

Commercial Reimbursement Policy

Subject: **DME Rent To Purchase - Professional**

Policy Number: **C-19007**

Policy Section: **DME**

Last Approval Date: **11/17/2023**

Effective Date: **04/28/2021**

Disclaimer

These reimbursement policies serve as a guide to assist you in accurate claims submissions and to outline the basis for reimbursement if the service is covered by an Anthem member's benefit plan. The determination that a service, procedure, item, etc. is covered under a member's benefit plan is not a determination that you will be reimbursed. Services must meet authorization and medical necessity guidelines appropriate to the procedure and diagnosis, as well as to the member's state of residence.

You must follow proper billing and submission guidelines. You are required to use industry standard, compliant codes on all claim submissions. Services should be billed with Current Procedure Terminology (CPT) codes, Healthcare Common Procedure Coding System (HCPCS) codes and/or revenue codes. These codes denote the services and/or procedures performed and when billed, must be fully supported in the medical record and/or office notes. Unless otherwise noted within the policy, our reimbursement policies apply to both participating and non-participating professional providers and facilities.

If appropriate coding/billing guidelines or current reimbursement policies are not followed, Anthem may:

- Reject or deny the claim.
- Recover and/or recoup claim payment.

These reimbursement policies may be superseded by mandates in provider, state, federal, or Centers for Medicare & Medicaid Services (CMS) contracts and/or requirements. We strive to minimize delays in policy implementation. If there is a delay, we reserve the right to recoup and/or recover claims payment to the effective date, in accordance with the policy. We reserve the right to review and revise these policies when necessary. When there is an update, we will publish the most current policy to the website.

Policy

Empire will allow durable medical equipment under specific guidelines. The Health Plan requires that all DME claims be submitted with the applicable HCPCS code(s) and must have the applicable modifier appended unless provider, state, or federal contracts and/or mandates indicate otherwise.

Reimbursement is based on the rental price up to the maximum allowed of the particular DME. The item is considered purchased once the purchase price has been met. There may be

instances in which a particular item may be considered for direct purchase on a case-by-case basis.

Circumstances Affecting Rental Reimbursement

Reimbursement will be calculated up to the Health Plan's allowance for the purchase price or the 10-month rental limit, whichever comes first. Once the limit is met, claims submitted for the rental of the item will be denied and no further reimbursement is allowed.

- Rental periods that contain a break in coverage of more than 3 months and resumes with the same DME provider, the 10 months rental limit will continue with the resumption month. When rental is resumed with a different DME provider, the 10-month RTP reimbursement limit count will start again for the new provider with the resumption month.
- On the occasion a member changes suppliers during the rental period, a new rental period will start over.
- When an item is rented for a trial period and then purchased, the rental fee paid during the trial period is deducted from the allowance for the purchase price.
- If the Health Plan's allowance for a DME item changes during the rental period, the rental allowance will be calculated based on the new allowance and will be applicable to the dates of service subsequent to the new allowance, and not the allowance in effect before the change.
- The Health Plan recognizes there may be times when a supplier delivers a home use DME item to a patient while the patient is in a facility setting (usually within two days of discharge). The item must be submitted to the Health Plan with the date of service equal to the date of discharge and the patient's residence as the place of service.

Note: The Health Plan allows rental of two units per month for DME that requires a back-up unit.

Nonreimbursable DME

Empire does not allow reimbursement for:

- Provision of DME that exceeds the benefit limit unless authorized through medical necessity.
- Repair or replacement of DME necessitated by abuse or neglect.
- Repair or replacement of DME during the rental period.
- Routine repair and replacement of DME and/or parts that are classified as "frequently serviced DME items" by the Health Plan.
- Enhancements or upgrades of DME for the convenience of the member or caregiver.
- The aesthetic appearance of DME for the preference of the member or caregiver
- DME considered to be experimental or investigational.
- The purchase or rental of common household items that are not medically indicated.
- The cost of loaner equipment. Such cost is included in the reimbursement for the repair, maintenance, or servicing of the serviced DME item.
- DME rental items dispensed for use in a Place of Service (POS) other than the member's home (12).
- DME provided by a skilled nursing facility – this equipment is normally included as part of the facility charge and is not separately reimbursable.

****Exceptions for skilled nursing facility:**

- Hospital beds E0194, E0301, E0302, E0303, and E0304
- Wound care items A6550, A7000, and daily rental of E2402

Empire considers the following services not eligible for separate reimbursement:

- Shipping and handling fees
- Equipment delivery services, and set-up fees
- Education and/or training for a member/family member

Maintenance and Servicing:

Maintenance and servicing is eligible for reimbursement when the applicable modifier is appended to the applicable HCPCS code. Maintenance and servicing that is eligible for reimbursement will be reimbursed equivalent to one month's rental allowance of the identified DME item for a maximum of two times per year.

Empire will provide separate reimbursement for the maintenance and servicing of DME equipment items classified by Empire as "Continuous Rental" (never purchased items) only when the DME item had been purchased prior to the effective date of the covered member's contract.

Related Coding

Standard correct coding applies.

Policy History

11/17/2023	Review approved: no changes.
04/28/2021	Review approved: Added language to non-reimbursable section for other POS
10/18/2019	Initial approval 10/18/2021 and effective 12/01/2019: Durable Medical Equipment policy (C-09003) was retired and was split into two new policies: DME Rent to Purchase (C-19007) and DME Modifiers (C-19006) <ul style="list-style-type: none">• Durable Medical Equipment (C-09003) policy effective 04/07/2009
06/01/2019	New policy template

References and Research Materials

This policy has been developed through consideration of the following:

- CMS
- Optum EncoderPro 2023

Definitions

Durable Medical Equipment (DME)	Equipment that provides therapeutic benefits to a patient in need because of certain medical conditions and/or illnesses and meets the following criteria: <ul style="list-style-type: none">○ Are primarily and customarily used to serve a medical purpose rather than convenience or comfort.○ Can withstand repeated use.
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	<ul style="list-style-type: none"> ○ Generally, are not useful to a person without an illness or injury. ○ Are appropriate for use in the home. ○ Are prescribed by a licensed physician/practitioner.
Purchase	Items that are generally not reusable (such as supplies), or are available for long-term use, and/or are customized.
Purchase/Rent to Purchase (P/RTP)	Items are not routinely purchased up-front. They are reusable, not service intensive, not customized, and/or may only be needed for short term use.
Continuous Rental	Equipment which is never purchased, and the rental reimbursement is not capped at a purchase price. These items are also referred to as “frequently serviced” (FS) items and the Health Plan reimburses these FS items as rentals for as long as is medically necessary.
Daily Rental	Items that are considered short term rentals, which are generally rented for less than a month.
General Reimbursement Policy Definitions	

Related Policies and Materials

Frequency Editing - Professional
Modifier Rules - Professional

Use of Reimbursement Policy

State and federal law, as well as contract language, including definitions and specific inclusions/exclusions, take precedence over Reimbursement Policy and must be considered first in determining eligibility for coverage. The member’s contract benefits in effect on the date that services are rendered must be used. Reimbursement Policy is constantly evolving and we reserve the right to review and update these policies periodically.

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