

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



MLN Matters® Number: MM9488

Related Change Request (CR) #: CR9488

Related CR Release Date: January 29, 2016

Effective Date: July 1, 2016

Related CR Transmittal #: R3443CP

Implementation Date: July 5, 2016

## Manual Update to Pub. 100-04, Chapter 20, to Include Used Rental Equipment

### Provider Types Affected

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This MLN Matters® Article is intended for providers and suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) and Medicare Administrative Contractors (MACs) for Durable Medical Equipment Prosthetics Orthotics and Supplies (DMEPOS) services provided to Medicare beneficiaries.

### Provider Action Needed

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Change Request (CR) 9488 notifies providers and suppliers that effective July 1, 2016, when a beneficiary elects to purchase previously rented Inexpensive and Routinely Purchased (IRP) DME, and the service has a UE (purchase of used equipment) modifier, the Medicare allowed amount for used purchased equipment will be calculated at the lower of the purchase fee schedule amount (UE) minus previous paid rental amounts or the actual charge for the used purchased equipment.

This is a new policy for the Centers for Medicare and Medicaid Services (CMS) therefore; the purpose of this CR9488 is to add manual subsection, 30.1.1.2 “Used Rental Equipment” to Chapter 20 of Pub. 100-4, the “Medicare Claims Processing Manual.”

### Background

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The payment rules for capped rental DME and IRP DME are laid out in Section 1834 (a) (7) and (2) of the Social Security Act. When determining the Medicare payment amount in instances where the beneficiary elects to purchase previously rented IRP DME, the Medicare allowed amount should take into consideration payment made for any previous

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rentals when determining the allowed amount for the purchased equipment. Specifically, when a beneficiary elects to purchase used equipment under the IRP payment category after having made previous capped rental monthly payments, the Medicare allowed amount for the used purchased equipment should be capped at the lower of:

- The purchase used (UE) fee schedule amount minus previous rental payments; or
- The actual charge for the used equipment.

## Additional Information

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The official instruction, CR9488 issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3443CP.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work.

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