

To:
Home Health
Agencies
Individual Medical
Supply
Providers
Medical
Equipment
Vendors
Nursing Homes
Occupational
Therapists
Pharmacies
Physical
Therapists
Rehabilitation
Agencies
Speech-Language
Pathologists
Therapy Groups
HMOs and Other
Managed Care
Programs

Limitations to payments for rented durable medical equipment

Effective for dates of service on and after January 1, 2004, Wisconsin Medicaid will limit payments for rental of durable medical equipment (DME) to no more than the maximum allowable fee of the DME.

Rental reimbursement limited by Wisconsin biennial budget (2003 Wisconsin Act 33)

The Wisconsin biennial budget (2003 Wisconsin Act 33) outlined limitations to durable medical equipment (DME) rental payments. As a result, Wisconsin Medicaid has established two separate rental periods for all DME listed in Attachments 1 and 2 of this *Wisconsin Medicaid and BadgerCare Update*. The first is an initial rental period; the second is an extended rental period. Effective for dates of service on and after January 1, 2004, Wisconsin Medicaid will limit the total rental reimbursement providers receive during the initial rental period to no more than the purchase price maximum allowable fee listed in the DME Index.

All rental DME is placed into one of three categories outlined in Attachments 1-3 as follows:

- Attachment 1 — ventilators and respiratory assist devices.
- Attachment 2 — limited rental DME.
- Attachment 3 — rental DME subject to purchase.

This *Update* focuses specifically on DME listed in Attachments 1 and 2.

Rental periods

All DME listed in Attachments 1 and 2 have two distinct rental periods.

Initial rental period

For DME listed in Attachments 1 and 2, providers will be reimbursed for the rental of the DME at a daily max fee rate until the purchase price max fee is reached. This is the initial rental period of the DME.

Extended rental period

Once the purchase price max fee is reached for DME listed in Attachments 1 and 2, the initial rental period and rental reimbursement will end and the extended rental period will begin. During the extended rental period, providers may be reimbursed for:

- Reduced rental rate only for the DME listed in Attachment 1.
- Repair or nonroutine service only for the DME listed in Attachment 2.

Specific guidelines for rental, repair, and service are outlined in the attachments.

Equipment life expectancy

The Federal Centers for Medicare and Medicaid Services have established that the reasonable useful lifetime of most DME is five years; therefore, a life expectancy of five years has been

established for all DME listed in Attachments 1 and 2. Life expectancy is measured based on when the item is delivered to the recipient, not the age of the item itself.

When cumulative rental payments total the purchase price max fee of the item, the extended rental period begins and providers must continue to provide the DME to the recipient until one of the following happens:

- The life expectancy of the equipment is reached and a different piece of equipment is dispensed.
- The recipient no longer needs the equipment.

A new prior authorization (PA) request for replacement equipment will be considered if the DME has reached its life expectancy.

Used equipment

If used equipment is dispensed at the beginning of the initial rental period, the provider must comply with one of the following:

- Supply the recipient with working equipment in good condition for five years (the life expectancy of the same type of new equipment).
- Substitute new equipment by the end of the initial rental period.

A new initial rental period may only be started with new equipment if the DME reaches its life expectancy, the recipient still needs the equipment, and one of the following is true:

- The DME no longer functions properly.
- The DME can no longer be repaired.

A PA request must be filed for each new initial rental period and must include all of the following:

- The original delivery date.
- The age of the equipment.
- An explanation of why the equipment is no longer functional.

Renewal and amended prior authorization requests

Beginning January 1, 2004, Wisconsin Medicaid will examine the amount of reimbursement received by providers for the DME listed in Attachments 1 and 2 that is currently being rented to recipients. This review will determine the amount of the max fee that has already been paid to the provider during 2003.

One of the following situations will result from Wisconsin Medicaid's review:

- The purchase price max fee of the DME has already been reached. The extended rental period for this item will begin, and the provider may be reimbursed for reduced monthly payments for the DME listed in Attachment 1 or for repair or nonroutine service only for the DME listed in Attachment 2.
- Only a portion of the purchase price max fee has been reimbursed. The initial rental period for this item will continue until the purchase price max fee is reached or the remaining portion up to the purchase price max fee is paid to the provider. At that time, the extended rental period will begin, and the provider may be reimbursed for reduced monthly payments for the DME listed in Attachment 1 or for repair or nonroutine service only for the DME listed in Attachment 2.

Active prior authorization requests

Active PA requests that were approved in 2003 will not need to be amended on January 1, 2004. These requests will remain active until the expiration date on the PA. At that time, if the purchase price max fee has been reached, rental payments will end and the extended rental period will begin.

Active PA requests that were approved in 2003 will not need to be amended on January 1, 2004.

Overpayment

In the rare event that a PA is granted for an initial rental period that results in overpayment to the provider, Wisconsin Medicaid may initiate an adjustment for immediate recovery of any improper or excess payment. For additional information on overpayment procedures, refer to the Claims Submission section of the All-Provider Handbook.

Documentation requirements

Providers are reminded that they are required to prepare and maintain truthful, accurate, complete, legible, and concise documentation and medical and financial records of the recipient's continuing use of the equipment, as well as all DME maintenance and service as stated in HFS 106.02(9)(a), Wis. Admin. Code.

Providers are also reminded that, with few exceptions, all Wisconsin Medicaid services require current, separate, physician's prescriptions. This includes both routine and nonroutine repairs.

Information regarding Medicaid HMOs

This *Update* contains Medicaid fee-for-service policy and applies to providers of services to recipients on fee-for-service Medicaid only. For Medicaid HMO or managed care policy, contact the appropriate managed care organization. Wisconsin Medicaid HMOs are required to provide at least the same benefits as those provided under fee-for-service arrangements.

The *Wisconsin Medicaid and BadgerCare Update* is the first source of program policy and billing information for providers.

Although the *Update* refers to Medicaid recipients, all information applies to BadgerCare recipients also.

Wisconsin Medicaid and BadgerCare are administered by the Division of Health Care Financing, Wisconsin Department of Health and Family Services, P.O. Box 309, Madison, WI 53701-0309.

For questions, call Provider Services at (800) 947-9627 or (608) 221-9883 or visit our Web site at dhfs.wisconsin.gov/medicaid/.

PHC 1250

ATTACHMENT 1

Rental, repair, and service guidelines for ventilators and respiratory assist devices

This attachment outlines specific repair and service guidelines for ventilators and respiratory assist devices.

Procedure code	Description	Initial rental period		Purchase max fee	Extended rental period	
		Modifier	Daily rental max fee		Modifier	Daily rental max fee
E0450	Volume ventilator, stationary or portable, with backup rate feature, used with invasive interface (e.g., tracheostomy tube)	RR ¹	\$15.50	\$7052.50	RR and 52 ²	\$7.75
E0454	Pressure ventilator with pressure control, pressure support and flow triggering features	RR	\$18.10	\$8145.00	RR and 52	\$9.05
E0472	Respiratory assist device, bi-level pressure capability, with backup rate feature, used with invasive interface, e.g., tracheostomy tube (intermittent assist device with continuous positive airway pressure device)	RR	\$13.43	\$5104.35	RR and 52	\$6.72

¹ RR = Rental.

² 52 = Reduced services. Modifier "52" must be billed with modifier "RR" during the extended rental period.

Initial rental period

The daily rental max fee rate is payable monthly to providers until the purchase price max fee listed in the Durable Medical Equipment (DME) Index is reached. Use national Healthcare Common Procedure Code System (HCPCS) modifier "RR" (Rental) with the equipment procedure code on the claim form.

Extended rental period

Once the purchase price max fee has been reached for the DME listed in this attachment, providers may be reimbursed up to one half of the rental max fee per month to cover the costs associated with long-term rental. To receive this reimbursement:

- The DME must be in the extended rental period.
- Providers must indicate *Current Procedural Terminology* modifier "52" (Reduced services) and HCPCS modifier "RR" with the equipment procedure code on the prior authorization request and claim form.

After the purchase price max fee of the equipment has been reached, ownership of the equipment remains with the provider. The provider is responsible for long-term support (repairs and necessary supplies) over the life of the DME. Providers may continue to receive up to one half of the rental max fee monthly, for as long as the recipient continues to use the equipment.

Reimbursement using modifier "52" is intended to cover all provider costs associated with repairs and service including temporary replacement equipment, supplies, and provider-installed accessories including, but not limited to, manifolds, valves, AC/DC chargers, air/oxygen mixers, battery packs, filters, power cables, pressure alarms, and pressure hoses. Recipient supplies such as face/tracheostomy masks and tubing continue to be covered separately.

ATTACHMENT 2

Rental, repair, and service guidelines for other durable medical equipment subject to extended rental payments

This attachment outlines the repair and service guidelines for the durable medical equipment (DME) codes listed below.

Procedure code	Description	Initial rental period		Purchase max fee	Extended rental period	
		Modifier	Daily rental max fee		Modifier	Daily rental max fee
B9002	Enteral nutrition infusion pump — with alarm	RR ¹	\$2.49	\$1121.97	During the extended rental period for equipment listed in this attachment, providers will be reimbursed for repair and nonroutine service only using procedure codes E1340 and E1399.	
B9004	Parenteral nutrition infusion pump, portable	RR	\$4.97	\$2261.35		
B9006	Parenteral nutrition infusion pump, stationary	RR	\$4.97	\$2261.35		
E0445	Oximeter device for measuring blood oxygen levels non-invasively	RR	\$2.07	\$941.85		
E0471	Respiratory assist device, bi-level pressure capability, with backup rate feature, used with noninvasive interface, e.g., nasal or facial mask (intermittent assist device with continuous positive airway pressure device)	RR	\$6.36	\$2893.80		
E0619	Apnea monitor, with recording feature	RR	\$5.06	\$1890.69		
E0781	Ambulatory infusion pump, single or multiple channels, electric or battery operated, with administrative equipment, worn by patient	RR	\$7.53	\$3426.15		
E0791	Parenteral infusion pump, stationary, single or multichannel	RR	\$7.90	\$3594.50		

¹ RR = Rental.

Initial rental period

The daily rental max fee rate is payable monthly to providers until the purchase price max fee of the DME is reached. Use national Healthcare Common Procedure Code System (HCPCS) modifier “RR” (Rental) with the equipment procedure code on the claim form.

Extended rental period

Once the purchase price max fee has been reached for the DME listed in this attachment, providers may be reimbursed for repair or nonroutine services only. Providers may begin receiving reimbursement for repair or nonroutine services no earlier than six months (181 days) after the end of the initial rental period or after the remaining portion up to the purchase price max fee is paid to the provider. After the purchase price max fee of the equipment has been reached, ownership of the equipment remains with the provider. The provider is responsible for long-term support over the life of the DME.

For each piece of equipment for which repair or nonroutine service is performed, indicate one of the following HCPCS procedure codes on the prior authorization (PA) request or claim form:

- E1340 (Repair or nonroutine service for durable medical equipment requiring the skill of a technician, labor component, per 15 minutes).
- E1399 (Durable medical equipment, miscellaneous).

Providers should use the procedure code that best describes the exact replacement part or service before submitting PA requests and claims with procedure code E1399.

Prior authorization

A PA request must be submitted for repair or nonroutine service when:

- The amount claimed under procedure code E1340 exceeds \$84.00.
- Procedure code E1399 is used for any dollar amount.

Prior authorization requests and claims for repair or nonroutine service of equipment may be submitted only if the recipient continues to use the equipment after the end of the initial rental period and actual repairs and services are performed. Providers must include an itemized list of needed parts, approximate cost of each part, and documentation of what is being done to repair the item. A copy of the work order may be attached to the PA request if it provides this information. The max fee amount will be limited to a total of 30 days rental max fee if specific repairs and parts are not itemized on the PA request.

Medically necessary supplies

Some medically necessary supplies associated with the use of DME listed in this attachment may be billed separately as disposable medical supplies.

ATTACHMENT 3

Rental, repair, and service guidelines for other rental durable medical equipment

This attachment outlines existing repair and service guidelines for durable medical equipment (DME) procedure codes *not* listed in Attachments 1 and 2 of this *Wisconsin Medicaid and BadgerCare Update*. These rental DME have been subject to purchase guidelines in the past.

Initial rental period

The daily rental max fee rate is payable monthly to providers until the purchase price max fee listed in the DME Index is reached. Use Healthcare Common Procedure Code System (HCPCS) modifier “RR” (Rental) with the equipment procedure code on the claim form.

Continued rental

If it is determined to be most beneficial that rental of the DME continue, providers will continue to receive rental reimbursement for the equipment. Providers may not submit claims for repair and nonroutine service of the equipment. Repair and nonroutine service is considered part of the rental reimbursement and is not separately payable.

Equipment purchase

If it is determined to be most beneficial that the DME be purchased for the recipient, rental reimbursement to the provider will end and the recipient will become the owner of the equipment. Providers may then only submit claims for repair and nonroutine service of the equipment. Providers may be reimbursed for repair or nonroutine services no earlier than six months (181 days) after the end of the initial rental period, extended rental period, or conversion to purchase.

For each piece of equipment for which repair or nonroutine service is performed, indicate one of the following HCPCS procedure codes on the prior authorization (PA) request or claim form:

- E1340 (Repair or nonroutine service for durable medical equipment requiring the skill of a technician, labor component, per 15 minutes).
- E1399 (Durable medical equipment, miscellaneous).

Providers should use the procedure code that best describes the exact replacement part or service before submitting PA requests and claims with procedure code E1399.

Prior authorization

A PA request must be submitted for repair or nonroutine service when:

- The amount claimed under procedure code E1340 exceeds \$84.00.
- Procedure code E1399 is used for any dollar amount.

Prior authorization requests and claims for repair or nonroutine service of equipment may be submitted only if the recipient continues to use the equipment after the end of the initial rental period and actual repairs and services are performed.

Providers must include an itemized list of needed parts, approximate cost of each part, and documentation of what is being done to repair the item. A copy of the work order may be attached to the PA request if it provides this information. The max fee amount will be limited to a total of 30 days rental max fee if specific repairs and parts are not itemized on the PA request.