



Related MLN Matters Article #: MM5010

Date Posted: May 18, 2006

Related CR #: 5010

General Provider Education for Changes in the Payment for Oxygen Equipment and Capped Rentals for Durable Medical Equipment (DME) Due to the Deficit Reduction Act (DRA) of 2005

Key Words

MM5010, CR5010, R918CP, Education, DME, DRA, MAC, Oxygen, Equipment, Modifiers, Payment, CR5461, MM5461, R1177CP

Provider Types Affected

Suppliers and providers billing Medicare Durable Medical Equipment 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

Key Points

- The effective date of the instruction is May 30, 2006.
- The Implementation date is May 30, 2006.
- Recent legislative changes mandated by Section 5101(a) and 5101(b) of the DRA of 2005 require changes to the DME claims processing systems.
- The purpose of MM5010 and related Change Request (CR) 5010 are to provide DME suppliers with an explanation of how these changes will impact them.

Changes in Capped Rentals for DME

- Section 5101(a) of the DRA is effective for capped rental items for which the first rental month occurs on or after January 1, 2006.
- For claims with dates of service (DOS) on or after January 1, 2006, the DME MAC will limit the total number of months for which they make payment for capped rental DME to 13 months.
- After the DME MAC has paid for 13 months for capped rental DME, title for the equipment will be transferred to the beneficiary.

- This policy applies only to beneficiaries who began a new DME capped rental period for DOS on or after January 1, 2006.
- For claims with DOS prior to January 1, 2006, current rules apply.

Changes Related to Payment for Oxygen Equipment

- Section 5101(b) of the DRA establishes a 36-month (3-year) limit or cap on monthly payments for stationary and portable oxygen equipment.
- This cap applies to oxygen equipment furnished on or after January 1, 2006, and applies to all claims for the following Healthcare Common Procedure Coding System (HCPCS) codes:
 - E0424 – Stationary gaseous oxygen system
 - E0431 – Portable gaseous oxygen system
 - E0434 – Portable liquid oxygen system
 - E0439 – Stationary liquid oxygen system
 - E1390 – Oxygen concentrator, single delivery port
 - E1391 – Oxygen concentrator, dual delivery port
 - E1392 – Portable oxygen concentrator
 - E1405 – Oxygen and water vapor enriching system with heated delivery
 - E1406 – Oxygen and water vapor enriching system without heated delivery
- Payments for any of the above described items terminate after a period of continuous use of 36 months beginning on or after January 1, 2006. On the first day after the month for which the 36th monthly payment amount is made, the supplier must transfer title for the stationary and/or portable oxygen equipment to the beneficiary.
- On the same day that title for the equipment is transferred to the patient, **monthly payments can begin to be made for oxygen contents** used with patient-owned gaseous and liquid oxygen equipment. The HCPCS codes for oxygen contents include the following:
 - E0441 – Stationary gaseous contents used with patient owned gaseous stationary system
 - E0442 – Stationary liquid contents used with patient owned liquid stationary system
 - E0443 – Portable gaseous contents used with patient owned gaseous portable system
 - E0444 – Portable liquid contents used with patient owned liquid portable system

Note: Medicare DME MACs will begin the 36-month count for beneficiaries that were already receiving oxygen therapy on January 1, 2006. Months prior to January 2006 will not be included in the 36-month count.

- DME MACs will pay for reasonable and necessary maintenance and servicing (i.e., parts and labor not covered by a supplier's or manufacturer's warranty) of beneficiary-owned equipment (including oxygen concentrators).

- Updates to the *Medicare Claims Processing Manual*, Publication 100-04, and the *Medicare Benefits Policy Manual*, Publication 100-02, related to CR5010 will be made later to reflect these changes.

Use of HCPCS Modifiers

- Additional program billing and claims processing instructions will be issued later this year.
- For now, suppliers should continue to use the KH, KI, and KJ modifiers in the manner as previously instructed for capped rental DME.
- These modifiers do not need to be submitted for oxygen or oxygen equipment claims. Suppliers should continue to use the BP, BR, and BU modifiers with respect to capped rental periods that began prior to January 1, 2006.

Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5010.pdf> on the CMS website.

The official instruction (CR5010) regarding this change may be viewed at

<http://www.cms.hhs.gov/Transmittals/downloads/R918CP.pdf> on the CMS website.

Providers may wish to review CR5461 (<http://www.cms.hhs.gov/Transmittals/downloads/R1177CP.pdf>) on the CMS website. CR5461 identifies the Medicare payment method used for maintenance and servicing for both capped rental items generally and for oxygen equipment in particular. The related MLN Matters article (MM5461) may be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5461.pdf> on the CMS website.

If affected providers have any questions, they may contact their DME MAC at their toll-free number found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.