



## Durable Medical Equipment (DME) Payment Policy

### **Policy**

Fallon Community Health Plan (FCHP) reimburses approved providers for durable medical equipment (DME) when authorized as medically necessary. In general, FCHP uses the Medicare capped rental fee schedule to determine whether an item will be rented or purchased. When applicable, a rent or purchase determination will be made during the prior authorization process.

FCHP will pay a provider the contractual allowable amount for the rental of the item, up to a maximum of ten months. After ten months, the member owns the equipment and reimbursement is limited to costs associated with replacement parts and labor.

Rental of DME is appropriate when the prescribing provider specifies that the item is medically necessary for a limited duration of time. Claims for DME rental must be for the time period the equipment is actually used by the member, but not to exceed the maximum allowed rental period for the equipment.

Effective on January 1, 2011, the rental period for oxygen system and equipment for Fallon Senior Plan members is capped to 36 months. Once the rental cap period is reached, reimbursement is limited to one maintenance and servicing fee every six months beginning (1) six months after the equipment has been purchased or the rental capped period has been reached, or (2) when the item is no longer covered under the supplier's or manufacturer's warranty (whichever is later).

### **Definitions**

**Durable medical equipment (DME)** is defined as 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.

### **Benefits application**

- FCHP Direct Care/FCHP Select Care
- Commonwealth Care
- Companion Care
- FCHP MassHealth
- Major Medical
- Fallon Preferred Care
- Fallon Senior Plan™
- Fallon Senior Plan Preferred
- Summit ElderCare®
- NaviCare<sup>SM</sup>

## Reimbursement

FCHP 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 the provider fee schedule.
- Costs associated with replacement parts and labor for DME that is member owned.

FCHP 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 (no less than five years) of the equipment.
- Costs of DME provided for use in places other than the member's home.\*

Equipment that is rented will be reimbursed up to, and not exceed, the maximum ten month period.

- Providers may **not** bill FCHP or the member for further rental costs.
- Providers may **not** bill for both the rental and purchase of the same DME item.

## Referral/notification/prior authorization requirements

Most DME items require prior authorization. Please refer to the FCHP *Provider Manual's* Managing Patient Care section on Durable Medical Equipment and Orthotic/Prosthetic Devices for prior authorization requirements.

In the absence of specific FCHP medical policy, FCHP follows the Centers for Medicare and Medicaid Services (CMS) guidelines for medical necessity criteria.

Summit ElderCare requires prior authorization for all non-emergency outside services. Please contact the referring Summit ElderCare PACE site for assistance.

NaviCare<sup>SM</sup> requires that all non-emergency services be authorized in advance. Please contact an Enrollee Service Representative at 1-877-700-6996 for assistance.

## Billing/coding guidelines

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

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

NU	Purchased/new equipment	Submit with HCPCS DME code to indicate a purchase
RR	Rental use	Submit with HCPCS DME code to indicate a rental

Charges for replacement parts and labor must be prior authorized. Bill for replacement parts with valid HCPCS DME codes and labor with K0739 - repair or non-routine service for durable medical equipment other than oxygen requiring the skill of a technician, labor component, per 15 minutes.

## **Place of service**

This policy applies to DME provided for use in the member's home.\*

## **Policy history**

Origination date:	11/06/2002
Previous revision date(s):	11/06/2002, 10/25/07
Connection date & details:	November 2010 – 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.

*This payment policy has been developed to provide information regarding general billing, coding and documentation guidelines for FCHP. 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. FCHP reserves the right to apply this payment policy to all FCHP companies and subsidiaries.*

\* For the purposes of this policy, a long-term care facility is not considered a member's home.