

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Deputy Director

DHCF Transmittal No. 12-19

TO: Durable Medical Equipment Providers, Nursing Facilities, and ICF/IDD Providers

From: Linda Elam, PhD, MPH 

Date: **AUG 10 2012**

Subject: Clarification of District of Columbia Medicaid Policy with Respect to Repair and Replacement of Durable Medical Equipment (DME)

As you know, the District of Columbia (DC) Medicaid program provides DME required to aid and/or improve activities of daily living, when such DME is prescribed by a physician or authorized prescriber (requesting provider) and is medically necessary. (Beneficiaries with developmental disabilities and their health care providers often refer to DME as “adaptive equipment”). Recently, the Department of Health Care Finance (DHCF) has received questions and complaints about DC Medicaid beneficiaries’ ability to receive repair and/or replacement of DME when it is broken. The purpose of this transmittal is to remind all DC Medicaid DME providers about, and clarify, DC Medicaid policy governing the repair and replacement of DME for DC Medicaid Fee-For-Service (FSS) beneficiaries.

DC Medicaid policies governing repair of DME vary by whether the DME is:

- 1) for an individual residing in the community or in a facility;
- 2) rented or purchased;
- 3) under warranty; and
- 4) customized or non-customized.

How repair and replacement is to be handled in these different situations is described below. DHCF is also updating the DME Provider Billing Manual, as needed, to reflect these clarifications, and will be incorporating any needed conforming changes into our Medicaid regulations governing the DME benefit.

Repair and Replacement of DME when the Medicaid FFS Beneficiary Resides in a Facility

In accordance with the rules governing nursing facility reimbursement (See Section 6512 of Chapter 65, Title 29 of the DCMR), and DC Medicaid Transmittal 01-31 issued on November 20, 2001, the acquisition, maintenance, and repair of *non-customized* DME is the responsibility of a nursing or intermediate care facility in which the Medicaid beneficiary resides. The repair and maintenance of *customized*, patient-specific DME that has been purchased by the DC Medicaid FFS program for a beneficiary residing in a nursing or intermediate care facility is reimbursable by DC Medicaid. To receive reimbursement for repair of customized wheelchairs or other DME, facilities need to follow the instructions below related to the repair and replacement of DME for Medicaid beneficiaries residing in the community.

Repair and Replacement of DME when the Medicaid FFS Beneficiary Resides in the Community

Purchased vs. Rental DME

As per the DC Medicaid DME provider billing manual, "Reimbursement for the repair of equipment is only allowable for *purchased* equipment." DHCF is removing contradictory text from the billing manual to make clear that repair of rented equipment is not reimbursable.

Repairs of purchased DME must be prior authorized and billed using the following procedure code.

K0739: Repair or non-routine service for Durable Medical Equipment other than oxygen equipment requiring the skill of a technician, labor component, per 15 minutes

Prior authorization will be given if:

- 1) The repair is not covered by the product's warranty. DHCF, or its agent (currently Delmarva Foundation), will request a copy of the warranty for repair requests on products received by the beneficiary 30 days or less prior to the submission date of the request for repair.
- 2) Reimbursement for repair shall not exceed 75% of the purchase price of the DME listed in the DHCF fee schedule; and
- 3) Replacement parts should be itemized separately with the appropriate description, HCPCS code, and cost on the 719A Form used to request prior authorization.

DHCF will reimburse for equipment rental when a beneficiary needs substitute DME while his or her DME is being repaired. Prior authorization requests for such rental will be approved in 6-month increments if: the rented device is medically necessary; the frequency of the rental is consistent with the HCPCS/CPT code definition; and the total cost to rent the product does not exceed the cost to purchase the product. Providers must cease billing for the replacement rental DME as soon as the repaired DME is returned to the Medicaid beneficiary.

For rental DME, the DME rental fee covers the cost of maintenance and repair. As per the DC Medicaid DME provider billing manual, each DME provider must:

- 1) maintain and repair directly any DME item(s) under rental to DC Medicaid FFS beneficiaries; and
- 2) Accept returns of substandard (less than full quality for a particular item) or unsuitable items (inappropriate for the beneficiary at the time it was fitted/or sold) from beneficiaries.

In addition, all DME providers must immediately replace any broken, rented DME with DME in full working order.

When DME is under Warranty

As above, when repair of purchased equipment is needed, the DME provider must first look to receive repair by the manufacturer as specified in the manufacturer's warranty. As per the DC Medicaid DME provider billing manual, when prior authorization for repair of equipment is requested, DHCF, or its agent, will always request a copy of the warranty on products received by the beneficiary 30 days or less prior to the submission date of the request for repair.

Customized versus non-customized DME

Customized DME is always purchased. Therefore, repair of customized DME is governed by the policies described above for purchased DME. In addition, DHCF recognizes that repair of customized DME may require significant time, especially if it must be sent back to the manufacturer for repair. When customized DME must be sent back to the manufacturer, a DME provider must:

- 1) Obtain from the manufacturer an estimate of the time it will take to repair and return the DME. This information should be provided to the Medicaid beneficiary and his/her parent or guardian as appropriate. This will help the beneficiary and any responsible parties to have reasonable expectations about when the DME will be returned to them.
- 2) When the repair of customized DME requires that the DME be taken from the beneficiary (as opposed to repairing the item on the same day in the beneficiary's place of residence) the DME provider should replace the customized DME if needed or requested with DME that is as close as possible to the customized DME. In such instances, the DME provider should request, and DHCF or its prior authorization agent will give, prior authorization for the rental of replacement DME until the repair of the customized DME is completed, in accord with the policies governing rental equipment above.

Thank you in advance for your adherence to these policies and for ensuring that no Medicaid beneficiary experiences any avoidable problems with repair of their needed DME. If you have any questions about this transmittal, please contact Cavella Bishop, Program Manager, Division of Clinician, Pharmacy, and Acute Provider Services, on (202)724-8936, or via email at cavella.bishop@dc.gov.