



Billing Guidelines:

Durable Medical Equipment (DME)

Information contained within this document is intended as a reference resource. It is not intended to address every aspect of DME rental vs. purchase. Other factors affecting reimbursement may modify or supersede this document. Those factors may include mandates and regulations, provider contracts, the member/participant's benefit coverage, etc.

PeakTPA follows Center for Medicare & Medicaid Services (CMS) and National Council on Compensation Insurance (NCCI) edits and other industry sources, such as CPT® guidelines from the American Medical Association.

Authorization requirements must be followed for these services.

Definitions

Durable Medical Equipment (DME) is any equipment for use in the home setting that provides therapeutic benefits to members with certain medical conditions and/or illness. DME consists of items which are:

- Ordered or prescribed by a physician or licensed medical professional
- Not useful to a person in the absence of illness or injury
- Used to serve a medical purpose
- Reusable and able to withstand repeated use
- Appropriate for use in the home/residence

Examples of DME include wheelchairs, canes, crutches, walkers, hospital beds, oxygen equipment, nebulizers, and continuous positive airway pressure (CPAP) equipment.

An *orthotic* is an external appliance such as a brace or splint that prevents or assists movement of the spine or limbs. A *brace* is used for the purpose of supporting a weak or deformed body part or restricting or eliminating motion in a diseased or injured body part.

A *prosthetic* is a device that replaces all or part of an external body organ or all or part of the function of a permanently inoperative or malfunctioning external body organ.

Rental vs. Purchase

Guidelines

Some DME items are eligible for rental as well as for purchase. Some DME items are eligible for rental only. DME rental fees cover the cost of maintenance, repairs, replacement, supplies, and accessories.

Total reimbursement of fees reported for a single code that includes a modifier RR and/or NU is limited to either the purchase price of the item or a maximum number of rental months, whichever is less. Rental limits do not apply to oxygen equipment or ventilators.

CMS guidelines require certain DME items be limited to a place of service (POS), the patient's home. DME suppliers should report the POS code for the location the device is intended to be used. DME dispensed for use in a POS other than the patient's home is not reimbursable.

Some DME items or implantable devices not dispensed in the home setting are not reimbursed with a home POS. They can be dispensed outside the home and considered for payment.

The below table lists POS codes that qualify as "patient's home." These codes should be used when submitting claims.

POS	Description
01	Pharmacy: A location where drugs and other medically related items and services are sold, dispensed, or provided directly to patients
04	Homeless Shelter: A facility whose primary purpose is to provide temporary housing to homeless individuals (e.g., emergency shelters)
12	Home: Location, other than a hospital or other facility, where the patient receives care in a private residence
13	Assisted Living Facility (ALF): Residential facility with self-contained living units. Provides assessment of each resident's needs and has onsite support 24 hours a day, 7 days a week. Has the capacity to deliver or arrange for home health care and other services
14	Group Home: A shared residence where clients receive supervision and other services such as social and/or behavioral services, custodial service, and minimal services
16	Temporary Lodging: A short-term accommodation such as a hotel, campground, hostel, cruise ship, etc. where the patient receives care and is not identified by any other POS
31	Skilled Nursing Facility (SNF): A facility which provides inpatient skilled nursing care to individuals who require medical, nursing or rehabilitative services
32	Nursing Facility: A facility which provides residents skilled nursing care for rehabilitation, disabled, or sick persons or, on a regular basis, health-related care above the level of custodial care to other than individuals with intellectual disabilities
33	Custodial Care Facility: A facility which provides room, board, and other personal care services on a long-term basis and does not include a medical component
54	Intermediate Care Facility/Individuals with Intellectual Disabilities: A facility which provides health-related care and services above the level of custodial care to individuals but does not provide the level of care or treatment available in a hospital or SNF
55	Residential Substance Abuse Treatment Facility: A facility which provides treatment for substance abuse to live-in residents who do not require acute medical care
56	Psychiatric Residential Treatment Center: A facility or distinct part of a facility for psychiatric care which provides 24-hour professionally-staffed group living
65	End-Stage Renal Disease Treatment Facility: A facility other than a hospital which provides dialysis treatment, maintenance, and/or training to patients on an ambulatory or home-care basis

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, reimbursement cannot exceed the total cost to purchase the DME or the contracted fee schedule.

Rental Guidelines:

- DME may be rented when it is classified as "Routinely Purchased DME" (costs above \$200) or inexpensive DME and the anticipated medical need is for a limited time, or the equipment requires high maintenance.
 - Examples include: apnea monitors, hospital beds, continuous passive motion (CPM), traction, infusion pumps, nebulizers, CPAP/BiPAP/DPAP, lymphedema pumps, oxygen equipment (portable and stationary), TENS units, etc.
- When the equipment reaches the maximum reimbursement (up to purchase price or contracted fee schedule allowance), the equipment continues to be owned by the DME provider, but it is left in the patient's possession until no longer needed.
- The DME provider will no longer charge a rental fee once the maximum reimbursement has been met.
- DME rental rates and maintenance fees should be calculated for payment on a prorated basis based on the provider's contracted rates.

Capped rentals are typically expensive items that have historically been routinely rented.

- Capped rental items are usually rented for a period not to exceed 13 months.
- Participant/member assumes ownership of the equipment after 13 months of renting.
 - Complex rehabilitation power wheelchairs may be purchased in the first month of use.

Modifiers

Modifiers are used to provide the description of the DME item and decides the processing of the claim. Not all codes require a modifier, but most do. A modifier conveys whether the item is new or used, rented on a capped basis, purchased, etc.

Below is a table of modifiers used with DME billing. Note that multiple modifiers may be needed.

Modifier	Description
BR	The participant/member has been informed of purchase and rental options and has elected to rent the item
GW	Participant/member is enrolled in hospice and is provided durable medical equipment, prosthetics and orthotics, and supplies (DMEPOS) item, but the item is not related to their hospice condition
KH	DMEPOS item, initial claim, purchase, or first month rental
KI	DMEPOS item, second or third-month rental
KJ	DMEPOS item, parenteral enteral nutrition (PEN) pump or capped rental, months 4-15
KL	DMEPOS item delivered via mail

KM	Replacement of facial prosthesis, including new impression/moulage
KN	Replacement of facial prosthesis using previous master model
KR	Rental item, billing for partial month
KS	Glucose monitor supply for diabetic beneficiary not treated with insulin
KU	Wheelchair accessories and seat back cushions
NR	New when rented (use the NR modifier when DME which was new at the time of rental is subsequently purchased)
NU	New equipment
RA	Replacement of a DME, orthotic or prosthetic item due to loss, theft, or irreparable damage
RB	Replacement of a part of a DME, orthotic or prosthetic item furnished as part of a repair
RR	Rental (use the RR modifier when DME is being rented)
UE	Used durable medical equipment purchase

Noridian Healthcare Solutions has a free tool to assist with assigning appropriate modifiers. It is available at: <https://med.noridianmedicare.com/web/jddme/topics/modifiers/modifier-lookup>.

Purchasing DME

DME may be purchased in any of the following situations:

- Equipment is classified as inexpensive DME costing less than \$200.
 - Examples include canes, walkers, crutches, slings, transfer belts, cervical collars, comfort rings, peak flow meters, and commode chairs.
- Equipment is classified as Other Routinely Purchased DME, which is defined as equipment acquired by purchase at least 75% 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 home blood glucose monitors, leg and arm braces, case boots, cervical braces, and Jobst stockings.
- Equipment is more expensive DME, not classified as Routinely Purchased DME, costs more than \$200, and may be purchased when the following criteria are met:
 - Long-term use is expected based on the patient's prognosis, or rental is expected to exceed purchase price and the maintenance of DME.
 - A rental trial period which applies toward the purchase price has documented patient compliance, patient tolerance, and clinical benefits.

Unlisted and Not Otherwise Classified Codes

Unlisted or Not Otherwise Classified (NOC) codes are only appropriate when a CPT/HCPCS code that accurately identifies an item, service, or procedure performed does not exist.

- A full description of the service must be submitted on the claim form, and any supporting materials such as an invoice with a detailed description should also be attached.
- Claims that do not include a complete description of the service and/or invoice will be rejected as incomplete.
- Authorizations should match the description of the service being billed and applicable pricing needed to process the claim accurately.

References:

Medicare Claims Processing Manual, Chapter 1 - General Billing Requirements

Medicare Claims Processing Manual, Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS)

MLN Matters®, MLN12453 October Quarterly Update for 2021 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule

Medicare Benefit Policy Manual, Chapter 15 - Covered Medical and Other Health Services

Revisions:

Created 05/16/23