

# Medical Coverage Policy



**Blue Cross  
Blue Shield**  
of Rhode Island

## Durable Medical Equipment (DME): Includes Rent-to-Purchase, Repair and Replacement and Federal Medicare (CMS) Guidelines Related to All Other DME Equipment

Device/Equipment    Drug    Medical    Surgery    Test    Other

Effective Date:	11/3/2005	Policy Last Updated:	2/21/2012
-----------------	-----------	----------------------	-----------

Prospective review is recommended/required. Please check the member agreement for preauthorization guidelines.

Prospective review is not required.

The focus of this policy is to provide general guidelines relating to the repair, replacement or maintenance and rent-to-purchase of DME items and is not intended to provide specific instructions on any one DME item.

Listed in the policy are references to separate DME BCBSRI policies that require preauthorization.

### Description:

#### Durable Medical Equipment

The Centers for Medicare & Medicaid Services (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. Preauthorization is recommended for certain items.

All DME must meet the minimum specifications that are defined as medically necessary.

DME is equipment (and the supplies necessary for the effective use of the equipment)<sup>1</sup> 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. Replacement of an item is typically only considered if irreparably damaged, or the patient's medical condition changes and the item no longer meet 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 "purchase only." For the purpose of this policy, BCBSRI only addresses items CMS deems as rent-to-purchase items. A DME rental item is billed on a monthly basis for a 10-month period, after which time the item is considered a "purchase price" item and rental payment will no longer be required. For the purpose of this policy, "purchase price" means that the rental of the DME has reached BCBSRI 10 month rental requirement and is then considered a "purchased" item. Our allowance for a rental DME item will never exceed the allowance for a DME purchase price item.

**In the absence of a BCBSRI policy we follow CMS guidelines which can be found at CMS.gov.**

### **Medical Criteria:**

Not applicable.

### **Policy:**

### **DME Repair, Replacement and Maintenance**

**Only if a new order for the same DME item requires preauthorization would preauthorization be required for the repair or replacement of the item.**

- **Repair**

Repair of DME is medically necessary 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. Please see the full text of the policy "CPAP/BiPAP Disposable Accessories Limits."
- Rental of a DME item (i.e., "loaner" item) will be covered when a "purchase-price" item is being repaired.
- Repair to a "purchase-price" DME item will be covered when the repair is medically necessary to make the equipment serviceable.

- **Replacement**

Replacement of DME is considered medically necessary when all of the above repair criteria are met; **AND:**

- when a new item is required due to a change in the member's medical condition; 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.

**Note: If the item is not covered under the warranty then a new 10-month rental period begins.**

- **Maintenance of DME:**

Maintenance, defined as the routine periodic servicing (e.g., testing, cleaning, regulating and checking of equipment)\_except for oxygen equipment is **not covered for all product lines.**

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.

**Non-covered DME:**

DME and related supplies are contract **exclusions** for the following:

- Duplicate equipment (i.e., equipment that has the same functional purpose or use) and supplies, including duplicate equipment and supplies for use in multiple settings; **or**
- Any equipment or supplies used primarily to assist a caregiver and not to directly improve the function of the member.
- Repairs or replacement of the DME that are a result of abuse, neglect, or if stolen.
- Repairs, charges to repair, and supplies for rented DME are included in the rental allowance for the equipment. Repair/replacement of DME covered by the manufacturer, under warranty, will be the responsibility of the manufacturer.

**Rent-to-Purchase DME**

The following guidelines apply to "purchase-price" 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 by participating providers.
- As a general rule, DME rentals will be priced at one-tenth (1/10) of the purchase price per month.
- DME services that are identified as continuous rentals, such as oxygen concentrators and liquid oxygen systems, will be priced at the rental allowance and will be excluded from the rent-to-purchase cap.
- If there is a lapse in service prior to reaching the ten-month rental, the remaining balance of the original rental period will be used. **For example**, a member rents a wheelchair for two months and it is no longer required. Three weeks later the member has surgery and is required the use of a wheelchair, the rental period will be for the remaining 8 months.
- If a device is proven ineffective prior to reaching the 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 will be provided for the remaining 8 months.

## **Change in Suppliers**

A change made by the member to a new DME supplier during a 10-month rental period will not initiate a new 10-month rental period whether or not there is a lapse in service between suppliers. **For example:** a member changes supplier after the 8th rental month, the new supplier will be allowed rental payment for the 2 remaining rental months. The supplier that provides the item in the 10th month of the rental period is responsible for supplying the equipment and for maintenance and servicing after the 10-month period.

## **Coverage:**

Benefits may vary between groups/contracts. Please refer to the appropriate 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.

## **Coding:**

**K0462** Temporary replacement for patient owned equipment being repaired, any type  
**K0739** Repair or Nonroutine Service for Durable Medical Equipment Other than Oxygen Equipment Requiring the Skill of a Technician, Labor Component, Per 15 Minutes  
**L7500** Repair of prosthetic device, hourly rate  
**L7510** Repair of prosthetic device, repair or replace minor parts  
**L7520** Repair prosthetic device, labor component, per 15 minutes

All other DME including prosthetics and orthotics repair/replacement should be filed with the appropriate DME code and modifier:

**RA** Replacement of a DME, Orthotic or Prosthetic Item

**RB** Replacement of a Part of a DME, Orthotic or Prosthetic Item Furnished as Part of a Repair

- **The following rent-to purchase items require preauthorization and a corresponding medical policy is available.**
  - *Air Fluidized Beds*
  - *Breast Pumps*
  - *Continuous Glucose Monitor*
  - *Continuous Passive Motion*
  - *DME: Repair, Replacement and Rent-to-Purchase* (Preauthorization needed for repair or replacement of items that initially require preauthorization)
  - *Dynamic Splinting*
  - *Electrical Bone Growth Stimulation*
  - *High Frequency Chest Compression System*
  - *Insulin Infusion Pump*
  - *Negative Pressure Wound Therapy*
  - *Ultrasound Accelerated Fracture Healing Therapy*
  - *Wearable and Portable Cardioverter-Defibrillators*
  
- **The following rent-to purchase items require preauthorization and do not have corresponding Medical Policies. In the absence of a policy BCBSRI follows CMS guidelines**

**relating to Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS):**

- **Lifts:** E0627, E0628, E0629, E0639, E0640
- **Power Wheelchairs:** K0010, K0011, K0012, K0014, K0800, K0801, K0802, K0806, K0807, K0808, K0812, K0813, K0814, K0815, K0816, K0820, K0821, K0822, K0823, K0824, K0825, K0826, K0827, K0828, K0829, K0830, K0831, K0835, K0836, K0837, K0838, K0839, K0840, K0841, K0842, K0843, K0848, K0849, K0850, K0851, K0852, K0853, K0854, K0855, K0856, K0857, K0858, K0859, K0860, K0861, K0862, K0863, K0864, K0868, K0869, K0870, K0871, K0877, K0878, K0879, K0880, K0884, K0885, K0886, K0890, K0891
- **Speech Generating Device:** E2500, E2502, E2504, E2506, E2508, E2510, E2511, E2512
- **Traction Equipment:** E0849
- **Miscellaneous durable medical equipment:** E1399

**Related Topics:**

Continuous Passive Motion  
Cranial Orthotics (Cranial Banding, Soft-Shell Helmets)  
Electric Breast Pump  
High-frequency Chest Compression System  
Home Apnea Monitors  
Insulin Infusion Pumps  
Non-invasive Positive Pressure Ventilation (NPPV)  
Oscillatory Positive Expiratory Pressure Devices  
Phototherapy for the Treatment of Seasonal Affective Disorder  
CPAP/BiPAP Disposable Accessories Limits  
Wearable and Portable Cardioverter-Defibrillators

**Published:**

Policy Update, July 2006  
Policy Update, December 2007  
Provider Update, November 2008  
Provider Update, October 2009  
Provider Update, June 2010  
Provider Update, June 2011  
Provider Update, May 2012

**References:**

NHIC Corp. 1st Quarter 2011 Jurisdiction A DME MAC Fee Schedule

[http://www.medicarenhic.com/dme/1st\\_qtr\\_fees\\_2011.shtml](http://www.medicarenhic.com/dme/1st_qtr_fees_2011.shtml)

1. Blue Cross & Blue Shield of Rhode Island Subscriber Agreement, HMC2C 2012

Centers for Medicare and Medicaid Claims Processing Manual. Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Sections 40 - Payment for Maintenance and Service for Non-ESRD Equipment and 50 - Payment for Replacement of Equipment. Accessed 01/25/2012

<http://www.cms.gov/manuals/downloads/clm104c20.pdf>

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>

**This medical policy is made available to you for informational purposes only. It is not a guarantee of payment or a substitute for your medical judgment in the treatment of your patients. Benefits and eligibility are determined by the member's subscriber agreement or member certificate and/or the employer agreement, and those documents will supersede the provisions of this medical policy. For information on member-specific benefits, call the provider call center. If you provide services to a member which are determined to not be medically necessary (or in some cases medically necessary services which are non-covered benefits), you may not charge the member for the services unless you have informed the member and they have agreed in writing in advance to continue with the treatment at their own expense. Please refer to your participation agreement(s) for the applicable provisions. This policy is current at the time of publication; however, medical practices, technology, and knowledge are constantly changing. BCBSRI reserves the right to review and revise this policy for any reason and at any time, with or without notice.**