LifeWise Health Plan of Washington

Payment Policy

cmi_171627

Title	**Durable Medical Equipment (DME) / Home Medical Equipment (HME)**		
Number	**CP.PP.403.v2.4**		
Last Approval Date	01/08/25	**Original Effective Date**	12/11/16
Cross Reference	• *Modifier 59 - Distinct Procedural Service* • *Modifier RA – Replacement of a DME, Orthotic or Prosthetic Item* • *Modifier RR – Durable Medical Equipment (DME) Rental, Modifier KR-Rental item-partial month, and Modifier LL-Lease/Rental* • *Modifier NU – New DME Equipment and Modifier NR – New DME Equipment When Rented* • *Modifiers XE, XS, XP and XU - Separate Encounter, Separate Structure, Separate Practitioner and Unusual Overlapping Service* • *Site Specifying Modifiers* • *Unlisted, Non-Specific and Miscellaneous Procedure Codes*		

Coverage of any service is determined by a member's eligibility, benefit limits for the service or services rendered and the application of the Plan's Medical Policy. Final payment is subject to the application of claims adjudication edits common to the industry and the **Plan's professional or facility services claims coding policies**. Reimbursement is restricted to the provider's scope of practice as well as the fee schedule applicable to that provider.

Purpose	To identify how the Plan identifies and processes DME/HME services that are submitted on a CMS 1500 paper claim or 837P electronic claim form.
Scope	Applies to all Premera Blue Cross, Premera Blue Cross Blue Shield of Alaska, LifeWise Health Plan of Washington, LifeWise Assurance Company and Premera Blue Cross HMO lines of business and products.
Definitions	**Durable Medical Equipment (DME)/Home Medical Equipment (HME)** – equipment and related health care supplies and services that are: • appropriate for use in the home • able to withstand repeated use • used primarily for medical purposes. • not useful in the absence of illness or injury • determined to be reasonable and necessary • prescribed by a physician • represents the most cost-effective alternative • not implantable in the body • not for the convenience of the patient or caregiver **Rental-to-Purchase or Purchased Equipment** – Rental equipment that is either: • rented for a designated period of 10 months (capped rental), after which the piece of equipment is considered owned or purchased by the member. No additional Plan allowance will be made on the equipment; • purchased before the rental period has ended. Rental allowances already made on the equipment will be deducted from the purchase price to calculate/determine final payment; or • purchased outright. **Rental-Only Equipment –** Equipment which is rarely or never purchased but is only rented on a continuous basis. Examples of these items include oxygen-related equipment and ventilators.

	Daily-Rental Equipment – Equipment that is rented for a period of days not exceeding a month. **Purchase-Only Equipment –** Equipment that is primarily purchased such as orthoses, prostheses, orthotics and vision hardware, items considered accessories used in conjunction with other DME items such as nebulizers, aspirators, ventilators or with other related services. **Calendar Month Period** – A rental period that encompasses an entire calendar month. **Lapse in Rental Period** – An interruption of the rental period of a piece of applicable equipment. A lapse of less than 60 days will not start a new rental period. A lapse of more than 60 days will start a new rental period.
Policy	For the processing of DME items, the Plan has established the following categories of DME, based on the Durable Medical Equipment Prosthetics, Orthotics and Supplies (DMEPOS) Fee Schedule as maintained by the Centers for Medicare and Medicaid Services (CMS): • Rental-to-Purchase or Outright Purchased Equipment • Rental-Only Equipment • Purchase-Only Equipment • Oxygen Rental Only **<u>Rental-to-Purchase or Outright Purchased Equipment</u>** These codes are considered DME and can be rented for **up to a period of 10 months (capped rentals)** after which the Plan considers the equipment to be owned by the member. No additional reimbursement will be made toward the piece of patient-owned equipment. Also, at any time during this 10-month period of time, the member may also purchase the piece of equipment directly prior to the 10th month. The Plan will then allow the purchase price **minus** any rental allowances that have already been paid out on the piece of equipment. A break in this 10-month period of time up to and including the 60th day will not start a new 10-month rental period calculation. A lapse of more than 60 days will start a new rental period. A change of supplier of DME during a 10-month rental period will not initiate a new 10-month rental period. For example: if a member changes supplier after the 6th rental month, the new supplier will be allowed rentals for the 4 remaining rental months. **<u>Rental-Only Equipment (Daily and Continuous Rentals)</u>** Daily rentals are equipment which are rented **on a short-term basis, less than a month.** Such items include, but are not limited to, bilirubin/phototherapy lights/pads, continuous passive motion (CPM) exercise machines and negative wound therapy pumps. A "from" and a "through" date of service must be included in the claim. The units of service for the daily rental DME item **must match the total days rented.** Partial month rental must be submitted with **two modifiers** appended to the procedure code in order to indicate a

partial month rental. The primary modifier must be *RR-Rental,* and the secondary modifier must be *KR-Rental billing for partial month.*

Continuous rentals are equipment which is **rarely or never purchased**. Such items include, but are not limited to, oxygen-related equipment, ventilators, intermittent positive pressure breathing (IPPB) machines (monthly supplies, repairs and replacements are included in the monthly rental reimbursement). The months that the equipment is rented is reflected in the dates of service which must match the units billed. Future date submissions are not accepted.

Previously purchased items cannot subsequently be billed as a rental piece of equipment.

Purchase-Only Equipment

Purchase only items are accessories to the equipment that the member has previously purchased or part of a continuous rental such as a nebulizer or aspirator. This category includes, but are not limited to, batteries, tubing and catheters and accessories to CPAP machines as well as prostheses, orthoses, orthotics, and vision hardware.

Oxygen Rentals Only

Oxygen and oxygen equipment rentals include items such as stationary and portable equipment, stationary and portable contents, and all accessories used in conjunction with oxygen equipment. Payment is made on a monthly basis. One bundled monthly allowed amount includes all covered stationary equipment, stationary and portable content and all accessories used in conjunction with the oxygen equipment. Monthly oxygen rental allowance includes the accessories and supplies that are used to administer the oxygen. Supplies and accessories billed separately on the same day or during the same month as a portable oxygen system, a stationary oxygen system or an oxygen concentrator, will be denied as included in the monthly rental allowed amount for the oxygen equipment.

Replacement of a DME, orthotic or prosthetic item

Replacement of a patient owned DME due to the expiration of the equipment's reasonable use lifetime (RUL) of five years may be due to one or more of the following reasons:

- reasonable deterioration over time,
- the item is non-functional and cannot be repaired,
- the DME being replaced is member owned,
- loss/theft/stolen,
- accidental or irreparable damage to the item,
- needed due to change in member's medical condition, or
- replacement cost is less than repair cost

The replacement DME procedure code must be appended with Modifier RR-RA for the **first rental month claim only**. Claims submitted with a procedure code appended with modifier RR-RA must include a narrative explaining the reason/need for the replacement. The patient's medical records must document the reason/need for the replacement and be made available for review upon request. Subsequent rental months must then be submitted with a rental modifier (modifier RR) for the remaining rental months.

If the replacement piece of DME is being **purchased outright**, a purchase modifier, NU-RA, must be appended to the DME procedure code. In addition, a narrative explaining the reason/need for the replacement must be included. The patient's medical records must document the reason/need for the replacement and be made available for review upon request.

Modifiers

Procedure codes related to DME cannot be interpreted correctly as to their condition status without an appropriate modifier(s) that describes the type of service and the payment arrangement to be applied to the code such as rental, purchase, or replacement.

Therefore, an appropriate HCPCS modifier **is required and must be appended** to an applicable DME procedure code to be reimbursed (see Code List at end of Policy). Failure to add the appropriate status modifier on a submitted DME code will result in a denial.

One of the modifiers noted below is required as a "**primary**" modifier to any submitted DME code:

Purchase Modifiers:

- **NU – New** equipment,
- **NR - New** when rented. (Use the NR modifier when DME which was new at the time of rental is subsequently purchased. Providers should bill the purchase price of the equipment.)
- **UE – Used** DME

Rental Modifiers:

- **RR – Rental** (Use the RR modifier to indicate a monthly rental), or
- **KR - Rental** item-billing for partial month (Use to indicate daily rentals)

Additional modifiers that should be appended to provide additional clarity as to anatomic location or whether the services are separate and distinct from other billed services include but are not limited to:

- **LT** – Left side
- **RT** – Right side
- **E1 – E4** – Eyelid modifiers
- **F1 – F9, FA** – Finger modifiers
- **T1 – T9, TA** – Toe modifiers
- **RA – Replacement** of a DME orthotic or prosthetic item (added as a secondary modifier after either NU or RR)
    - RR-RA for first month rental only or
    - NU-RA for an outright purchase

Functional Modifiers (K0-K4)

A lower limb prosthetic may be covered when the patient reaches or maintains a defined functional state within a reasonable period of time and is motivated to ambulate. Functional modifiers have been developed to define ability and must be used when billing

lower limb prosthetics. Failure to append a functional modifier to a lower limb prosthetic will result in a denial.

Functional modifiers are applicable to specific prosthetics in order to define member ability. These modifiers include:

- **K0** - Does not have the ability or potential to ambulate or transfer safely with or without assistance and a prosthesis does not enhance their quality of life or mobility.
- **K1** - Has the ability or potential to use a prosthesis for transfers or ambulation on level surfaces at fixed cadence. Typical of the limited and unlimited household ambulator.
- **K2** - Has the ability or potential for ambulation with the ability to traverse low level environmental barriers such as curbs, stairs, or uneven surfaces. Typical of the limited community ambulator.
- **K3** - Has the ability or potential for ambulation with variable cadence. Typical of the community ambulator who has the ability to traverse most environmental barriers and may have vocational, therapeutic, or exercise activity that demands prosthetic utilization beyond simple location.
- **K4** - Has the ability or potential for prosthetic ambulation that exceeds basic ambulation skills, exhibiting high impact, stress or energy levels. Typical of the prosthetic demands of the child, active adult, or athlete.

These modifiers describe the intended use of a lower limb prosthesis. Based on the intended use of the prosthesis and whether or not the patient can achieve these activities, the selection of appropriate components can be made for a patient.

Units of Service

Units of service included with a DME procedure code must match the type of DME rental being submitted:

- Monthly rentals:
  - One month of rental for a rented piece of DME equals 1 unit of service when an RR modifier is appended to the code.
  - **Bill each month of service on a single claim line (i.e., one (1) service month instead of 30 units of service).**
- Daily rentals:
  - One day of rental for a daily rental DME equals 1 unit of service when a KR modifier is appended to the code.
  - **"From" and "through" dates of service for a daily rental of a piece of DME must match the number of units submitted.**

Claims with future dates of service will not be accepted. Claims should be submitted after the end of the rental period.

Unlisted DME and Miscellaneous Supplies and Services

Supply items should be submitted with the correct HCPCS Level II code that most appropriately describes the item. Unlisted supply codes should only be used when there is no other code that **more accurately describes** the item. A narrative or a description of the

	service supplied is required with every unlisted code regardless of billed charge. This description of the unlisted service can be entered into Box 19 or Box 24 on a professional claim form. Documentation which specifically identifies what is being rendered or supplied must be included when the claim is submitted with one or more unlisted DME codes. A copy of the invoice identifying the item being billed with the unlisted code or a copy of the Manufacturer's Suggested Retail Price (MSRP) which identifies what is being billed with the unlisted code must be supplied when requested. In addition, if a "similar" or "like" code is known, include a reference to the code as part of the supporting documentation for the unlisted, miscellaneous DME. Additional information on the types of documentation to include can be found in the "*Unlisted, Non-Specific and Miscellaneous Procedure Codes*" Payment Policy. **Related Services** Set up fees, delivery fees, postage/taxes, shipping and handling, education and training, maintenance and servicing of rental equipment are considered part of the DME rental charge. These fees will not be reimbursed and should not be billed separately. The Place of Service code on the claim should reflect **where the member will be using the piece of equipment for the majority of their time,** such as, but not limited to, the member's home or other places that qualify as the member's home (e.g., a group home, intermediate care facilities, or residential substance abuse facilities). A file containing a list of the categories of DME, and their associated modifiers can be accessed using the following link. Codes on this list do not guarantee that they will be reimbursed. Coverage and therefore reimbursement, is dependent upon the member's benefits, and correct coding of the DME item and supporting documentation: https://www.premera.com/documents/044055.pdf

Codes/Coding Guidelines	Special coding guidelines: **<u>Prosthetics and Orthotics</u>**: • Prosthetics and Orthotics which may be supplied bilaterally must be billed on individual claim lines with modifiers LT or RT to define which side will use the piece of DME. • Examples of bilateral DME categories include but are not limited to: o Ankle, foot, knee orthotics o External breast prosthetics o Arm orthotics o Lower limb prosthetics o Upper limb prosthetics **<u>HCPCS DME "Pair" Procedure Codes</u>**: • DME HCPCS procedure codes whose code descriptions include the phrase "per pair" or "pair" must not be billed with modifier LT or RT • Examples include, but are not limited to: o A4556 - Electrodes (e.g., apnea monitor), **per pair** o A4930 - Gloves, sterile, **per pair** o E0988- Manual wheelchair accessory, lever-activated, wheel drive, **pair** o L0980 - Peroneal straps, prefabricated, off-the-shelf, **pair** o L3212 - Benesch boot, **pair**, infant **<u>Finger and Toe Extension/Flexion devices</u>**: • Any piece of DME which is to be used for a specific finger or toe (extension or flexion devices), must be appended with one of the toe or finger modifiers in the secondary modifier position. • Examples include, but are not limited to: o E1825 - Dynamic adjustable finger extension/flexion device, includes soft interface material o E1830 - Dynamic adjustable toe extension/flexion device, includes soft interface material o E1831 – Static progressive stretch toe device, extension and/or flexion, with or without range of motion adjustment, includes all components and accessories **Functional Modifiers:** Some examples of prosthetics that require a functional modifier include, but are not limited to, the following: • L5611 - Addition to lower extremity, endoskeleton system, above knee (AK), knee disarticulation, four-bar linkage, with friction swing phase control • L5930 - Addition, endoskeleton system, high activity knee control frame • L5961 - Addition, endoskeleton system, polycentric hip joint, pneumatic or hydraulic control, rotation control, with or without flexion and/or extension control • L5974 - All lower extremity prostheses, foot, single axis ankle/foot • L5978 - All lower extremity prostheses, foot, multiaxial ankle/foot • L5979 - All lower extremity prostheses, multiaxial ankle, dynamic response foot, one-piece system

	L5987 - All lower extremity prostheses, shank foot system with vertical loading pylon

Violations of Policy	Violations of this policy by any party that enters into a written arrangement with the Plan may result in increased auditing and monitoring, performance guarantee contractual penalties and/or termination of the contract. Disciplinary actions will be appropriate to the seriousness of the violation and shall be determined at Plan's sole discretion. Violations of this policy may be grounds for corrective action, up to and including termination of employment.
Exceptions	
Laws, Regulations & Standards	
References	• Durable Medical Equipment Prosthetics Orthotics and Supplies (DMEPOS) Fee Schedule, Center for Medicare and Medicaid Services (CMS) • Healthcare Common Procedure Coding System (HCPCS) codebook • Medicare National Correct Coding Initiative (NCCI) edits • Medicaid National Correct Coding Initiative (NCCI) edits

Policy Owner Review	Payment Integrity Oversight Committee	
Contact	Any questions regarding the contents of this policy or its application should be directed to the Payment Integrity Department.	
Annual Review Dates	01/08/25; 11/12/24; 10/03/24; 05/14/24; 03/04/24; 09/06/23; 02/08/23; 03/04/22; 04/16/21; 04/30/20; 05/24/19; 06/05/18; 11/07/17; 08/11/17; 09/14/16; 07/27/16	
Version History	06/05/18	Added sub-section within the Policy statement to address unlisted DME code submissions and the need for supporting documentation; Added new section "Codes/Coding Guidelines" to the policy along with codes and full descriptions
	05/24/19	Added reference to the Unlisted Code Payment policy in the unlisted code sub-section
	04/30/20	Link to DME file updated
	04/16/21	Added Payment Policy Modifier RA to the Cross Reference section. Clarified the Purpose statement to indicate that the policy pertains to Professional services billed on a CMS-1500 or 837P electronic claim forms.
	03/04/22	Expanded the "Rental to purchase equipment" definition to include "Purchase or Rental to purchase equipment" per policy guidelines and revised the references to this definition throughout policy. Updated the list of codes in the link in the policy to reflect the 2022 DME CMS Fee Schedule
	02/08/23	• In the Cross Reference Section, added Payment Policies for Modifier XE, XS, XP, XU, Site Specifying Modifiers and Modifier 59. • In the Definitions section and the Policy statement, expanded the definition of Purchased Only Services. • In the Modifiers section of the Policy statement, added additional modifiers that should also be appended when applicable. • The final paragraph in the Policy section concerning a list of codes applicable to this policy was updated to indicate that the presence of

		the code on the list is not a guarantee of payment but is dependent upon the member's benefits.
		• The embedded link to the code list subject to this policy was updated with the following codes:
		  • Code additions effective with dates of service 01/01/2023:
		  o E0183 – Rental only
		  o E2102 – Purchase or Rental to Purchase
		  o E2103 – Purchase or Rental to Purchase
		  o K1002 – K1033 – Rental Only
		  • Code terminations effective with dates of service 01/01/2023:
		  o K0554.
		• In the References section, added the new reference for the National Correct Coding (NCCI) edits for Medicaid.

	09/06/23	• In the Policy section, created a new subsection titled "Replacement of a DME, orthotic or prosthetic item" to describe the correct usage of Modifier RA • In the Modifiers subsection of the Policy, created a new section for Replacement Modifier

	03/04/24	Effective with dates of service on and after July 5, 2024, the following changes/updates will become effective:
		• In the Definitions section, expanded the definitions for Durable Medical Equipment and Rental to Purchase or Purchased Equipment
		• In the "Rental-Only-Services" section, added clarification on how to code/bill for partial month rentals and added the last paragraph
		• Added "new" section "Oxygen Rentals Only"
		• In the "Replacement of DME, Orthotic or Prosthetic item" section:
		  o Added sub-bullet examples to the first paragraph
		  o Added an explanation in the second and third paragraphs which modifier combinations should be appended for rental replacement and purchase replacement respectively
		• In the "Modifiers" section:
		  o Removed modifier LL
		  o Clarified how to bill modifier RA
		  o Added eyelid, toe, and finger modifiers and
		  o Removed modifier 59 and X-series modifiers
		• Added "new" section "Functional Modifiers"
		• In the "Related Services" section, added examples of "member's home" to the third paragraph
		• Updated the code list in the embedded link as follows:
		  o New codes added effective with dates of service on and after 01/01/2024: E0530, E0678, E0679, E0680, E0681, E0682, E0732, E0733, E0734, E0735, E1905, E2001, E2398 and E3000
		  o Terminated codes effective with dates of service on and after 01/01/2024: K1001 through K1033

		• In the Codes/Coding Guidelines section, added new coding guidelines and removed the list of "Unlisted Codes"

	05/14/24	• In the Unlisted DME and Miscellaneous Supplies and Services section of the Policy, added the first paragraph which was moved up to this section from the Related Service section of the policy
		• Updated the code list in the embedded link as follows:
		  • New codes added effective with dates of service on and after April 1, 2024: E0468, E2104 and E2298
		  • Removed code effective with date of service on and after April 1, 2024: A7045

	10/03/24	• In the Unlisted DME and Miscellaneous Supplies and Services section of the Policy, revised the first paragraph to indicate that a description of the unlisted service(s) is required, regardless of billed charge, and should be entered into either Box 19 or Box 24 on the professional claim form
		• Updates to the code list in the embedded link include the following:
		  • Codes previously labeled as "Capped Rental (RR)" have been revised to now read "Capped Rental (RR) or Outright Purchase (NU) to reflect requirements in the policy; Only one of these modifiers may be billed and allowed on the codes indicated
		  • Code A4608 – status was changed to Oxygen Rental only (RR)
		  • Code A7045-CORRECTION-Code is still **active** and should not have been removed in prior 05/14/24 policy update

	11/12/24	Updates to the code list in the embedded link include the following:
		  • CORRECTION: Code A4608 was not changed to "Oxygen Rental only (RR)" in the prior policy update; it has been corrected to now reflect "Oxygen Rental only (RR)"
		  • New codes added effective with dates of service on and after April 1, 2024: E0736, E0738, E0737
		  • New codes added effective with dates of service on and after October 1, 2024: A7021, E0469, E0683, E0743, E2513

	01/08/25	CORRECTION to 11/12/24 entry:
		  • Code E0737 should actually be code E0739, added effective 04/01/2024
		New Codes added to the embedded code list effective January 1, 2025:
		  • A4594 – Purchase only (NU)
		  • E1803, E1804, E1807, E1808, E1813, E1814, E1822, E1823, E1826, E1827, E1828, E1829 – Capped Rentals (RR) or Outright Purchase (NU)