



Clover Health Durable Medical Equipment, Orthotics and Prosthetics (DMEPOS)
Reimbursement Policy

Policy # RP-016

Policy Title	Durable Medical Equipment, Orthotics and Prosthetics Reimbursement Policy
Policy Department	Payment Strategy and Operations
Effective Date	1/1/2022
Revision Date(s)	3/1/2022
Next Review Date	

Disclaimer:

Clover Health applies CMS criteria and guidelines, National Coverage Determinations (NCD), Local Coverage Determinations (LCD), Clover Policies, and MCG for determining medical necessity. Clover Policies are intended to provide a standard guideline but are not used to preempt providers' judgment in rendering services. Providers are expected to provide care based on best practices and use their medical judgment for appropriate care.

Description:

Medicare payment for durable medical equipment (DME), prosthetics and orthotics (P&O), parenteral and enteral nutrition (PEN), surgical dressings, and therapeutic shoes and inserts is based on the lower of either the actual charge for the item or the fee schedule amount calculated for the item. Each state has a different fee schedule.

Unlike other services, DME is paid according to the patient's place of residence rather than the location of the DME provider.

Definitions:

- **Durable Medical Equipment (DME)**
 - Equipment that can withstand repeated use; i.e., could normally be rented and used by successive patients, is primarily and customarily used to serve a medical purpose. Generally is not useful to a person in the absence of illness or injury and is appropriate for use in a patient's home.



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- **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 internal body organ or all or part of the function of a permanently inoperative or malfunctioning internal body organ.
- **Same Specialty Physician or Other Qualified Healthcare Professional**
 - Physicians and/or other health care professionals of the same group and same specialty reporting the same Federal Tax Identification number.

Policy:

Clover Health reimburses for the rental and/or purchase of certain items of Durable Medical Equipment (DME), Orthotics and Prosthetics Policy (DMEOP). The provisions of this policy apply to the Same Specialty Physicians and Other Qualified Health Care Professionals, which includes DME, Prosthetic and Orthotic vendors, renting or selling DME, Prosthetics or Orthotics.

Durable Medical Equipment, Prosthetics/Orthotics & Supplies DMEPOS are categorized into one of the following payment classes:

- IN - Inexpensive and other Routinely Purchased Items
- FS - Frequently Serviced Items
- CR - Capped Rental Items
- OX - Oxygen and Oxygen Equipment
- SD - Surgical Dressings
- PO - Prosthetics and Orthotics
- SU - Supplies
- TE - Transcutaneous Electrical Nerve Stimulators
- TS - Therapeutic Shoes
- IL - Intraocular Lenses
- SC - Splints and Cast

CMS determines the category that applies to each HCPCS code and issues instructions when changes are appropriate. Please refer to the Medicare Claims Processing Manual to determine payment rules.



Some DME items are eligible for rental as well as for purchase. Claims must specify whether equipment is rented or purchased. For purchased equipment, the itemized bill or claim must also indicate whether equipment is new or used. The codes must be reported with the appropriate rental or purchase modifier in order to be considered for reimbursement.

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

Total reimbursement of fees reported for a single code (modified with 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.

Monthly Rental

Monthly capped rental of DME, Orthotics, or Prosthetics identified by the applicable code with a rental modifier RR and/or modifiers KH, KI, KJ, KR appended will be reimbursed once per Calendar Month to the Same Specialty Physician or Other Qualified Healthcare Professional.

For these items of DME, A/B MACs (HHH) and DME MACs will pay the fee schedule amounts on a monthly rental basis not to exceed the cap rental period in the provider's contract after which the ownership of the equipment passes to the beneficiary. On the first day after the cap rental period has been reached, the supplier must transfer title to the equipment to the beneficiary.

If a code is submitted with modifier RR and/or modifiers KH, KI, KJ, KR with units greater than 1, or multiple times during the same Calendar Month, Clover Health will only reimburse one monthly rate per Calendar Month to the Same Specialty Physician or Other Qualified Healthcare Professional.

These are items of DME that do not fall under any of the other DME payment categories. They are generally expensive items that have historically been routinely rented. In general, Medicare pays for the rental of these items, when covered, for a period of continuous use not to exceed 13 months, at which point the beneficiary takes over ownership of the equipment.

Purchased DME, Orthotics and Prosthetics reported with a Facility Place of Service.

CMS follows a Prospective Payment System (PPS) where Medicare payment is based on a predetermined, fixed amount payable to a facility for inpatient or outpatient hospital services. In addition, CMS reimburses ambulatory surgery centers under an Ambulatory Payment Classification (APC) payment methodology. With these fixed rates all costs associated with drugs and supplies are also deemed included in the global payment to the facility and not



considered separately reimbursable when reported on a CMS-1500 claim form by a physician or other qualified healthcare professional. Consistent with CMS Guidelines, Clover Health will not allow separate reimbursement for the purchase of certain DME, Orthotics, and Prosthetics when reported by a physician or healthcare professional on a CMS1500 claim form in POS 19, 21, 22, 23 or 24 and the services are reported with no modifier or with one of the following purchase modifiers: NU, UE, NR, KM and KN.

Repairs

To repair means to fix or mend and to put the equipment back in good condition after damage or wear. Repairs to equipment which a beneficiary owns are covered when necessary to make the equipment serviceable. Repairs are not applicable to equipment that has been previously denied or equipment in the frequent and substantial servicing payment category. The RB modifier is used for replacement parts furnished in order to repair beneficiary owned DMEPOS.

Maintenance

Clover Health will pay for reasonable and necessary maintenance and servicing of purchased equipment in the following classes:

- inexpensive or frequently purchased,
- customized items, other prosthetic and orthotic devices, and
- capped rental items purchased in accordance with Medicare guidelines §30.5.2 and §30.5.3, or in situations where rental claims have been paid but title to the equipment is transferred to the beneficiary during a period of continuous use of less than 13 months.

Clover Health will not pay for maintenance and servicing of purchased items that require frequent and substantial servicing, or purchased oxygen equipment. Reasonable and necessary charges include only those made for parts and labor that are not otherwise covered under a manufacturer's or supplier's warranty.

Claim Codes (if applicable)

Rental Modifiers The following modifiers indicate that an item has been rented:

- RR
- KH
- KI
- KJ
- KR

Purchase Modifiers The following modifiers indicate that an



<u>Repair HCPCS Codes</u>	<p>item has been purchased:</p> <ul style="list-style-type: none">▪ NU▪ UE▪ NR▪ KM▪ KN <ul style="list-style-type: none">• K0739 Repair or nonroutine service for DME other than oxygen requiring the skill of a technician, labor component, per 15 minutes• K0740 Repair or nonroutine service <u>for oxygen equipment</u> requiring the skill of a technician, labor component, per 15 minutes
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References
MA Payment Guide
DMEPOS Fee Schedule
Durable Medical Equipment, Prosthetics, Orthotics, and Supplies - Chapter 20
NCD
Medicare Benefit Policy Manual- Chapter 15