

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

| POLICY NUMBER | EFFECTIVE DATE: | APPROVED BY |
|---------------|-----------------|--------------------------------------|
| RPC20210007 | 8/01/2022 | RPC (Reimbursement Policy Committee) |

Reimbursement Guideline Disclaimer: We have policies in place that reflect billing or claims payment processes unique to our health plans. Current billing and claims payment policies apply to all our products, unless otherwise noted. We will inform you of new policies or changes in policies through postings to the applicable Reimbursement Policies webpages on emblemhealth.com and connecticare.com. Further, we may announce additions and changes in our provider manual and/or provider newsletters which are available online and emailed to those with a current and accurate email address on file. The information presented in this policy is accurate and current as of the date of this publication.

The information provided in our policies is intended to serve only as a general reference resource for services described and is not intended to address every aspect of a reimbursement situation. Other factors affecting reimbursement may supplement, modify or, in some cases, supersede this policy. These factors may include, but are not limited to, legislative mandates, physician or other provider contracts, the member’s benefit coverage documents and/or other reimbursement, and medical or drug policies. Finally, this policy may not be implemented the same way on the different electronic claims processing systems in use due to programming or other constraints; however, we strive to minimize these variations.

We follow coding edits that are based on industry sources, including, but not limited to, CPT® guidelines from the American Medical Association, specialty organizations, and CMS including NCCI and MUE. In coding scenarios where there appears to be conflicts between sources, we will apply the edits we determine are appropriate. We use industry-standard claims editing software products when making decisions about appropriate claim editing practices. Upon request, we will provide an explanation of how we handle specific coding issues. If appropriate coding/billing guidelines or current reimbursement policies are not followed, we may deny the claim and/or recoup claim payment.

Overview:

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 primarily and customarily used to serve a medical purpose.
- Are not useful to a person in the absence of illness or injury.
- Are ordered or prescribed by a physician.
- Are reusable.
- Can stand repeated use, *and*
- Are appropriate for use in the home.

DME includes, but is not limited to, wheelchairs (manual and electric), hospital beds, traction equipment, canes, crutches, walkers, ventilators, oxygen equipment, monitors, pressure mattresses, nebulizers, prosthetics, continuous positive airway pressure equipment (CPAP), and phototherapy equipment for hyperbilirubinemia. DME is further defined as any equipment that can withstand repeated use and is primarily and customarily used to serve a medical purpose.

Policy Statement:

This policy describes how EmblemHealth/ConnectiCare reimburse for the rental and/or purchase of certain Durable Medical Equipment (DME) items, Prosthetics and Orthotics. The provisions of this policy apply to the Same Specialty Physicians and Other Health Care Professionals, which includes DME, Prosthetic and Orthotic vendors, renting or selling DME, Prosthetics or Orthotics.

For purposes of this policy, Same Specialty Physician or Other Health Care Professional is defined as physicians and/or other health care professionals of the same group and same specialty reporting the same Federal Tax Identification number (TIN).

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

Reimbursement Guidelines:

Some DME items are eligible for rental as well as for purchase. The codes representing these items are listed in the tables below and must be reported with the appropriate modifier in order to be considered for reimbursement.

Some DME items are eligible for rental only. The codes representing these items are listed in the table below and must be reported with the appropriate rental modifier in order to be considered for reimbursement.

DME rental fees will cover the cost of maintenance, repairs, replacement, supplies and accessories. Equipment delivery services and set-up, education and training for patient and family, and nursing visits, are not eligible for separate reimbursement.

Total reimbursement of fees reported for a single code (appended with modifier RR and/or NU) from a single vendor is limited to either the purchase price of the item or a maximum number of rental months, whichever is less. *These rental limits do not apply to oxygen equipment or to ventilators.*

Place of Service (POS):

Consistent with CMS guidelines, reimbursement of certain DME items is limited to a place of service (POS) that qualifies as the patient’s home. DME suppliers should report the POS code where the device is intended to be used. DME dispensed for use in a POS other than the patient’s home are not reimbursable.

Please note that there are specific DME items or implantable devices that are not suitable for dispensing or using in the home setting and are therefore not reimbursed with a home POS.

The table below lists the POS codes that would qualify as “patient’s home” setting:

| POS | Description |
|-----|---|
| 01 | Pharmacy: A facility or location where drugs and other medically related items and services are sold, dispensed, or otherwise provided directly to patients. |
| 04 | Homeless Shelter: A facility or location whose primary purpose is to provide temporary housing to homeless individuals (e.g., emergency shelters, individual or family shelters). |
| 09 | Prison/Correctional Facility: A prison, jail, reformatory, work farm, detention center, or any other similar facility maintained by either Federal, State or local authorities for the purpose of confinement or rehabilitation of adult or juvenile criminal offenders. |
| 12 | Home: Location, other than a hospital or other facility, where the patient receives care in a private residence. |
| 13 | Assisted Living Facility: Congregate residential facility with self-contained living units providing assessment of each resident’s needs and on-site support 24 hours a day, 7 days a week, with the capacity to deliver or arrange for services including some health care and other services. |
| 14 | Group Home: A residence, with shared living areas, where clients receive supervision and other services such as social and/or behavioral services, custodial service, and minimal services (e.g., medication administration). |
| 16 | Temporary Lodging: A short term accommodation such as a hotel, campground, hostel, cruise ship or resort where the patient receives care, and which is not identified by any other POS code. |
| 31 | Skilled Nursing Facility: A facility which primarily provides inpatient skilled nursing care and related services to patients who require medical, nursing, or rehabilitative services but does not provide the level of care or treatment available in a hospital. |

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

| POS | Description |
|-----|--|
| 32 | Nursing Facility: A facility which primarily provides to residents skilled nursing care and related services for the rehabilitation of injured, disabled, or sick persons, or, on a regular basis, health-related care services 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 assistance services, generally on a long-term basis, and which does not include a medical component. |
| 54 | Intermediate Care Facility/ Individuals with Intellectual Disabilities: |
| 55 | Residential Substance Abuse Treatment Facility: A facility which provides treatment for substance (alcohol and drug) abuse to live-in residents who do not require acute medical care. Services include individual and group therapy and counseling, family counseling, laboratory tests, drugs and supplies, psychological testing, and room and board. |
| 56 | Psychiatric Residential Treatment Center: A facility or distinct part of a facility for psychiatric care which provides a total 24-hour therapeutically planned and professionally staffed group living and learning environment. |
| 65 | End-Stage Renal Disease Treatment Facility: A facility other than a hospital, which provides dialysis treatment, maintenance, and/or training to patients or caregivers on an ambulatory or home-care basis. |

Home DME may be subject to medical necessity review.

- DME requires a prescription to rent or purchase before it is eligible for coverage.
- Payment of eligible fees will begin on the day the device is delivered, set-up, and ready for use by our member at the location needed.
- DME rental rates and maintenance fees should be calculated for payment on a prorated basis, based on provider contracted rates, when a full 30-days are not utilized by the member.

Guidelines for 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, the benefits cannot exceed the total of the cost to purchase the DME or the contracted fee schedule.

DME may be rented when:

- DME is not classified as "Routinely Purchased DME" (costing above \$200) or Inexpensive DME and anticipated medical need is for a limited time frame; or equipment requires high maintenance (requires specialized skills to service the item).
- Examples include, but are not limited to the following: apnea monitors, hospital beds, bili lights and biliblankets, Continuous Passive Motion (CPM), traction, infusion pumps, IPPB, Nebulizers, CPAP, BiPAP, DPAP, lymphedema pumps, oxygen equipment (portable and stationary), ventilators, and TENS units.
- Rental equipment which has reached a maximum reimbursement (rental paid up to purchase price) will continue to be owned by the DME provider with the understanding that the equipment will remain in the patient's custody until medical necessity is no longer met. *The DME provider can no longer charge rental fees.* Once the member no longer needs the equipment, the DME provider will collect the equipment.

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase

(Commercial and Medicare)

- Equipment that is purchased without prior rental will be owned by the patient.
- DME rental rates and maintenance fees should be calculated for payment on a prorated basis, based on provider contracted rates, when a full 30 days are not utilized by the member.

Capped Rentals:

- Monthly rentals not to exceed capped rental period of 13-months of continuous use.
- At that time (end of 13-month rental) ownership of the equipment passes to the member.
- *In the case of electric wheelchairs only, the members must be given a purchase option at the time the equipment is first provided.*

Applicable Modifiers:

| Modifier | Description |
|----------|--|
| BR | The beneficiary has been informed of the purchase and rental options and has elected to rent the item |
| 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 four to fifteen |
| 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 |
| 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 |
| 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 to be rented) |
| UE | Used durable medical equipment |

Guidelines for Purchasing DME:

DME may be purchased in any of the following situations:

- The equipment is classified as inexpensive DME, which is defined as equipment with a purchase price that does not exceed \$200. *Examples may include, but are not limited to: canes, walkers, crutches, arm slings, patient transfer belts, cervical collars, comfort rings, dextrometers, peak flow meters and commode chairs.*

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

- The equipment is classified as Other Routinely Purchased DME, 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 may include, but are not limited to: low pressure and positioning equalization pads, home blood glucose monitors, braces for legs, arms, cast boots, cervical brace, and Jobst stockings.*
- More expensive DME not classified as "Routinely Purchased DME" (costing above \$200) may be purchased when all of the following criteria are met:
 - a. Long term use is expected based on the patient's prognosis (rental is anticipated to exceed purchase price) and maintenance of DME
 - b. A rental trial period (applied toward purchase price) has documented patient compliance, patient tolerance, and clinical benefits.

Applicable HCPCS Codes:

Rental or Purchase:

| Items eligible for Rental or Purchase | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| A4233 | A4234 | A4235 | A4236 | A4253 | A4602 | A4604 | A4605 | A4611 | A4612 |
| A4613 | A4618 | A4619 | A4624 | A4628 | A4630 | A4633 | A4635 | A4636 | A4637 |
| A4639 | A4640 | A7000 | A7001 | A7002 | A7003 | A7004 | A7005 | A7006 | A7007 |
| A7008 | A7009 | A7010 | A7012 | A7013 | A7014 | A7015 | A7016 | A7017 | A7020 |
| A7025 | A7026 | A7027 | A7028 | A7029 | A7030 | A7031 | A7032 | A7033 | A7034 |
| A7035 | A7036 | A7037 | A7038 | A7039 | A7044 | A7045 | A7046 | A7047 | A8000 |
| A8001 | B9002 | B9004 | B9006 | E0100 | E0105 | E0110 | E0111 | E0112 | E0113 |
| E0114 | E0116 | E0117 | E0118 | E0130 | E0135 | E0140 | E0141 | E0143 | E0144 |
| E0147 | E0148 | E0149 | E0153 | E0154 | E0155 | E0156 | E0157 | E0158 | E0159 |
| E0160 | E0161 | E0162 | E0163 | E0165 | E0167 | E0168 | E0170 | E0171 | E0175 |
| E0181 | E0182 | E0184 | E0185 | E0186 | E0187 | E0188 | E0189 | E0191 | E0193 |
| E0194 | E0196 | E0197 | E0198 | E0199 | E0200 | E0202 | E0205 | E0210 | E0215 |
| E0217 | E0218 | E0221 | E0225 | E0235 | E0236 | E0239 | E0247 | E0249 | E0250 |
| E0251 | E0255 | E0256 | E0260 | E0261 | E0265 | E0266 | E0271 | E0272 | E0273 |

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

| Items eligible for Rental or Purchase | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| E0274 | E0275 | E0276 | E0277 | E0280 | E0290 | E0291 | E0292 | E0293 | E0294 |
| E0295 | E0296 | E0297 | E0300 | E0301 | E0302 | E0303 | E0304 | E0305 | E0310 |
| E0316 | E0325 | E0326 | E0371 | E0372 | E0373 | E0424 | E0425 | E0430 | E0431 |
| E0433 | E0434 | E0435 | E0439 | E0440 | E0445 | E0457 | E0459 | E0462 | E0465 |
| E0466 | E0467 | E0470 | E0471 | E0472 | E0480 | E0481 | E0482 | E0483 | E0484 |
| E0500 | E0550 | E0555 | E0560 | E0561 | E0562 | E0565 | E0570 | E0572 | E0574 |
| E0575 | E0580 | E0585 | E0600 | E0601 | E0602 | E0603 | E0604 | E0605 | E0606 |
| E0607 | E0610 | E0615 | E0617 | E0618 | E0619 | E0620 | E0621 | E0627 | E0629 |
| E0630 | E0635 | E0636 | E0637 | E0638 | E0639 | E0640 | E0650 | E0651 | E0652 |
| E0657 | E0665 | E0667 | E0669 | E0671 | E0672 | E0673 | E0675 | E0691 | E0765 |
| E0780 | E0783 | E0786 | E0791 | E0840 | E0849 | E0850 | E0855 | E0856 | E0860 |
| E0870 | E0880 | E0890 | E0900 | E0910 | E0911 | E0912 | E0920 | E0930 | E0935 |
| E0940 | E0941 | E0942 | E0944 | E0945 | E0946 | E0947 | E0948 | E0950 | E0951 |
| E0952 | E0953 | E0954 | E0955 | E0956 | E0957 | E0958 | E0959 | E0960 | E0961 |
| E0966 | E0967 | E0968 | E0969 | E0970 | E0971 | E0973 | E0974 | E0978 | E0980 |
| E0981 | E0982 | E0983 | E0984 | E0985 | E0986 | E0988 | E0990 | E0992 | E0994 |
| E0995 | E1002 | E1003 | E1004 | E1005 | E1006 | E1007 | E1008 | E1010 | E1012 |
| E1014 | E1015 | E1016 | E1020 | E1028 | E1029 | E1030 | E1031 | E1035 | E1036 |
| E1037 | E1038 | E1039 | E1050 | E1060 | E1070 | E1083 | E1084 | E1085 | E1086 |
| E1087 | E1088 | E1089 | E1090 | E1092 | E1093 | E1100 | E1110 | E1130 | E1140 |
| E1150 | E1160 | E1161 | E1170 | E1171 | E1172 | E1180 | E1190 | E1195 | E1200 |
| E1221 | E1222 | E1223 | E1224 | E1225 | E1226 | E1227 | E1228 | E1230 | E1232 |
| E1233 | E1234 | E1235 | E1236 | E1237 | E1238 | E1240 | E1250 | E1260 | E1270 |
| E1280 | E1285 | E1290 | E1295 | E1296 | E1297 | E1298 | E1310 | E1353 | E1355 |

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

| Items eligible for Rental or Purchase | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| E1372 | E1390 | E1391 | E1392 | E1405 | E1406 | E1700 | E1800 | E1801 | E1802 |
| E1805 | E1806 | E1810 | E1811 | E1812 | E1815 | E1816 | E1818 | E1820 | E1821 |
| E1825 | E1830 | E1831 | E1840 | E1841 | E2000 | E2100 | E2101 | E2120 | E2201 |
| E2202 | E2203 | E2204 | E2205 | E2206 | E2207 | E2208 | E2209 | E2210 | E2211 |
| E2212 | E2213 | E2214 | E2215 | E2216 | E2217 | E2218 | E2219 | E2220 | E2221 |
| E2222 | E2224 | E2225 | E2226 | E2227 | E2228 | E2231 | E2310 | E2311 | E2312 |
| E2313 | E2321 | E2322 | E2323 | E2324 | E2325 | E2326 | E2327 | E2328 | E2329 |
| E2330 | E2340 | E2341 | E2342 | E2343 | E2351 | E2359 | E2360 | E2361 | E2362 |
| E2363 | E2364 | E2365 | E2366 | E2367 | E2368 | E2369 | E2370 | E2371 | E2373 |
| E2374 | E2375 | E2376 | E2377 | E2378 | E2381 | E2382 | E2383 | E2384 | E2385 |
| E2386 | E2387 | E2388 | E2389 | E2390 | E2391 | E2392 | E2394 | E2395 | E2396 |
| E2397 | E2402 | E2500 | E2502 | E2504 | E2506 | E2508 | E2510 | E2601 | E2602 |
| E2603 | E2604 | E2605 | E2606 | E2607 | E2608 | E2611 | E2612 | E2613 | E2614 |
| E2615 | E2616 | E2619 | E2620 | E2621 | E2622 | E2623 | E2624 | E2625 | E2626 |
| E2627 | E2628 | E2629 | E2630 | E2631 | E2632 | E2633 | K0001 | K0002 | K0003 |
| K0004 | K0005 | K0006 | K0007 | K0009 | K0010 | K0011 | K0012 | K0015 | K0017 |
| K0018 | K0019 | K0020 | K0037 | K0038 | K0039 | K0040 | K0041 | K0042 | K0043 |
| K0044 | K0045 | K0046 | K0047 | K0050 | K0051 | K0052 | K0053 | K0056 | K0065 |
| K0069 | K0070 | K0071 | K0072 | K0073 | K0077 | K0098 | K0105 | K0195 | K0455 |
| K0554 | K0601 | K0602 | K0603 | K0604 | K0605 | K0606 | K0607 | K0608 | K0730 |
| K0733 | K0738 | K0800 | K0801 | K0802 | K0806 | K0807 | K0808 | 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 |

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

| Items eligible for Rental or Purchase | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| K0855 | K0856 | K0857 | K0858 | K0859 | K0860 | K0861 | K0862 | K0863 | K0864 |

Rental only:

| Items Eligible for Rental Only | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|
| E0431 | E0433 | E0434 | E0439 | E1392 | K0738 |

Definitions:

| Term | Description |
|---------------------------------|---|
| Durable Medical Equipment (DME) | Medical equipment which: *Can withstand repeated use *Is not disposable *Is used to serve a medical purpose *Is generally not useful to a person in the absence of sickness or injury *Is appropriate for use in the home |
| Orthotic | 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 of a Customer or restricting or eliminating motion in a diseased or injured part of the body. |
| Prosthetic | 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. |

Non-Covered DME/DME Services:

- Optional or ancillary DME equipment or features that are primarily for convenience or upgrades beyond what is medically necessary to meet the member’s medical needs. *Examples include but are not limited to: decorative items, unique materials (e.g. magnesium wheelchair wheels, lights, custom coloring, extra batteries, cup holders, back packs, etc.).*
- The DME does not provide a therapeutic benefit to a member.
- The DME has not been prescribed by a physician within the scope of his/her practice.
- The DME serves primarily as a comfort or convenience item. *Examples include but are not limited to: elevators, wheelchair vans, wheelchair lifts for stairs, etc.*
- The equipment is used in a facility that is expected to provide such items to the member.
- It is a device or equipment used to enhance the environmental setting (for example: air conditioners, humidifiers, air filters, portable Jacuzzi pumps, bathroom equipment).
- It is experimental or investigational equipment.

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

- The equipment is prescribed for other than intended usage.
- The equipment is not FDA approved.
- The DME is prescribed as part of a home exercise program. *Examples include but are not limited to: exercise videos, pool memberships, gym memberships, treadmills, exercise balls, etc.)*
- The DME was abused, used beyond its specifications, and in a manner to void applicable warranties.
- DME items that assist with care that is primarily custodial in nature. *For example: DME items that help a person with activities of daily living like bathing, toileting, eating, dressing, getting in and out of bed, getting in and out of a vehicle, lifts for going up and down stairs or any similar items).*
- Electronic Devices:
 - Electronic devices such as laptops, tablets, smart phones, PDAs etc. that have multiple uses and are not dedicated solely for the requested service are not covered as they do not meet the definition of DME
 - Software or applications that enable the electronic device to provide the requested medically necessary service may be covered if reviewed by medical management and approved by the Medical Director; however, installation, technical support, additional cables, interfaces, or adapters, etc. are not separately reimbursable.
 - Monthly fees for services such as internet, data, or cellular phone are not covered.

References:

1. American Medical Association, Current Procedural Terminology (CPT®) and associated publications and services
2. Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services
3. Centers for Medicare and Medicaid Services, Healthcare Common Procedure Coding System, HCPCS Release and Code Sets

Revision History

| Company(ies) | DATE | REVISION |
|------------------------------|--------|--|
| EmblemHealth ConnectiCare | 3/2022 | <ul style="list-style-type: none"> • New policy |