



**EFFECTIVE DATE:** 04|01|2021

**POLICY LAST UPDATED:** 01|26|2021

## OVERVIEW

The intent of this policy is to address guidelines for durable medical equipment (DME) items.

In the absence of a medical policy for a specific item, Blue Cross & Blue Shield of Rhode Island (BCBSRI) follows Centers for Medicare and Medicaid Services (CMS) guidelines relating to Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS).

## MEDICAL CRITERIA

Not applicable

## PRIOR AUTHORIZATION

Not applicable

## POLICY STATEMENT

### Medicare Advantage Plans and Commercial Products

#### Rent-to-Purchase

The following guidelines apply to rental items:

- DME rentals are for a period of ten (10) continuous months, after which time they are considered paid up to the purchase price. Charges for monthly rentals beyond ten consecutive months are non-billable.
- As a general rule, DME rentals will be priced at one-tenth (1/10) of the purchase price per month.
- Items classified by CMS with a payment category of Frequent and Substantial Servicing are considered a continuous rental. Items designated by CMS as Frequent and Substantial Servicing can be found on the CMS DME Fee Schedule, with a Category indicator of "FS."
- Oxygen and Oxygen Equipment DME services will be priced at the rental allowance and will be excluded from the rent-to-purchase cap. Items designated by CMS as Oxygen and Oxygen Equipment can be found on the CMS DME Fee Schedule, with a Category indicator of "OX."
- Items designated on the CMS DME Fee Schedule, with a Category indicator of "CR," are considered to be rental items only.
- Items designated on the CMS DME Fee Schedule, with Category indicators other than "FS," "OX," or "CR," can be rented or purchased.
- If a device is proven ineffective prior to reaching the end of a ten-month rental period and the member qualifies for an upgraded device, the remaining balance of the original rental period for the ineffective device will be used. For example, a member rents a continuous positive airway pressure (CPAP) E0601. After 2 months the CPAP has not provided the expected outcome. The member is re-evaluated, and all indications show that a respiratory assist device with bi-level pressure or BIPAP (E0470, E0471) is needed. Coverage for the BIPAP will be provided for the remaining 8 months.

Note: BCBSRI does not reimburse for extended warranties on any DME item

### **Interruption of Rental Period**

A period of continuous use allows for temporary interruptions in the use of equipment. Interruptions may last up to 60 consecutive days. If an interruption lasts less than 60 consecutive days, a new rental period will **NOT** begin. If, however, the interruption is greater than 60 consecutive days, and the physician submits a new prescription/order, new medical necessity documentation and a statement describing the reason for the interruption, a new 10-month rental period can begin. It is the responsibility of the DME supplier to maintain the above-stated documentation. It is expected that such circumstances are limited in number. However, if a pattern of frequent interruptions in excess of 60 days occurs, medical records may be requested for review.

**Note:** Member's medical records must document that services are medically necessary for the care provided. Blue Cross Blue Shield of Rhode Island maintains the right to audit the services provided to our members, regardless of the participation status of the provider. All documentation must be available to BCBSRI upon request. Failure to produce the requested information may result in denial or retraction of payment.

If an interruption of rental period occurs during utilization of an item that requires prior authorization, and the interruption is greater than 60 days (i.e. initiating a new rental period), a new prior authorization request must be completed. Please see the related policy, Prior Authorization via Web-Based Tool for Durable Medical Equipment.

**EXAMPLE:** A patient rents an item for 7 months and is then institutionalized for 45 days. Upon discharge from the institution, the patient resumes use of the equipment and is considered to be in the 8<sup>th</sup> month of the rental period. If however, the interruption is greater than 60 consecutive days, a new 10-month rental period could begin if determined necessary based up on the following documentation supplied by the DME provider for the new rental period: prescription, medical necessity documentation and a statement with explanation of the reason for the prior interruption indicating medical necessity in the prior period did cease.

### **Delivery and Set Up of Equipment**

Delivery and set up of equipment is considered included in the rental or purchase fee and is not separately reimbursed.

### **Repair of DME**

Repair of DME is covered when:

- The original equipment was ordered by a physician; and
- The equipment continues to be medically necessary using the criteria applicable to an initial review.

Additional Notes:

- Repairs to and supplies for rental equipment used during the rental period are included in the rental allowance. The only exception is for CPAP/BiPAP supplies.
- Repair to a DME item will be covered when the repair is medically necessary to make the equipment serviceable, whether the repair is needed during or after the 10-month rental period.
- Rental of a DME item (i.e., "loaner" item) will be covered when a previously approved or covered item is being repaired.

### **Replacement of DME**

BCBSRI follows CMS guidelines regarding the time frame for replacement DME. Per CMS, the reasonable useful lifetime of rental equipment is typically 5 years. Not all replacement durable medical equipment items require prior authorization. Generally, when the initial item required prior authorization, the replacement item will also require prior authorization. Please refer to the Preauthorization via Web-Based Tool for DME policy (See Related Policies Section below) for DME items that require prior authorization. When replacement of a previously authorized item is necessary, the equipment must continue to meet the criteria applicable to the initial review.

Replacement is considered covered when all the following criteria are met:

- The equipment is ordered by a physician; and
- When a new item is required due to a change in the member's medical condition; or
- The equipment no longer meets the member's functional needs due to the member's physical changes, such as skeletal growth or significant weight changes; or
- Cost to repair the DME is comparable to replacing it; or
- When an upgrade is required, and the manufacturer no longer provides needed support for the item.

Replacement batteries are covered for the operation of a device, except for hearing aid batteries.

### **Maintenance and Service**

- Maintenance, defined as the routine periodic servicing (e.g., testing, cleaning, regulating, and checking of the equipment), except for oxygen equipment, is not covered.
- Routine periodic servicing, such as testing, cleaning, regulating, and checking of the beneficiary's equipment, is not covered. The owner is expected to perform such routine maintenance rather than a retailer or some other person who charges the member.

### **Convenience and Duplicate Equipment**

Durable medical equipment and medical supplies prescribed primarily for the convenience of the member or the member's family are not covered, including but not limited to, duplicate DME and medical supplies for use in multiple locations or any DME or medical supplies used primarily to assist a caregiver.

### **Deluxe Equipment**

Coverage is allowed for the basic item needed to meet the functional need of the average person. "Deluxe" or "enhanced" equipment is not covered.

### **Items Purchased by Members**

Items purchased by members can be submitted for reimbursement. Claims submitted by members for reimbursement must include a receipt for the purchase of the item and a copy of the physician's order for the item. The physician's order must include the appropriate diagnosis code and the receipt from the vendor for the purchase must include the product description and HCPCS code.

### **Monthly Rentals**

The following guidelines apply to monthly rentals:

- To ensure correct claims processing, claims for monthly rentals should include a unit of 1 per month.
- One month is equivalent to one calendar month.

### **Change in Supplier/Insurance Coverage/Carrier**

A change made by a member that results in a member receiving services from a new DME supplier or change of insurance carrier during a 10-month rental period will not automatically initiate a new 10-month rental period if there is not a lapse in service between DME suppliers.

- If the new DME supplier accepts a transfer of the item or device from the previous DME supplier (e.g. the title of the item or device is transferred), the member/plan (co-pays and deductibles may apply) would be responsible for the remaining months of the 10-month rental period, and the new DME supplier would only receive the remaining months up to the maximum 10-month rental.
- If the new DME supplier does not accept a transfer of the item or device, a new rental period with a new item or device would begin. The member is responsible for the new 10-month rental period.

If there is a lapse in insurance coverage during the change to a new supplier/insurer, and the lapse is less than 60 days, a new rental period will not begin. If, however, the lapse in coverage during a change to a new supplier/insurer is greater than 60 days, a new rental period can begin.

#### Change in Supplier Example:

If the member changes DME supplier for any reason after the 8<sup>th</sup> rental month, the new BCBSRI participating DME supplier, if it accepts the transfer, will be allowed to be reimbursed for the rental payment for the 2 remaining rental months of the total 10-month rental period only. The DME supplier that bills for the item in the 10<sup>th</sup> month of the rental period is responsible for maintenance and servicing of the item or device after the 10-month period, as well as any warranty that may apply to the item or device. It is understood that if the new DME supplier accepted the transfer of the item or device or accepted the risk of supplying the member with a new item or device at the 8<sup>th</sup> rental month, BCBSRI will only reimburse for the remaining 2 months as to not have the member incur more costs than they would have if they had stayed with the same supplier for the entire 10-month rental period. BCBSRI participating providers are not required to accept a transfer of a member unless such transfer is related to the supplier purchase, merger or any other business agreement/relationship for which the new supplier is accepting/taking on members from the previous supplier.

#### Change in Insurance Coverage/Carrier Example:

If a member changes insurance carrier (no lapse in the members' coverage and no change to the DME supplier) after the 3<sup>rd</sup> rental month, the existing BCBSRI participating DME supplier shall be reimbursed by BCBSRI for the remaining 7 months of the rental period only and the DME supplier shall not be allowed to bill the member for any charges related to that item or device after the 10<sup>th</sup> month rental has been paid by BCBSRI. As the participating BCBSRI supplier has received the full value of a 10-month rental between BCBSRI and the previous insurer, the full 10-month payment is considered complete. Please note the total value of the 10-month payment that would have been made by BCBSRI if the member was covered under BCBSRI for the entire 10-month period is not taken into consideration in terms of if the supplier has received the full value of the 10-month rental. BCBSRI and the participating provider realize that there are differing allowable amounts between insurance carriers and the total value between carriers of a 10-month rental may fluctuate.

#### Change in Insurance Coverage/Carrier with Lapse in Coverage Example:

Follow Interruption of Rental Period Guidelines above

### **Non-covered DME**

DME and related supplies are a contract exclusion for the following indications:

- The item does not meet the CMS definition of durable medical equipment noted in the background section of this policy.
- Repairs or replacement of the DME that are a result of abuse, neglect, or if lost or stolen.
- Repair/replacement of DME covered by the manufacturer, under warranty, will be the responsibility of the BCBSRI participating provider.

### **DME Obtained from Online Retailers**

#### **Commercial Products Only**

- Members may obtain **new** items and be reimbursed for items from online retailers
- Members may not be reimbursed for the purchase of **used** items from online retailers
- Members may not be reimbursed for items purchased through private sellers or online auction sites such as eBay.com
- Any repairs to items obtained through online retailers that are outside of the manufacturer warranty period would be the member's responsibility.

## **Medicare Advantage Plans**

Members are required to use plan-contracted provider(s) of durable medical equipment. Durable medical equipment and supplies that are obtained from non-plan contracted providers, online retailers are non-covered.

## **COVERAGE**

Benefits may vary between groups/contracts. Please refer to the appropriate Benefit Booklet, Evidence of Coverage, or Subscriber Agreement for applicable Medical Equipment, Medical Supplies and Prosthetic Devices coverage/benefits, and Personal Appearance and/or Service Items not covered by this agreement.

## **BACKGROUND**

The focus of the policy is to provide general guidelines relating to DME including Rent-to-Purchase, Repair and Replacement and Federal Medicare (CMS) Guidelines Related to All Other Durable Medical Equipment (DME). Please Note: Not all DME items have corresponding medical policies.

The CMS definition of DME is any physician ordered equipment providing therapeutic benefit to a patient based on their medical condition(s) and/or illness(es). DME may be used to facilitate treatment and/or rehabilitation helping to restore and/or improve function.

DME is equipment (and the supplies necessary for the effective use of the equipment) that is:

- Able to withstand repeated use;
- Primarily and customarily used to serve a medical purpose;
- Not useful to a person in the absence of an illness or injury; and
- For use in the home.

## **DME Repair and Replacement**

Repair and replacement of medically required DME may be considered under certain circumstances. Repair to member owned equipment may be necessary to make the equipment serviceable and/or useful.

Replacement of an item is typically only considered if it is irreparably damaged, or the patient's medical condition changes and the item no longer meets the medical needs of the patient.

## **DME Rent-to-Purchase**

BCBSRI follows CMS rent-to-purchase guidelines unless CMS specifically designates an item as a rental only. A DME rental item is billed on a monthly basis for a 10-month period, after which time the item is considered a purchased item and rental payment will no longer be required.

Our allowance for a rental DME item will never exceed the allowance for a DME purchase price item.

## **CODING**

Not applicable

## **RELATED POLICIES**

Coding and Payment Guidelines

Non-Reimbursable Health Service Codes

Prior Authorization via Web-Based Tool for Durable Medical Equipment (DME)

## **PUBLISHED**

Provider Update, February 2021

Provider Update, June 2020

Provider Update, November 2018

Provider Update, April 2018

Provider Update, February 2017

## REFERENCES

1. Centers for Medicare and Medicaid Claims Processing Manual. Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). Section 40 - Payment for Maintenance and Service for Non-ESRD Equipment. Section 50 - Payment for Replacement of Equipment. Section 30 – General Payment Rules. <http://www.cms.gov/manuals/downloads/clm104c20.pdf>
2. Pub. 100-02 Medicare Benefit Policy Centers for Medicare & Medicaid Services (CMS). Transmittal 30 Date: FEBRUARY 18, 2005 <http://www.cms.hhs.gov/transmittals/downloads/r30bp.pdf>
3. Centers for Medicare and Medicaid Services (CMS). National Coverage Determination (NDC) for Durable Medical Equipment Reference List (280.1).
4. CMS.gov. Durable Medical Equipment Prosthetics/Orthotics and Supplies Fee Schedule. [DMEPOS Fee Schedule | CMS](#)
5. Durable Medical Equipment, Prosthetics/Orthotics, and Supplies (DMEPOS) Fee Schedules. [DME11 C SUMMARY.pdf \(cms.gov\)](#)
6. Noridian Healthcare Solutions. Fee Schedule Column Descriptors. [Fee Schedule Column Descriptors - JD DME - Noridian \(noridianmedicare.com\)](#)

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