



## Reimbursement Policy

**Subject: Durable Medical Equipment (Rent to Purchase)**

Effective Date: **10/26/18**

Committee Approval Obtained:  
**10/18/19**

Section: **DME and  
Supplies**

\*\*\*\*\*The most current version of the reimbursement policies can be found on our provider website. If you are using a printed version of this policy, please verify the information by going to <https://providers.amerigroup.com>. Under Quick Tools, select Reimbursement Policies > Medicare. \*\*\*\*\*

These policies serve as a guide to assist you in accurate claim submissions and to outline the basis for reimbursement if the service is covered by a member's Amerigroup Medicare Advantage 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 CPT® codes, HCPCS codes and/or revenue codes. The codes denote the services and/or procedures performed. The billed code(s) are required to be fully supported in the medical record and/or office notes. Unless otherwise noted within the policy, our policies apply to participating providers and facilities; a non-contracting provider who accepts Medicare assignment will be reimbursed for services according to the original Medicare reimbursement rates.

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

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

Amerigroup Medicare Advantage reimbursement policies are developed based on nationally accepted industry standards and coding principles. These policies may be superseded by mandates in provider, state, federal or CMS contracts and/or requirements. System logic or setup may prevent the loading of policies into the claims platforms in the same manner as described; however, Amerigroup Medicare Advantage strives to minimize these variations.

Amerigroup Medicare Advantage reserves the right to review and revise our policies periodically when necessary. When there is an update, we will publish the most current policy to this site.

**Policy**

Amerigroup Medicare Advantage allows reimbursement for durable medical equipment (DME) under specific guidelines unless otherwise noted by provider, state, federal or CMS contracts and/or

requirements. Amerigroup Medicare Advantage requires that all DME claims be submitted with the applicable HCPCS code(s) and have the applicable modifier appended.

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**

The reimbursement limit for rented DME is 13 months. Once the limit is met, claims submitted for the rental of the item will be denied.

- Rental periods that contain a break in coverage of more than 60 days will start the limitation count over.
- On the occasion a member changes suppliers during the rental period, a new rental period will not start over.

Reimbursement for oxygen equipment on a monthly rental basis is allowed for a maximum of 36 months; however, Amerigroup Medicare Advantage will continue to reimburse for oxygen contents.

Supplies, contents and accessory components associated with oxygen rental DME are not separately reimbursed and considered all-inclusive in the rental reimbursement.

#### **Items Not Considered DME**

The following items are not considered DME:

- Prosthetics or orthotics
- Disposable medical supplies

**Note:** This policy does not apply to direct purchase DME.

#### **Nonreimbursable DME**

Amerigroup Medicare Advantage 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 warranty period.
- 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.

	<ul style="list-style-type: none"> <li>• DME considered to be experimental or investigational.</li> <li>• The purchase or rental of common household items that are not medically indicated.</li> <li>• DME provided by a skilled nursing facility — This equipment is normally included as part of the facility charge and is not separately reimbursable unless otherwise stated in a provider contract.</li> </ul>
<b>History</b>	<ul style="list-style-type: none"> <li>• Biennial review approved <b>10/18/19</b>: Policy language updated</li> <li>• Biennial review approved and effective <b>10/26/18</b>: Policy template updated</li> <li>• Review approved and effective <b>10/26/18</b></li> <li>• Initial policy approved <b>08/24/15</b> and effective <b>01/01/16</b></li> </ul>
<b>References and Research Materials</b>	<p>This policy has been developed through consideration of the following:</p> <ul style="list-style-type: none"> <li>• CMS</li> <li>• State contract</li> </ul>
<b>Definitions</b>	<ul style="list-style-type: none"> <li>• <b>Durable Medical Equipment (DME)</b>: items that meet the following criteria: <ul style="list-style-type: none"> <li>○ Are primarily and customarily used to serve a medical purpose rather than convenience or comfort</li> <li>○ Can withstand repeated use</li> <li>○ Generally are not useful to a person without an illness or injury</li> <li>○ Are appropriate for use in the home</li> <li>○ Are prescribed by a licensed physician/practitioner</li> </ul> </li> </ul> <p>All requirements in the definition must be met before an item can be considered DME</p> <ul style="list-style-type: none"> <li>• <b>Rent-to-Purchase</b>: a time period where reimbursement is based on a monthly fee up to the amount that the item will be considered purchased</li> <li>• <b>Capped Rental</b>: an amount reimbursed on a monthly rental basis, which will not exceed the applicable number of continuous months; if the service is billed beyond the maximum number of rental months, no additional reimbursement will be allowed</li> <li>• <b>General Reimbursement Policy Definitions</b></li> </ul>
<b>Related Policies</b>	<ul style="list-style-type: none"> <li>• Reimbursement for Items under Warranty</li> </ul>
<b>Related Materials</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>