Implementation of a Bundled Payment for Multi-Component Durable Medical Equipment (DME)

PROVIDER TYPES AFFECTED

This MLN Matters® Article is intended for suppliers of Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) who submit claims to the Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for services to Medicare beneficiaries.

PROVIDER ACTION NEEDED

CR 10854 informs providers that the Centers for Medicare & Medicaid Services (CMS) is implementing a special payment rule and a new Healthcare Common Procedure Coding System (HCPCS) code E0467 for a multi-function ventilator under the frequent and substantial servicing DME payment category. Make certain your billing staffs are aware of these changes.

BACKGROUND

Under Medicare, ventilators fall under the frequent and substantial servicing DME payment category described in Section 1834(a)(3) of the Social Security Act. Payment for items falling under the frequent and substantial servicing payment category is made on a monthly rental basis until medical necessity ends and includes payment for all related accessories necessary for the effective use of the equipment. Recently, the Food & Drug Administration (FDA) cleared a new type of ventilator that integrates multiple therapies into a single device for ventilator-dependent patients. This new multi-function ventilator can also function as an oxygen concentrator, cough stimulator, aspirator and nebulizer. The multi-function ventilator replaces the multiple stand-alone devices (for example, a separate ventilator, oxygen concentrator, and so forth) that beneficiaries may need over time. CMS added a special payment rule to the regulations at 42 CFR 414.222 to address payment for this new type of multi-function ventilator.

CR10854 instructs MACs to deny claims that are:

- Submitted on the same claim or that overlap any dates of service for the new multi-function ventilator for same or similar items (for example, oxygen and oxygen
equipment, nebulizers and related accessories, aspirators and related accessories, or cough stimulators and related accessories) if furnished on or after the date that the multi-function ventilator is furnished.

- For the new multi-function ventilator when the beneficiary owns any of the same or similar equipment, or has reached the 36-month cap for oxygen equipment, for equipment which has not reached the end of its reasonable useful lifetime.

Effective January 1, 2019, HCPCS code E0467 was established to describe the multi-function ventilator along with a single fee schedule amount under the frequent and substantial servicing payment category. The new multi-function ventilator policy and HCPCS code applies to beneficiaries who are prescribed and meet the medical necessity coverage criteria for a ventilator and at least one of the four additional functions (oxygen concentrator, cough stimulator, suction pump and nebulizer). If a claim is received for the rental of a multi-function ventilator under the HCPCS code E0467, claims for the rental of separate stand-alone devices and related accessories will be denied, if it is billed during a rental month of a paid separate stand-alone rental device and the date of service is on or after that of the separate stand-alone rental device. Only one item may be paid during a rental month and payment will be made for the earliest dated item billed. The separate stand-alone rental devices and accessories that are integrated into the multi-function ventilator or which represent similar equipment used for the same purpose that should be denied if billed in conjunction with the new multi-function ventilator code are:

- Nebulizers and related accessories (HCPCS codes E0565, E0570, E0572, E0585, A4619, A7003, A7004, A7005, A7006, A7007, A7012, A7013, A7014, A7015, A7017, A7525, and E1372)
- Aspirator and related accessories (HCPCS codes E0600, A4216, A4217, A4605, A4624, A4628, A7000, A7001, A7002, and A7047)
- Cough Stimulator, High Frequency Chest Wall Oscillation, Oscillatory Positive Expiratory Pressure and related accessories (HCPCS codes E0482, A7020, E0483, A7025, A7026 and E0484)
- Continuous Positive Airway Pressure (CPAP) and Respiratory Assist Devices (RADs) and related accessories (HCPCS codes E0601, E0470, E0471, E0472, A4604, A7027, A7028, A7029, A7030, A7031, A7032, A7033, A7034, A7035, A7036, A7037, A7038, A7039, A7044, A7045, A7046, E0561, and E0562)
- Oral appliance (HCPCS code E0486)
- Ventilators (HCPCS codes E0465 and E0466)

In addition, any claim for repair (HCPCS code K0739 for labor and any HCPCS code for replacement parts) of beneficiary-owned equipment identified by HCPCS codes E0482, E0565, E0570, E0572, E0585, or E0600 will be denied if the dates of service for the repair service overlaps any dates of service for the multi-function ventilator.

MACs will use the following messages when denying claims submitted with same or similar
HCPCs as the HCPCS E0467 multi-function ventilator:

- Claim Adjustment Reason Code (CARC) 151: Payment adjusted because the payer deems the information submitted does not support this many/frequency of services.
- Remittance Advice Remark Code (RARC) M3: Equipment is the same or similar to equipment already being used.
- Claim Adjustment Group Code - CO (Contractual Obligation)

ADDITIONAL INFORMATION


If you have questions, your MACs may have more information. Find their website at http://go.cms.gov/MAC-website-list.

DOCUMENT HISTORY

<table>
<thead>
<tr>
<th>Date of Change</th>
<th>Description</th>
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<tbody>
<tr>
<td>November 27, 2018</td>
<td>Initial article released.</td>
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