i.e., daily, monthly). Reimbursement for rent to purchase items is limited to the allowed amount for the purchase price for the item (“rental limit”). Some less expensive DME items are routinely purchased at least 75% of the time (IN, TE). These items may usually be purchased for less than $250. However, if these items are rented on a trial basis, or for a limited time frame, the total amount paid for the trial/rental period will not exceed the allowed amount for the rental limit.

Some examples of items in this category may include:
• Canes, walkers, crutches, seat lift mechanisms
• Commode chairs, bedside rails, traction equipment,
• Low pressure and positioning equalization pads
• Home blood glucose monitors, pneumatic compressors (lymphadema pumps)
• Portable nebulizers, transcutaneous electric stimulators
• Transcutaneous electric stimulators (TE)
• Hospital beds, air-fluidized beds, alternating pressure pads
• Nebulizer with compressor or heater; suction pumps
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- Continuous airway pressure (CPAP) devices
- Wheelchairs, bedside patient lifts, and trapeze bars

The Health Plan will apply frequency maximums per day and/or per date span (usually based on CMS’s MUEs, industry standards, and/or HCPCS description) for DME. (See also, our Frequency Editing policy.)

B. REPORTING DME RENTAL. To designate that a DME item is being rented, Modifier **RR** (rental of DME equipment) must be appended to the applicable HCPCS code.
- The Health Plan does not reimburse for DME when rented for use in an ambulatory surgical center or surgical suite setting (24), emergency room (23), hospital inpatient (21) or outpatient (22), skilled nursing facility (31), or office (11) (e.g., rental of compression devices, HCPCS codes E0673, E0675, and E0676, are not eligible for reimbursement when reported in a facility place of service).
- The rental period is per month and reimbursement is based on one unit per monthly calendar period.** The Health Plan does not pay more than one monthly rental payment in any 28 day period.
- One unit is reported in the unit field, and the “from and through” dates are indicated in the date of service fields.
- If more than one month of consecutive rental is reported on one claim, each monthly time frame must be reported on separate lines.

**HCPCS codes E0935-E0936 (CPM) and E0202 (bili-light) are reimbursed based on a daily rental amount. For these codes, units are reported based on the daily rental time frame.

C. REPAIR, REPLACEMENT and MAINTENANCE. The repair or replacement of a DME item may be necessary through normal wear and tear, or body growth and change. The Health Plan provides reimbursement for maintenance, repairs, and replacement of approved medically necessary DME that has been purchased. Reimbursement for repair or replacement may include DME that had been previously purchased prior to the member’s covered effective date. Repairs, replacement, or maintenance fees are not separately payable while equipment is rented.

1. Repair and Replacement
To report the repair or replacement of a DME item, modifier **KC** (replacement of special power wheelchair interface), modifier **RA** (replacement of a DME, orthotic, or prosthetic item) or modifier **RB** (replacement of a part of a DME, orthotic, or prosthetic item furnished as part of a repair) is appended to the HCPCS code for the repair item, and HCPCS code K0739 or K0740 is reported for the labor component.
Repair and replacement of DME and/or parts that are classified as “frequently serviced DME items” by the Health Plan are not eligible for reimbursement. (See Coding section.)

- The Health Plan will reimburse for reasonable and necessary repairs of approved medically necessary member-owned equipment except: when the cost of repairs exceeds the allowed amount for the purchase of a replacement item; or when the required repairs are due to damage, neglect, misuse or mistreatment of the equipment by the member.

The Health Plan does not reimburse for the cost of loaner equipment (i.e., HCPCS code K0462); such cost is included in the reimbursement for the repair of a DME item. Reimbursement may be made for the replacement of a purchased item when the item is irreparably damaged, or when the cost of repair would exceed the allowed amount for the purchase price of new equipment.

2. Maintenance and Servicing
Modifier MS (six month’s maintenance and servicing fee for reasonable and necessary parts and labor which are not covered under any manufacturer or supplier warranty) must be appended to the applicable HCPCS code to report the maintenance of a DME item. A DME item that is eligible for maintenance reimbursement will be reimbursed equivalent to one month’s rental allowance for that piece of equipment, for up to two times a year.

The Health Plan will provide separate reimbursement for the maintenance and servicing of DME equipment items classified by the Health Plan as “Continuous Rental” (never purchased items) only if the DME item had been previously purchased prior to membership coverage through this Health Plan.

When maintenance and servicing is eligible for reimbursement for Oxygen Concentrators and Ventilators, the following services are included in that reimbursement:

- Routine checks to ensure equipment is operating according to manufacturers guidelines
- On-call services for members in need of help – this includes after hours and weekends
- If equipment needs to be taken from the member’s possession while maintenance is performed, the DME provider/supplier must provide a loaner to the member during the period of maintenance. Such loaner is not eligible for separate reimbursement.
- Required cannulas, extension tubing and other routine supplies (applicable to O₂ concentrators)

### CODING

<table>
<thead>
<tr>
<th>Health Plan Frequently Serviced DME</th>
</tr>
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<tbody>
<tr>
<td>E0425</td>
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<td>E0430</td>
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Professional Reimbursement Policy

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tr>
<td>E0435</td>
<td>Portable liquid system, purchase</td>
</tr>
<tr>
<td>E0440</td>
<td>Stationary liquid oxygen system, purchase</td>
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<tr>
<td>E0450</td>
<td>Volume control ventilator invasive interface</td>
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<tr>
<td>E0460</td>
<td>Negative pressure ventilator portable/stationary</td>
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<tr>
<td>E0461</td>
<td>Volume control ventilator, w/o pressure support mode</td>
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<tr>
<td>E0463</td>
<td>Pressure support ventilator invasive interface (e.g., tracheostomy tube)</td>
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<tr>
<td>E0464</td>
<td>Pressure support ventilator noninvasive interface (e.g., mask)</td>
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<tr>
<td>E0500</td>
<td>IPPB all types</td>
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<tr>
<td>E0575</td>
<td>Nebulizer ultrasonic</td>
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<tr>
<td>E1390</td>
<td>Oxygen concentrator</td>
</tr>
<tr>
<td>E1391</td>
<td>Oxygen concentrator, dual</td>
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<tr>
<td>E1392</td>
<td>Portable oxygen concentrator</td>
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<tr>
<td>K0738</td>
<td>Portable gas oxygen system</td>
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POLICY HISTORY

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<td>04/07/2009</td>
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<td>08/20/2009</td>
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<td>07/10/2012</td>
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<tr>
<td>09/03/2013</td>
<td>Annual Review</td>
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