

MLN Matters Number: MM5461

Related Change Request (CR) #: 5461

Related CR Release Date: February 2, 2007

Effective Date: January 1, 2006

Related CR Transmittal #: R1177CP

Implementation Date: July 2, 2007

Changes in Maintenance and Servicing Due to Deficit Reduction Act (DRA) Legislation for Capped Rentals and Oxygen Equipment

Note: This article was updated on June 5, 2013, to reflect current Web addresses. Information in this article regarding oxygen and oxygen equipment was significantly altered by the Medicare Improvements for Patients and Providers Act. To see the more current requirements, see the MLN Matters® article MM6297 at <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM6297.pdf> on the Centers for Medicare & Medicaid Services website.

Provider Types Affected

Suppliers and providers billing Medicare durable medical equipment regional carriers (DMERCs) and DME Medicare Administrative Contractors (DME MACs) for oxygen equipment/services or other rentals of capped DME. Physicians treating Medicare patients using oxygen equipment or other rentals of capped DME may also want to be aware of this issue.

Provider Action Needed

Suppliers of oxygen equipment and services need to be aware of changes in Medicare processes impacting maintenance and servicing of oxygen equipment for Medicare beneficiaries as described in this article.

Background

This article is based on Change Request (CR) 5461 and the purpose is to identify the Medicare payment method used for maintenance and servicing (M&S) for both capped rental items generally and for oxygen equipment in particular. Sections 5101(a) and 5101(b) of the DRA of 2005 mandate changes in the way Medicare makes payment for certain items of DME.

Section 5101(a) revises the payment rules for capped rental DME. After 13 months, the beneficiary owns the capped rental DME item and, after that time, Medicare pays for reasonable and necessary repairs and servicing (i.e., parts and

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

labor not covered by a supplier's or manufacturer's warranty) of the item. The provision applies to beneficiaries renting an item for which the first rental month occurs on or after January 1, 2006.

For rentals prior to January 1, 2006, Section 5101(b) limits the total number of continuous rental months for which Medicare will pay for oxygen equipment to 36 months. After the 36th month, the beneficiary will own the oxygen equipment. For beneficiary- owned gaseous or liquid oxygen systems, Medicare will continue to pay for the oxygen contents. In addition, Medicare will pay for reasonable and necessary repairs and servicing (i.e., parts and labor not covered by a supplier's or manufacturer's warranty) of beneficiary-owned equipment (including oxygen concentrators). This provision was effective January 1, 2006. For beneficiaries receiving oxygen equipment on or before December 31, 2005, the 36-month rental period begins on January 1, 2006.

CR5370 and the resulting MLN article preceded CR5461 and provides background explanations that detail the impact of the DRA. The web address for CR5370 is listed in the *Additional Information* section of this article.

Key Points

- **Capped Rental Items**– Payment will no longer be made every 6 months for Maintenance and Servicing (M&S) for capped rental items (with the exception of oxygen equipment as discussed in the next bullet point). However, once the beneficiary owns the capped rental item, Medicare will cover reasonable and necessary repairs and servicing.
- **Oxygen Equipment** – Payment may be made for M&S every 6 months, starting 6 months after the beneficiary owns the equipment. The payment for M&S will be paid in 15-minute intervals and shall not exceed 30 minutes. In addition, Medicare will cover reasonable and necessary repairs.
- Claims with the base HCPCS code for the oxygen equipment and the "MS" modifier for maintenance and servicing for oxygen equipment will be accepted for payment.
- Maintenance and servicing claims for oxygen equipment not to exceed 2 units (of E1340) every 6 months will be accepted for payment.
- The modifier "RP" will be accepted for replacement parts.
- Claims with HCPCS code E1399 and modifier "RP" if a specific replacement code is not available for billing will be accepted for payment.
- The following Medicare Summary Notice (MSN) messages for capped rental items where the title has been transferred to the beneficiary will be sent to beneficiaries:

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

- Monthly rental payments can be made for up to 13 months from the first paid rental month or until the equipment is no longer needed, whichever comes first. After the 13 month of rental is paid, your supplier must transfer title of this equipment to you.
- Medicare will pay for medically necessary maintenance and/or servicing as needed after the end of the 13th paid rental month.
- The following MSN messages for oxygen equipment where the title has been transferred to the beneficiary will be sent to beneficiaries, as appropriate:
 - "Medicare will pay for you to rent oxygen for up to 36 months (or until you no longer need the equipment). After Medicare makes 36 payments, your supplier must transfer title of this equipment to you, and you will own the equipment."
 - "Medicare will pay to maintain and service your oxygen equipment. This will start 6 months after the supplier transfers the title of the equipment to you."
 - "Billing exceeds the rental months covered/approved by the payer."
 - "Title of this equipment must be transferred to the patient."

Additional Information

If you have questions, please contact your Medicare DMERC or DME MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

For complete details regarding this Change Request (CR) please see the official instruction (CR5461) issued to your Medicare DME MAC or DMERC. That instruction may be viewed by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1177CP.pdf> on the CMS website.

More current information on oxygen equipment is available at <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM6297.pdf> on the CMS website.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.