Payment Policy

Subject: Durable Medical Equipment and Modifiers - KENTUCKY ONLY

Programs Covered: KY Medicaid, and KY Just4Me™

Policy

CareSource will reimburse medically necessary DME services in accordance with state guidelines and requires the use of standard HIPAA compliance modifiers as appropriate. Effective immediately, CareSource requires that wheelchair providers submit manufacturer's invoices with each claim for reimbursement.

Definitions

"**Durable medical equipment**" ("**DME**") is equipment that can stand repeated use, is primarily and customarily used to serve a medical purpose, is not useful to a person in the absence of illness or injury, and is appropriate for use in the home. Examples are: hospital beds, wheelchairs, and ventilators. *(from OAC 5101:3-10-02 (A)(3))*

Provider Reimbursement Guidelines

Prior Authorization
Prior authorization for the following DME/other items is required regardless of the cost:

- All items equaling $750 or above
- All powered or customized wheelchairs
- Manual wheelchair rentals over 3 months
- Hearing Aids
- All miscellaneous codes (example E1399)

Rental only
Appropriate HIPAA modifier:

- RR – Rental (use the RR modifier when DME is to be rented)

Certain durable medical equipment requiring servicing to ensure the health and safety of recipients will be designated as rental only. The rental payment may be specified in your state's guidelines. Unless otherwise specified, no modifier code is used in billing rental only items. Use the modifier code RR when billing short-term rental.

Routinely purchased items, lump sum purchase
Appropriate HIPAA modifier:

- NU – New equipment

Most items on the Medicaid Supply List are categorized as routinely purchased items and would ordinarily be purchased and become the property of the consumer.

Short term rental and rent to purchase
Appropriate HIPAA modifier:

- LL – Lease/rental (use the LL modifier when DME equipment rental is to be applied against the purchase price)
- NR – New when rented (use the NR modifier when DME which was new at the time of rental is subsequently purchased.)

Payment for short term rental of equipment will be made at ten per cent per month of the maximum amount allowable for a specific item.

The combined total reimbursement for rental and subsequent (within ninety days of the end of the rental service) purchase of a DME item, cannot exceed the Medicaid maximum fee.

For items authorized for rental on a monthly basis, payment will be made through the month in which the consumer becomes ineligible, the item is no longer medically necessary or the maximum amount allowable is reached. For items authorized for rental on a daily basis, only those days when the consumer is eligible and the item is medically necessary are billable to the department.

When Durable Medical Equipment and Services are not covered
DME Add-ons or Upgrades are not covered**:**

- When the DME add-ons or upgrades are intended primarily for convenience or upgrades beyond what is necessary to meet the member's legitimate medical needs. Examples include: decorative items, unique materials (e.g. magnesium wheelchairs wheels, lights, extra batteries, etc.); or
- When it does not provide a therapeutic benefit to a patient in need because of certain medical conditions or illnesses; or
- When the DME has not been prescribed by a physician; or
- When the DME serves primarily as a comfort or convenience item. Trays, back packs, wheelchair racing equipment are examples of non-covered or convenience items; or
- When the equipment is used in a facility that is expected to provide such items to the patient; or
- For DME add-ons or upgrades that are intended primarily for member/caregiver convenience, or that do not significantly enhance DME functionality; or,
- When the devices and equipment are used to enhance the environmental setting (for example; air conditioners, humidifiers, air filters, portable Jacuzzi

pumps, or chair lifts used to go up and down the stairs). These are not primarily medical in nature and will not be eligible for coverage; or,

• For DME add-ons or upgrades that are intended primarily for member/caregiver convenience, or that do not significantly enhance DME functionality; or,

• Equipment delivery services and set-up, education and training for patient and family, and associated nursing visits are not eligible for separate reimbursement regardless of agreement to rent or purchase.

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.

Documentation Requirements for DME:
The supplier is responsible for obtaining a signed, dated, written agreement from the member for the additional charges prior to delivery of the non-covered items. To review DME for medical necessity the following information is required:

- Physician's plan of treatment, including anticipated time frame that the equipment will be needed.
- Physician's involvement in supervising the use of the prescribed item.
- Detailed description of the member's clinical and functional status so that a determination of medical necessity can be made.

Medical records may be requested to determine medical necessity.

Related Policies & References

OAC 5160-10 Medical Supplies, Durable Medical Equipment, Orthoses, and Prosthesis Providers

907 KAR 1:479. "Durable medical equipment covered benefits and reimbursement." See especially Section 8, "Reimbursement for Covered Services."

State Exceptions

NONE

Document Revision History

10/31/2013 – OAC Rule renumbered from "5101:3-10," per Legislative Service Commission Guidelines.

02/10/2015 – Requirement for manufacturer's invoices with wheelchair claims; reference to sub-section 8 of 907 KAR 1:479.