

Reimbursement Policy:

Durable Medical Equipment (DME) Rental vs. Purchase (Commercial and Medicare)

POLICY NUMBER	EFFECTIVE DATE:	APPROVED BY
RPC20210007	8/01/2022	RPC (Reimbursement Policy Committee)

Reimbursement Guideline Disclaimer: We have policies in place that reflect billing or claims payment processes unique to our health plans. Current billing and claims payment policies apply to all our products, unless otherwise noted. We will inform you of new policies or changes in policies through postings to the applicable Reimbursement Policies webpages on emblemhealth.com and connecticare.com. Further, we may announce additions and changes in our provider manual and/or provider newsletters which are available online and emailed to those with a current and accurate email address on file. The information presented in this policy is accurate and current as of the date of this publication.

The information provided in our policies is intended to serve only as a general reference resource for services described and is not intended to address every aspect of a reimbursement situation. Other factors affecting reimbursement may supplement, modify or, in some cases, supersede this policy. These factors may include, but are not limited to, legislative mandates, physician or other provider contracts, the member’s benefit coverage documents and/or other reimbursement, and medical or drug policies. Finally, this policy may not be implemented the same way on the different electronic claims processing systems in use due to programming or other constraints; however, we strive to minimize these variations.

We follow coding edits that are based on industry sources, including, but not limited to, CPT® guidelines from the American Medical Association, specialty organizations, and CMS including NCCI and MUE. In coding scenarios where there appears to be conflicts between sources, we will apply the edits we determine are appropriate. We use industry-standard claims editing software products when making decisions about appropriate claim editing practices. Upon request, we will provide an explanation of how we handle specific coding issues. If appropriate coding/billing guidelines or current reimbursement policies are not followed, we may deny the claim and/or recoup claim payment.

Overview:

Durable Medical Equipment (DME) is any equipment for use in the home setting that provides therapeutic benefits to members with certain medical conditions and/or illness. DME consists of items which:

- Are primarily and customarily used to serve a medical purpose.
- Are not useful to a person in the absence of illness or injury.
- Are ordered or prescribed by a physician.
- Are reusable.
- Can stand repeated use, *and*
- Are appropriate for use in the home.

DME includes, but is not limited to, wheelchairs (manual and electric), hospital beds, traction equipment, canes, crutches, walkers, ventilators, oxygen equipment, monitors, pressure mattresses, nebulizers, prosthetics, continuous positive airway pressure equipment (CPAP), and phototherapy equipment for hyperbilirubinemia. DME is further defined as any equipment that can withstand repeated use and is primarily and customarily used to serve a medical purpose.

Policy Statement:

This policy describes how EmblemHealth/ConnectiCare reimburse for the rental and/or purchase of certain Durable Medical Equipment (DME) items, Prosthetics and Orthotics. The provisions of this policy apply to the Same Specialty Physicians and Other Health Care Professionals, which includes DME, Prosthetic and Orthotic vendors, renting or selling DME, Prosthetics or Orthotics.

For purposes of this policy, Same Specialty Physician or Other Health Care Professional is defined as physicians and/or other health care professionals of the same group and same specialty reporting the same Federal Tax Identification number (TIN).

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Reimbursement Guidelines:

Some DME items are eligible for rental as well as for purchase. The codes representing these items are listed in the tables below and must be reported with the appropriate modifier in order to be considered for reimbursement.

Some DME items are eligible for rental only. The codes representing these items are listed in the table below and must be reported with the appropriate rental modifier in order to be considered for reimbursement.

DME rental fees will cover the cost of maintenance, repairs, replacement, supplies and accessories. Equipment delivery services and set-up, education and training for patient and family, and nursing visits, are not eligible for separate reimbursement.

Total reimbursement of fees reported for a single code (appended with modifier RR and/or NU) from a single vendor is limited to either the purchase price of the item or a maximum number of rental months, whichever is less. *These rental limits do not apply to oxygen equipment or to ventilators.*

Place of Service (POS):

Consistent with CMS guidelines, reimbursement of certain DME items is limited to a place of service (POS) that qualifies as the patient’s home. DME suppliers should report the POS code where the device is intended to be used. DME dispensed for use in a POS other than the patient’s home are not reimbursable.

Please note that there are specific DME items or implantable devices that are not suitable for dispensing or using in the home setting and are therefore not reimbursed with a home POS.

The table below lists the POS codes that would qualify as “patient’s home” setting:

POS	Description
01	Pharmacy: A facility or location where drugs and other medically related items and services are sold, dispensed, or otherwise provided directly to patients.
04	Homeless Shelter: A facility or location whose primary purpose is to provide temporary housing to homeless individuals (e.g., emergency shelters, individual or family shelters).
09	Prison/Correctional Facility: A prison, jail, reformatory, work farm, detention center, or any other similar facility maintained by either Federal, State or local authorities for the purpose of confinement or rehabilitation of adult or juvenile criminal offenders.
12	Home: Location, other than a hospital or other facility, where the patient receives care in a private residence.
13	Assisted Living Facility: Congregate residential facility with self-contained living units providing assessment of each resident's needs and on-site support 24 hours a day, 7 days a week, with the capacity to deliver or arrange for services including some health care and other services.
14	Group Home: A residence, with shared living areas, where clients receive supervision and other services such as social and/or behavioral services, custodial service, and minimal services (e.g., medication administration).
16	Temporary Lodging: A short term accommodation such as a hotel, campground, hostel, cruise ship or resort where the patient receives care, and which is not identified by any other POS code.
31	Skilled Nursing Facility: A facility which primarily provides inpatient skilled nursing care and related services to patients who require medical, nursing, or rehabilitative services but does not provide the level of care or treatment available in a hospital.

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POS	Description
32	Nursing Facility: A facility which primarily provides to residents skilled nursing care and related services for the rehabilitation of injured, disabled, or sick persons, or, on a regular basis, health-related care services above the level of custodial care to other than individuals with intellectual disabilities.
33	Custodial Care Facility: A facility which provides room, board and other personal assistance services, generally on a long-term basis, and which does not include a medical component.
54	Intermediate Care Facility/ Individuals with Intellectual Disabilities:
55	Residential Substance Abuse Treatment Facility: A facility which provides treatment for substance (alcohol and drug) abuse to live-in residents who do not require acute medical care. Services include individual and group therapy and counseling, family counseling, laboratory tests, drugs and supplies, psychological testing, and room and board.
56	Psychiatric Residential Treatment Center: A facility or distinct part of a facility for psychiatric care which provides a total 24-hour therapeutically planned and professionally staffed group living and learning environment.
65	End-Stage Renal Disease Treatment Facility: A facility other than a hospital, which provides dialysis treatment, maintenance, and/or training to patients or caregivers on an ambulatory or home-care basis.

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.

Guidelines for Renting DME:

DME rental vs. purchase coverage is based on the item prescribed, the patient's prognosis, the time frame required for use, and the total cost (rental vs. purchase) for the equipment
When DME is rented, the benefits cannot exceed the total of the cost to purchase the DME or the contracted fee schedule.

DME may be rented when:

- DME is not classified as "Routinely Purchased DME" (costing above \$200) or Inexpensive DME and anticipated medical need is for a limited time frame; or equipment requires high maintenance (requires specialized skills to service the item).
- Examples include, but are not limited to the following: apnea monitors, hospital beds, bili lights and biliblankets, Continuous Passive Motion (CPM), traction, infusion pumps, IPPB, Nebulizers, CPAP, BiPAP, DPAP, lymphedema pumps, oxygen equipment (portable and stationary), ventilators, and TENS units.
- Rental equipment which has reached a maximum reimbursement (rental paid up to purchase price) will continue to be owned by the DME provider with the understanding that the equipment will remain in the patient's custody until medical necessity is no longer met. *The DME provider can no longer charge rental fees.* Once the member no longer needs the equipment, the DME provider will collect the equipment.

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- Equipment that is purchased without prior rental will be owned by the patient.
- 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.

Capped Rentals:

- Monthly rentals not to exceed capped rental period of 13-months of continuous use.
- At that time (end of 13-month rental) ownership of the equipment passes to the member.
- *In the case of electric wheelchairs only, the members must be given a purchase option at the time the equipment is first provided.*

Applicable Modifiers:

Modifier	Description
BR	The beneficiary has been informed of the purchase and rental options and has elected to rent the item
KH	DMEPOS item, initial claim, purchase or first month rental
KI	DMEPOS item, second or third-month rental
KJ	DMEPOS item, parenteral enteral nutrition (PEN) pump or capped rental, months four to fifteen
KM	Replacement of facial prosthesis including new impression/moulage
KN	Replacement of facial prosthesis using previous master model
KR	Rental item, billing for partial month
NR	New when rented (use the NR modifier when DME which was new at the time of rental is subsequently purchased)
NU	New equipment
RA	Replacement of a DME, orthotic or prosthetic item
RB	Replacement of a part of a DME, orthotic or prosthetic item furnished as part of a repair
RR	Rental (use the RR modifier when DME is to be rented)
UE	Used durable medical equipment

Guidelines for Purchasing DME:

DME may be purchased in any of the following situations:

- The equipment is classified as inexpensive DME, which is defined as equipment with a purchase price that does not exceed \$200. *Examples may include, but are not limited to: canes, walkers, crutches, arm slings, patient transfer belts, cervical collars, comfort rings, dextrometers, peak flow meters and commode chairs.*

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- The equipment is classified as Other Routinely Purchased DME, defined as equipment acquired by purchase at least 75% of the time. Equipment in this category may be rented or purchased, but the total amount paid for monthly rentals cannot exceed the fee schedule purchase amount. *Examples may include, but are not limited to: low pressure and positioning equalization pads, home blood glucose monitors, braces for legs, arms, cast boots, cervical brace, and Jobst stockings.*
- More expensive DME not classified as "Routinely Purchased DME" (costing above \$200) may be purchased when all of the following criteria are met:
 - Long term use is expected based on the patient's prognosis (rental is anticipated to exceed purchase price) and maintenance of DME
 - A rental trial period (applied toward purchase price) has documented patient compliance, patient tolerance, and clinical benefits.

Applicable HCPCS Codes:

Rental or Purchase:

Items eligible for Rental or Purchase									
A4233	A4234	A4235	A4236	A4253	A4602	A4604	A4605	A4611	A4612
A4613	A4618	A4619	A4624	A4628	A4630	A4633	A4635	A4636	A4637
A4639	A4640	A7000	A7001	A7002	A7003	A7004	A7005	A7006	A7007
A7008	A7009	A7010	A7012	A7013	A7014	A7015	A7016	A7017	A7020
A7025	A7026	A7027	A7028	A7029	A7030	A7031	A7032	A7033	A7034
A7035	A7036	A7037	A7038	A7039	A7044	A7045	A7046	A7047	A8000
A8001	B9002	B9004	B9006	E0100	E0105	E0110	E0111	E0112	E0113
E0114	E0116	E0130	E0135	E0140	E0141	E0143	E0141	E0143	E0147
E0148	E0149	E0153	E0154	E0155	E0156	E0157	E0158	E0159	E0160
E0161	E0162	E0163	E0165	E0167	E0168	E0170	E0171	E0175	E0181
E0182	E0184	E0185	E0186	E0187	E0188	E0189	E0191	E0193	E0194
E0196	E0197	E0198	E0199	E0200	E0202	E0205	E0210	E0215	E0217
E0218	E0221	E0225	E0235	E0236	E0239	E0249	E0250	E0251	E0255
E0256	E0260	E0261	E0265	E0266	E0271	E0272	E0273	E0274	E0275

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Items eligible for Rental or Purchase									
E0276	E0277	E0280	E0290	E0291	E0292	E0293	E0294	E0294	E0295
E0296	E0297	E0300	E0301	E0302	E0303	E0304	E0305	E0310	E0316
E0325	E0326	E0371	E0372	E0373	E0424	E0430	E0431	E0433	E0434
E0435	E0439	E0440	E0445	E0457	E0459	E0462	E0465	E0466	E0467
E0470	E0471	E0472	E0480	E0481	E0482	E0483	E0484	E0500	E0550
E0555	E0560	E0561	E0562	E0565	E0570	E0572	E0574	E0575	E0580
E0585	E0600	E0601	E0602	E0603	E0604	E0605	E0606	E0607	E0610
E0615	E0617	E0618	E0619	E0620	E0621	E0627	E0629	E0630	E0635
E0636	E0637	E0638	E0639	E0640	E0650	E0651	E0652	E0657	E0665
E0667	E0669	E0671	E0672	E0673	E0675	E0678	E0679	E0680	E0681
E0682	E0691	E0765	E0780	E0783	E0786	E0791	E0840	E0849	E0850
E0855	E0856	E0860	E0870	E0880	E0890	E0900	E0910	E0911	E0912
E0920	E0930	E0935	E0940	E0941	E0942	E0944	E0945	E0946	E0947
E0948	E0950	E0951	E0952	E0953	E0954	E0955	E0956	E0957	E0958
E0959	E0960	E0961	E0966	E0967	E0968	E0969	E0970	E0971	E0973
E0974	E0978	E0980	E0981	E0982	E0983	E0984	E0985	E0986	E0988
E0990	E0992	E0994	E0995	E1002	E1003	E1004	E1005	E1006	E1007
E1008	E1010	E1012	E1014	E1015	E1016	E1020	E1028	E1029	E1030
E1031	E1035	E1036	E1037	E1038	E1039	E1050	E1060	E1070	E1083
E1084	E1085	E1086	E1087	E1088	E1089	E1090	E1092	E1093	E1100
E1110	E1130	E1140	E1150	E1160	E1161	E1170	E1171	E1172	E1180
E1190	E1195	E1200	E1221	E1222	E1223	E1224	E1225	E1226	E1227
E1228	E1230	E1232	E1233	E1234	E1235	E1236	E1237	E1238	E1240
E1250	E1260	E1270	E1280	E1285	E1290	E1295	E1296	E1297	E1298

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Items eligible for Rental or Purchase									
E1310	E1353	E1372	E1390	E1391	E1392	E1405	E1406	E1700	E1800
E1801	E1802	E1805	E1806	E1810	E1811	E1812	E1815	E1816	E1818
E1820	E1821	E1825	E1830	E1831	E1840	E1841	E2000	E2001	E2100
E2101	E2120	E2201	E2202	E2203	E2204	E2205	E2206	E2207	E2208
E2209	E2210	E2211	E2212	E2213	E2214	E2215	E2216	E2217	E2218
E2219	E2220	E2221	E2222	E2224	E2225	E2226	E2227	E2228	E2231
E2310	E2311	E2312	E2313	E2321	E2322	E2323	E2324	E2325	E2326
E2327	E2328	E2329	E2330	E2340	E2341	E2342	E2343	E2351	E2359
E2360	E2361	E2362	E2363	E2364	E2365	E2366	E2367	E2368	E2369
E2370	E2371	E2373	E2374	E2375	E2376	E2377	E2378	E2381	E2382
E2383	E2384	E2385	E2386	E2387	E2388	E2389	E2390	E2391	E2392
E2394	E2395	E2396	E2397	E2402	E2500	E2502	E2504	E2506	E2508
E2510	E2601	E2602	E2603	E2604	E2605	E2606	E2607	E2608	E2611
E2612	E2613	E2614	E2615	E2616	E2619	E2620	E2621	E2622	E2623
E2624	E2625	E2626	E2627	E2628	E2629	E2630	E2631	E2632	E2633
K0001	K0002	K0003	K0004	K0005	K0006	K0007	K0009	K0010	K0011
K0012	K0015	K0017	K0018	K0019	K0020	K0037	K0038	K0039	K0040
K0041	K0042	K0043	K0044	K0045	K0046	K0047	K0050	K0051	K0052
K0053	K0056	K0065	K0069	K0070	K0071	K0072	K0073	K0077	K0098
K0105	K0195	K0455	K0601	K0602	K0603	K0604	K0605	K0606	K0607
K0608	K0730	K0733	K0738	K0800	K0801	K0802	K0806	K0807	K0808
K0813	K0814	K0815	K0816	K0820	K0821	K0822	K0823	K0824	K0825
K0826	K0827	K0828	K0829	K0830	K0831	K0835	K0836	K0837	K0838
K0839	K0840	K0841	K0842	K0843	K0848	K0849	K0850	K0851	K0852

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Items eligible for Rental or Purchase									
K0853	K0854	K0855	K0856	K0857	K0858	K0859	K0860	K0861	K0862
K0863	K0864								

Rental only:

Items Eligible for Rental Only					
E0431	E0433	E0434	E0439	E0678	E0679
E0680	E0681	E0682	E1392	E2001	K0738

Definitions:

Term	Description
Durable Medical Equipment (DME)	Medical equipment which: *Can withstand repeated use *Is not disposable *Is used to serve a medical purpose *Is generally not useful to a person in the absence of sickness or injury *Is appropriate for use in the home
Orthotic	An external appliance such as a brace or splint that prevents or assists movement of the spine or limbs. A brace is used for the purpose of supporting a weak or deformed body part of a Customer or restricting or eliminating motion in a diseased or injured part of the body.
Prosthetic	A device that replaces all or part of an external body organ or all or part of the function of a permanently inoperative or malfunctioning external body organ.

Non-Covered DME/DME Services:

- Optional or ancillary DME equipment or features that are primarily for convenience or upgrades beyond what is medically necessary to meet the member’s medical needs. *Examples include but are not limited to: decorative items, unique materials (e.g. magnesium wheelchair wheels, lights, custom coloring, extra batteries, cup holders, back packs, etc.).*
- The DME does not provide a therapeutic benefit to a member.
- The DME has not been prescribed by a physician within the scope of his/her practice.
- The DME serves primarily as a comfort or convenience item. *Examples include but are not limited to: elevators, wheelchair vans, wheelchair lifts for stairs, etc.*
- The equipment is used in a facility that is expected to provide such items to the member.

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- It is a device or equipment used to enhance the environmental setting (for example: air conditioners, humidifiers, air filters, portable Jacuzzi pumps, bathroom equipment).
- It is experimental or investigational equipment.
- The equipment is prescribed for other than intended usage.
- The equipment is not FDA approved.
- The DME is prescribed as part of a home exercise program. *Examples include but are not limited to: exercise videos, pool memberships, gym memberships, treadmills, exercise balls, etc.)*
- The DME was abused, used beyond its specifications, and in a manner to void applicable warranties.
- DME items that assist with care that is primarily custodial in nature. *For example: DME items that help a person with activities of daily living like bathing, toileting, eating, dressing, getting in and out of bed, getting in and out of a vehicle, lifts for going up and down stairs or any similar items).*
- Electronic Devices:
 - Electronic devices such as laptops, tablets, smart phones, PDAs etc. that have multiple uses and are not dedicated solely for the requested service are not covered as they do not meet the definition of DME
 - Software or applications that enable the electronic device to provide the requested medically necessary service may be covered if reviewed by medical management and approved by the Medical Director; however, installation, technical support, additional cables, interfaces, or adapters, etc. are not separately reimbursable.
 - Monthly fees for services such as internet, data, or cellular phone are not covered.

References:

1. American Medical Association, Current Procedural Terminology (CPT®) and associated publications and services
2. Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services
3. Centers for Medicare and Medicaid Services, Healthcare Common Procedure Coding System, HCPCS Release and Code Sets

Revision History

Company(ies)	DATE	REVISION
EmblemHealth ConnectiCare	1/24/2024	<ul style="list-style-type: none"> • Updated policy with new codes added to the Items Eligible for Rental Only table and Items eligible for Rental or Purchase table effective 1/1/2024
EmblemHealth ConnectiCare	3/2022	<ul style="list-style-type: none"> • New policy