



## Reimbursement Policy

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

Effective Date: **01/01/17**

Committee Approval Obtained:  
**02/15/16**

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 > Medicaid/Medicare. Note: State-specific exemptions may apply. Please refer to the Exemptions section below for specific exemptions based on your state.\*\*\*\*\*

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 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 both participating and nonparticipating providers and facilities.

If appropriate coding/billing guidelines or current Reimbursement Policies are not followed, Amerigroup may:

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

Amerigroup 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 These policies may be superseded by mandates in provider, state, federal or CMS contracts and/or requirements.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 strives to minimize these variations.

Amerigroup 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 allows reimbursement for Durable Medical Equipment (DME) under specific guidelines, unless otherwise noted by provider, state, federal or CMS contracts and/or requirements.

Reimbursement is based on the rental price up to the maximum allowed for the particular DME. The item is considered purchased when 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.

**Components of Rental DME**

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

The reimbursement limit for rented DME is market specific and is listed in Exhibit A. When the limit is met, claims submitted for the DME rental will be denied.

**Circumstances Affecting Rental Reimbursement**

- Rental periods that contain a break in coverage of more than 60 days will start the limitation count over
- A change in a member’s supplier during the rental period will not result in a new reimbursement limit.

Amerigroup allows reimbursement for oxygen equipment for a maximum of 36 months; however, oxygen contents will continue to be reimbursed.

**Items Not Considered DME**

The following items are not considered DME:

- Prosthetics or orthotics
- Disposable medical supplies (DMS)

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

**Nonreimbursable DME**

Amerigroup 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
- DME considered to be experimental or investigational
- The purchase or rental of common household items that are not medically indicated
- 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.
<b>Exemptions</b>	<ul style="list-style-type: none"> <li>Amerigroup Community Care in Georgia considers respiratory related equipment to be an indefinite rental.</li> </ul>
<b>History</b>	<ul style="list-style-type: none"> <li>Review 02/01/18: Policy template updated</li> <li>Review 09/01/17: Policy template updated</li> <li>Review approved and effective 01/01/17: Policy language updated</li> <li>Review approved 08/15/07 and effective 12/13/07: Exemption for non-Medicare product added.</li> <li>Review approved and effective 04/24/07: Maximum allowed price clarified as purchase price; consideration for direct purchase clarified; Certificate of Medical Necessity (CMN) requirement clarified; nonreimbursement of experimental or investigational DME clarified.</li> <li>Initial committee approval and effective 08/09/06</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 Medicaid</li> <li>Amerigroup state contracts</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> <p>All requirements in the definition must be met before an item can be considered DME.</p> </li> <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>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>

### Exhibit A: Market DME Rental Limits

Market	Rental limit
Florida	10 months
Georgia	10 months*
Kansas	10 months
Maryland	13 months
Medicare Advantage	13 months
New Jersey	10 months
Tennessee	10 months
Texas	10 months
Washington	12 months

\* Market has an exemption