



Durable Medical Equipment National Competitive Bidding Implementation - 10G: Paying for Oxygen Equipment when Grandfathered – JA6934

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Key Words MM6934, CR6934, R718OTN, Competitive, Bidding, Oxygen, Equipment

Contractors Affected Durable Medical Equipment MACs (DME MACs)

Provider Types Affected Grandfathered suppliers billing DME MACs for oxygen equipment furnished to Medicare beneficiaries after the start of a Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program



Change Request (CR) 6934 alerts suppliers that a non-contract supplier who chose to be a grandfathered supplier for oxygen and oxygen equipment (i.e. portable or stationary) should also furnish additional oxygen equipment, when medically necessary (i.e. portable or stationary) after the start of a DMEPOS Competitive Bidding Program, to beneficiaries residing in a Competitive Bidding Area (CBA) who are already receiving oxygen equipment from the grandfathered supplier.

Grandfather Supplier Payments

Provider Needs to Know...

- If a beneficiary resides in a CBA, Medicare will pay claims for portable or stationary oxygen equipment that is acquired on or after the start of the Round One Rebid, at the single payment amount, when submitted by a grandfathered supplier, if the same supplier furnished stationary or portable oxygen equipment (grandfathered item), respectively, prior to the start of the Round One Rebid DMEPOS Competitive Bidding Program.
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Grandfather Supplier Payments Denied by Medicare

- If a beneficiary resides in a CBA, **claims will be denied** for portable or stationary oxygen equipment that is acquired on or after the start date for the Round One Rebid, **when submitted by a non-contract supplier**, if the **supplier did not furnish the portable or stationary oxygen equipment prior to the start of the National Competitive Bid Round One Rebid** (the portable or stationary oxygen equipment is not a grandfathered item).
- For oxygen equipment (stationary or portable) claims with dates of service on or after the start of the Round One Rebid, for a beneficiary residing in a CBA, claims will be denied when submitted by a grandfathered supplier, if the same grandfathered supplier did not furnish oxygen equipment (portable or stationary) prior to the start of the Round One Rebid (the items are not grandfathered).

What Medicare Oxygen Equipment Suppliers Need to Know

- A grandfathered supplier of oxygen and oxygen equipment cannot elect to grandfather stationary oxygen equipment and not portable oxygen equipment or vice versa.
- In accordance with the Medicare law and regulations, the Medicare monthly payment amount for stationary oxygen equipment includes payment for stationary oxygen equipment, stationary oxygen contents, and portable oxygen contents.
- If the supplier is also furnishing portable oxygen equipment, an add-on payment is made for the portable oxygen equipment only.
- Since payment for portable oxygen contents is included in the monthly payment amount for stationary oxygen equipment, the supplier must be a grandfathered supplier for both stationary and portable oxygen equipment in order to be in compliance with the statutorily mandated payment structure for oxygen and oxygen equipment.
- The grandfathered supplier that is grandfathering oxygen and oxygen equipment (i.e. stationary or portable) to a beneficiary residing in a CBA is required to furnish any additional oxygen equipment (i.e. portable or stationary) the beneficiary needs following the implementation of a competitive bidding program.

NOTE: *“Acquisition”* in the context of the Centers for Medicare & Medicaid Services (CMS) business rules means that the beneficiary’s oxygen Certificate of Medical Necessity initial date is prior to the start date for the DMEPOS Competitive Bidding Program Round One Rebid.

Background

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Pub. L. 108-173) amended section 1847 of the Social Security Act (the Act) requires the Secretary to establish and implement programs (the “Medicare DMEPOS Competitive Bidding Program”) under which CBAs are established throughout the United States for contract award purposes for the furnishing of certain competitively priced items and services for which payment is made under Medicare Part B.

Operational Impact	N/A
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Reference Materials	<p>The related MLN Matters® article can be found at http://www.cms.gov/MLN MattersArticles/downloads/MM6934.pdf on the CMS website.</p> <p>The official instruction (CR6934) regarding this change may be viewed at http://www.cms.gov/Transmittals/downloads/R718OTN.pdf on the CMS website.</p> <p>To review a complete listing of links to DME related information providers should go to http://www.cms.gov/center/dme.asp on the CMS website.</p>
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