

## Medical Coverage Policy | Durable Medical Equipment (DME)



**EFFECTIVE DATE:** 11|03|2005  
**POLICY LAST UPDATED:** 07|16|2013

### OVERVIEW

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). **DME items requiring preauthorization are listed in the policy.** Not all DME items have corresponding medical policies. In the absence of a medical policy BCBSRI follows Medicare guidelines.

### PRIOR AUTHORIZATION

Prior authorization is required for BlueCHiP for Medicare and recommended for Commercial products for certain items. Please see the detailed lists below.

### POLICY STATEMENT

#### BlueCHiP for Medicare and Commercial products

#### DME Repair, Replacement and Maintenance

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

1. Repair of DME is medically necessary when:
  - a. The original equipment was ordered by a physician; and
  - b. The equipment continues to be medically necessary using the criteria applicable to an initial review.  
Additional Notes:
    - c. 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."
    - d. Rental of a DME item (i.e., "loaner" item) will be covered when a "purchase-price" item is being repaired.
    - e. Repair to a "purchase-price" DME item will be covered when the repair is medically necessary to make the equipment serviceable.
2. Replacement of DME is considered medically necessary when all of the above repair criteria are met; AND
  - a. When a new item is required due to a change in the member's medical condition; or
  - b. Cost to repair the DME is comparable to replacing it; or
  - c. 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.

3. 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.
4. 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.

## 5. Rent-to-Purchase

The following guidelines apply to "purchase-price" items:

- a. 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.
- b. As a general rule, DME rentals will be priced at one-tenth (1/10) of the purchase price per month.
- c. 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.
- d. 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.
- e. 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.

In the absence of a medical policy BCBSRI follows CMS guidelines relating to Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS).

Preauthorization for the following list of rent to purchase items is required for BlueCHiP for Medicare and recommended for Commercial BCBSRI products and a reference to the medical policy is attached.

- Air Fluidized Beds
- Glucose Monitors including Continuous Glucose Monitor
- Continuous Passive Motion:
- Dynamic Splinting
- Electrical Bone Growth Stimulation
- High Frequency Chest Compression System
- Hospital Grade Electric Breast Pumps
- Insulin Infusion Pump
- Negative Pressure Wound Therapy
- Ultrasound Accelerated Fracture Healing Therapy
- Wearable and Portable Cardioverter-Defibrillators

Preauthorization for the following list of rent to purchase items is required for BlueCHiP for Medicare and recommended for Commercial products. A medical policy is not available therefore in the absence of a medical policy BCBSRI will follow CMS guidelines.

- Lifts:  
E0627, E0628, E0629, E0638, E0639, E0640
- Power Wheelchairs:  
K0008 K0010, K0011, K0012, K0013, 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
- Customized Durable Medical Equipment, Other Than Wheelchair: K0900

#### Non-covered DME

DME and related supplies are a contract exclusion 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.

#### **MEDICAL CRITERIA**

Not applicable.

#### **BACKGROUND**

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 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 "purchase only." For the purpose of this policy, BCBSRI only addresses items CMS deems as a 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 on the web at CMS.gov.

#### 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

**The following HCPCS codes are for the repair and temporary replacement of items and are covered for BlueCHiP for Medicare and Commercial:**

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

<b>RA</b>	Replacement of a DME, Orthotic or Prosthetic Item
<b>RB</b>	Replacement of a Part of a DME, Orthotic or Prosthetic Item Furnished as Part of a Repair

#### RELATED POLICIES

Asthma Management Services  
Breast Prosthesis and Mastectomy Bras  
Cochlear Implants  
Compression Garments  
CPAP/BiPAP Disposable Accessories Limits  
Cooling Devices used in the Home and Outpatient Setting  
Cranial Orthotics (Cranial Banding, Soft-Shell Helmets)  
Hearing Aid Mandate  
Home Apnea Monitors  
Neuromuscular Electrical Stimulation (NMES) & Functional Electrical Stimulation (FES)  
**Oral Appliances for Sleep Apnea**  
Orthotic Prosthetic Services  
Phototherapy for the Treatment of Seasonal Affective Disorder  
Sacral Nerve Stimulation  
Surgical Treatment for Craniosynostosis  
Wigs

## PUBLISHED

Provider Update	Sep 2013
Provider Update	May 2012
Provider Update	Jun 2011
Provider Update	Jun 2010
Provider Update	Oct 2009
Provider Update	Nov 2008
Policy Update	Dec 2007
Policy Update	Jul 2006

## 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)

Blue Cross & Blue Shield of Rhode Island Subscriber Agreement, HMC2C 2013

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.  
<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>

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