
Durable Medical Equipment (DME) Payment Policy

Policy Statement

Durable Medical Equipment (DME) is any physician ordered equipment providing therapeutic benefit to a patient based on their medical condition(s) and/or illness(es). DME may be used to facilitate treatment and/or rehabilitation helping to restore and/or improve function. DME is equipment (and the supplies necessary for the effective use of the equipment) that is:

- Able to withstand repeated use;
- Primarily and customarily used to serve a medical purpose;
- Generally not useful in the absence of an illness or injury; and
- Appropriate for use in the home

DME includes Enteral and Parental Supplies and Prosthetics and Orthotics.

Scope

This policy applies to:

- Medicaid** *excluding Extended Family Planning (EFP)*
- INTEGRITY**
- Commercial**

Prerequisites

All services must be medically necessary to qualify for reimbursement. Neighborhood may use the following criteria to determine medical necessity:

- National Coverage Determination (NCD)
- Local Coverage Determination (LCD)
- Industry accepted criteria such as InterQual
- Rhode Island Executive Office of Health and Human Services (EOHHS) recommendations
- Clinical Medical Policies (CMP)

It is the provider's responsibility to verify eligibility, coverage and authorization criteria prior to rendering services.

For more information please refer to:

- Neighborhood's plan specific [Prior Authorization Reference page](#).
- Neighborhood's [Clinical Medical Policies](#).

Please contact Provider Services at 1-800-963-1001 for questions related to this policy.



Reimbursement Requirements

Rent to Purchase DME Items

Neighborhood follows CMS rent-to-purchase guidelines. Unless CMS specifically designates an item as a rental only, the following rules apply:

- DME rentals are for a period of ten (10) continuous months, after which time they are considered paid up to the purchase price. Charges for monthly rentals beyond ten consecutive months are non-billable.
- DME rentals will be priced at one-tenth (1/10) of the purchase price per month. (Neighborhood's allowance for a rental DME item will never exceed the allowance for a DME purchase price item.)
- Items classified by CMS with a payment category of Frequent Serviced Items are considered a continuous rental. DME items that are identified as continuous rentals will be priced at the rental allowance and will be excluded from the rent-to-purchase cap.
- If a device is proven ineffective prior to reaching the end of a ten-month rental period and the member qualifies for an upgraded device, the remaining balance of the original rental period for the ineffective device will be used.

Interruption of Rental Period

A period of continuous use allows for temporary interruptions in the use of equipment.

Interruptions may last up to 60 days.

- If an interruption lasts less than 60 consecutive days, a new rental period will NOT begin.
- If an interruption is greater than 60 consecutive days, a new 10-month rental period can begin if the physician submits a new prescription, new medical necessity documentation and a statement detailing the reason for the interruption.

When there is a break in home use for the equipment during the rental period, such as when the patient is in a hospital, skilled nursing facility (SNF), hospice, or HMO, but medical need continues within the facility, if that interruption continues beyond the end of the current rental month in which home use ceases, no additional payment will be made until the use of the item resumes in the home. A new date of service will be established when use resumes. Unreimbursed months of interruption will not apply toward the rental month limit.

Change in Suppliers during Rental Period

A change to another DME supplier during a 10-month rental period will not initiate a new 10-month rental period whether or not there is a lapse in service between suppliers.

For example: a member changes supplier after the 8th rental month, the new supplier will be allowed rental payment for the 2 remaining rental months. The supplier that provides the item in the 10th month of the rental period is responsible for supplying the equipment and for maintenance and servicing after the 10-month period.

Repair of DME Items

- Repair to a DME item is covered when the original equipment was ordered by a physician; and the equipment continues to be medically necessary.



- Repair to a DME item will be covered when the repair is medically necessary to make the equipment serviceable.
- Rental of a DME item will be covered while a covered DME item is being repaired (unless defective item is still under manufacturer warranty).

Replacement of DME Items

Neighborhood follows CMS guidelines regarding the time frame for replacement DME. Per CMS, the reasonable useful lifetime of rental equipment is typically 5 years.

Replacement is considered covered when all of the following criteria are met:

- The equipment is ordered by a physician; and
- When a new item is required due to a change in the member's medical condition; or
- The equipment no longer meets the member's functional needs due to the member's physical changes, such as skeletal growth or significant weight changes; or
- Cost to repair the DME is comparable to replacing it; or
- When an upgrade is required and the manufacturer no longer provides needed support for the item.

Coverage Limitations

Please refer to the grid below for review of coverage limitations

[Durable Medical Equipment \(DME\) Guide for Frequency, Quantity Limits, and Prior Authorization Requirements](#)

Coverage Exclusions

- Delivery and set up of equipment is considered included in the rental or purchase fee and is not separately reimbursed.
- Repairs to and supplies for rental equipment used during the rental period are included in the rental allowance. The only exception is for CPAP/BiPAP supplies.
- Repair or replacement of DME covered by the manufacturer, under warranty, will be the responsibility of the manufacturer and coordinated by the DME provider.
- Maintenance, defined as the routine periodic servicing (ie: testing, cleaning, regulating, and checking of the equipment) is not covered.
- Purchase, repair, or replacement of materials, or equipment, when the result of member abuse.
- Purchase, repair, or replacement of materials or equipment that has been stolen or destroyed except when the following documentation is provided:
 - Explanation of continuing medical necessity for the item
 - Explanation that the item was stolen or destroyed
 - Copy of police, fire department, or insurance report if applicable
- Deluxe or enhanced DME items are not covered.



- DME items and medical supplies which function primarily for the convenience of the member are not covered.
 - Duplicate DME items for use in multiple locations
 - Items or supplies used primarily to assist a caregiver

Claim Submission

Neighborhood's DME vendor, Integra, manages the claim submissions for DME delivered by a DME vendor to a member's home. Any claims billed by a DME supplier to Neighborhood will deny to be submitted through Integra.

Billable services are subject to contractual agreements, when applicable. Providers are required to submit complete claims for payment within contractually determined timely filing guidelines.

Coding must meet standards defined by the American Medical Association's Current Procedural Terminology Editorial Panel's (CPT®) codebook, the International Statistical Classification of Diseases and Related Health Problems, 10th revision, Clinical Modification (ICD-10-CM), and the Healthcare Common Procedure Coding System (HCPCS) Level II.

Documentation Requirements

Neighborhood reserves the right to request medical records for any service billed. Documentation in the medical record must support the service(s) billed as well as the medical necessity of the service(s). Neighborhood follows CMS standards for proper documentation requirements.

Member Responsibility

Commercial plans include cost sharing provisions for coinsurance, copays, and deductibles. Members may have out of pocket expenses based on individual plan selection and utilization. Please review cost sharing obligations or contact Member Services prior to finalizing member charges.

Coding

The inclusion of a code in this policy does not guarantee coverage or reimbursement. Click on the link below for a list of covered DME codes:

[Durable Medical Equipment \(DME\) Guide for Frequency, Quantity Limits, and Prior Authorization Requirements](#)

Disclaimer

This payment policy is informational only and is not intended to address every situation related to reimbursement for healthcare services; therefore, it is not a guarantee of reimbursement.

Claim payments are subject to the following, which include but are not limited to: Neighborhood Health Plan of Rhode Island benefit coverage, member eligibility, claims payment edit rules, coding and documentation guidelines, authorization policies, provider contract agreements, and state and federal regulations. References to CPT or other sources are for definitional purposes only.



This policy may not be implemented exactly the same way on the different electronic claims processing systems used by Neighborhood due to programming or other constraints; however, Neighborhood strives to minimize these variations.

The information in this policy is accurate and current as of the date of publication; however, medical practices, technology, and knowledge are constantly changing. Neighborhood reserves the right to update this payment policy at any time. All services billed to Neighborhood for reimbursement are subject to audit.

Document History

Date	Action
09/18/2024	Policy Review Date. Added language to interruption of rental period.
11/28/2023	Policy Review Date. No content changes
01/01/2023	Policy Review Date, format change, converted from coding grid to FQLI Grid
01/08/2013	Policy Review Date
07/01/2011	Policy Review Date
12/04/2009	Policy Create Date