



## Reimbursement Policy

**Subject: Reimbursement for Items Under Warranty**

Effective Date:  
**10/17/06**

Committee Approval Obtained:  
**09/15/16**

Section: **Administration**

\*\*\*\*\*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 These policies may be superseded by mandates in provider, state, federal or CMS contracts and/or requirements.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 does not allow reimbursement for repair or replacement of rented or purchased items during the warranty period designated by the applicable manufacturer unless provider, state, federal or CMS contracts and/or requirements indicate otherwise.

Items include:

- Durable medical equipment

	<ul style="list-style-type: none"> <li>• Supplies</li> <li>• Prosthetics</li> <li>• Orthotics</li> </ul> <p>The manufacturer and/or distributor is responsible for:</p> <ul style="list-style-type: none"> <li>• Repairing the item or providing an acceptable replacement item</li> <li>• All fees associated with shipment of the defective item</li> <li>• All fees associated with delivery of the repaired item</li> </ul> <p>In circumstances where Amerigroup has reimbursed the provider for repair or replacement of an item during the warranty period, Amerigroup is entitled to recoup fees from the manufacturer and/or distributor holding the warranty. Providers are required to supply members with information concerning the manufacturer’s warranty for all items dispensed to members.</p>
<b>Exemptions</b>	<ul style="list-style-type: none"> <li>• Amerigroup will consider reimbursement for replacement of the item through another manufacturer, after review, only in circumstances where both the member and member’s provider deem the manufacturer’s replacement of the applicable item unacceptable. The design, materials, measurements, fabrications, testing, fitting and training in the use of another manufacturer’s replacement item are included in the reimbursement of the item and are not separately reimbursable expenses.</li> <li>• If the manufacturer offers an acceptable reduced-price replacement but either the member prefers another replacement at full price or a provider did not utilize the reduced-price offer, Amerigroup allows reimbursement only up to the cost of the reduced-price item under the “prudent buyer” rule.</li> <li>• If the manufacturer offers an acceptable replacement but imposes a charge or pro rata payment, Amerigroup allows reimbursement for the partial payment imposed by the manufacturer, subject to approval.</li> </ul>
<b>History</b>	<ul style="list-style-type: none"> <li>• Biennial review approved 09/15/16: Policy template updated</li> <li>• Effective 12/31/15: Exited Florida Medicare</li> <li>• Effective 12/31/14: Exited Maryland Medicare</li> <li>• Biennial review approved 08/18/14: History section/policy template updated</li> <li>• Effective 12/31/13: Exited New Mexico</li> <li>• Effective 07/01/13: Exited Ohio</li> <li>• Biennial review approved 09/24/12: History section/policy template</li> </ul>

	<p>updated</p> <ul style="list-style-type: none"> <li>• Biennial review approved 09/24/10: History section/policy template updated</li> <li>• Review approved 11/10/08: History section/policy template updated <ul style="list-style-type: none"> <li>▪ Initial committee approval and effective date: 10/17/06</li> </ul> </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>Reimbursement Policy Definitions</b></li> </ul>
<b>Related Policies/Procedures</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Related Materials</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>