

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



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- "[DMEPOS Competitive Bidding Program: Non-Contract Supplier](#)," Fact Sheet, ICN 900925, Downloadable only.

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## Overutilization of Nebulizer Medications

### Provider Types Affected

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This MLN Matters® Article Special Edition (SE) is intended for suppliers of Durable Medical Equipment submitting claims to Medicare contractors (Durable Medical Equipment Medicare Administrative Contractors (DME MACs)) for supplies and services to Medicare beneficiaries.

### Provider Action Needed

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Durable Medical Equipment suppliers who submit claims for inhalation drugs need to know the maximum units per month that may be billed to meet medical necessity guidelines. A table of the maximum units per month for inhalation drugs to meet medical necessity is published in Local Coverage Determinations (LCDs) for Nebulizers, which are available at <http://www.cms.gov/medicare-coverage-database/overview-and-quick-search.aspx> on the Centers for Medicare & Medicaid Services (CMS) website. Once at that site, enter the key word "nebulizers" where requested and select the appropriate choice for your Geographic Area/Region to view the applicable LCD. Claims billed for units that exceed the allowable amounts will be considered an overpayment. Make sure that your billing staffs are aware of these maximum billing amounts for inhalation drugs.

#### 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. CPT only copyright 2012 American Medical Association.

## Background

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This article is based on the results of an automated review of claims for inhalation drugs by the Recovery Auditors. The auditors reviewed claims with the following J codes:

- J2545 (PENTAMIDINE ISETHIONATE, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, PER 300 MG);
- J7605 (ARFORMOTEROL, INHALATION SOLUTION, FDA APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, 15 MICROGRAMS);
- J7606 (FORMOTEROL FUMARATE, INHALATION SOLUTION, FDA APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, 20 MICROGRAMS);
- J7608 (ACETYLCYSTEINE, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, PER GRAM);
- J7611 (ALBUTEROL, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, CONCENTRATED FORM, 1 MG);
- J7612 (LEVALBUTEROL, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, CONCENTRATED FORM, 0.5 MG);
- J7620 (ALBUTEROL, UP TO 2.5 MG AND IPRATROPIUM BROMIDE, UP TO 0.5 MG, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME);
- J7626 (BUDESONIDE, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, UP TO 0.5 MG);
- J7631 (CROMOLYN SODIUM, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, PER 10 MILLIGRAMS);
- J7639 (DORNASE ALFA, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, PER MILLIGRAM);
- J7644 (IPRATROPIUM BROMIDE, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, PER MILLIGRAM); and
- J7669 (METAPROTERENOL SULFATE, INHALATION SOLUTION, FDA-APPROVED FINAL PRODUCT, NON-COMPOUNDED, ADMINISTERED THROUGH DME, UNIT DOSE FORM, PER 10 MILLIGRAMS).

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As previously noted, a table of the maximum units per month for inhalation drugs to meet medical necessity is published in LCDs for Nebulizers. Claims billed for units that exceed the allowable amounts will be considered an overpayment.

Here are two examples of excess billings:

- A 66 year-old male was dispensed 360 units of J7620 (Albuterol/Ipratropium Combination) on May 21, 2012. The same patient was then dispensed another 360 units of J7620 on June 11, 2012, and another 360 units of J7620 on July 2, 2012. In total, the patient received 1080 units of J7620 in three months. Per the LCDs for nebulizers, patients are allowed 186 units of J7620 per one month refill period. Based on the number of units dispensed in June and July 2012, the excess units dispensed in May were not for use in the following two months. Therefore, 174 units of J7620 dispensed May 21, 2012 are overpaid. At the time of this service the policy in effect allowed for delivery of refills no sooner than 10 days prior to the end of usage for the current product.
- A 60 year-old female was dispensed 1200 units of J7611 (Albuterol) on February 14, 2012. The same patient was dispensed 1200 units of J7611 on March 19, 2012, and an additional 1200 units on April 20, 2012. In total, the patient received 3600 units of J7611 in three months. Per the LCDs for nebulizers, patients are allowed 465 units of J7611 per one month refill period. Based on the number of units dispensed in March and April 2012, the excess units dispensed in February were not for use in the following two months. Therefore, 735 units of J7611 dispensed February 14, 2012 are overpaid. At the time of this service, the policy in effect allowed for delivery of refills no sooner than 10 days prior to the end of usage for the current product.

### How You Can Improve Your Billing

You are encouraged to review the following documents in the LCD section of the Medicare Coverage Database:

- "NEBULIZERS," addresses coverage indications, limitations, and medical necessity, accessories, inhalation drugs and solutions, including a table representing the maximum milligrams/month of inhalation drugs that are reasonable and necessary for each nebulizer drug, and refill requirements. Please find this document, updated March, 15, 2013, posted by your DME MAC (use ID of L5007, L27226, L11499, or L11488), available at <http://www.cms.gov/medicare-coverage-database/overview-and-quick-search.aspx> on the CMS website.
- "NEBULIZERS" - Policy Article - Effective April 2013. Search for the article posted by your DME MAC (use ID of A24623, A47233, A24944, A24944, or 24942), available at <http://www.cms.gov/medicare-coverage-database/overview-and-quick-search.aspx> on the CMS website. This document addresses coding information and general information about documentation requirements, prescription requirements and medical record information, in addition to coverage indications, limitations, and medical necessity, accessories, inhalation drugs and solutions, including a table representing the maximum milligrams/month of

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inhalation drugs that are reasonable and necessary for each nebulizer drug, and refill requirements.

The “Medicare National Coverage Determinations Manual,” Chapter 1, Part 4, Coverage Determinations, Section 280.1 has a Durable Medical Equipment Reference List, and is available at [http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/ncd103c1\\_Part4.pdf](http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/ncd103c1_Part4.pdf) on the CMS website.

### **Additional Information**

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If you have any questions, please contact your Medicare contractor at their toll-free number, which is available at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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