



THE DMEPOS COMPETITIVE BIDDING PROGRAM

REPAIRS AND REPLACEMENTS



Target Audience: Medicare Fee-For-Service Providers

The Hyperlink Table, at the end of this document, provides the complete URL for each hyperlink.

Under the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (the Program), beneficiaries with Original Medicare who obtain competitive bidding items in designated competitive bidding areas (CBAs) must obtain these items from a contract supplier, unless an exception applies. This fact sheet contains important information about repairs and replacements of beneficiary-owned equipment under the Program.

Medicare allows for the repair of beneficiary-owned items by any Medicare-enrolled supplier. Repairs to medically necessary, beneficiary-owned equipment are covered when necessary to make the equipment serviceable or when non-routine maintenance is performed by authorized technicians per manufacturer recommendations. Labor to repair equipment is not subject to competitive bidding and will be paid according to Medicare's general payment rules.

Beneficiary-owned competitively bid items that are replaced, rather than repaired, must be furnished by contract suppliers when beneficiaries obtain these items in a CBA.

WHAT ARE THE RULES FOR REPAIRS OF BENEFICIARY-OWNED EQUIPMENT?

- A beneficiary who permanently resides in a CBA and owns a competitively bid item that needs to be repaired may have it repaired by either a contract supplier or any Medicare-enrolled supplier.
- Medicare pays for reasonable and necessary labor and parts not otherwise covered under a manufacturer's or supplier's warranty as long as the repair costs do not exceed the cost of replacing the equipment.
- HCPCS code K0739 is used to bill for the labor component of repair of beneficiary-owned equipment.

WHAT ARE THE RULES FOR REPLACEMENT OF PARTS ASSOCIATED WITH REPAIR?

- If the repair of competitively bid, beneficiary-owned equipment requires the replacement of a part to make it serviceable, that replacement part may be obtained from either a contract supplier or any other Medicare-enrolled supplier.
- Parts include components for repairing the base equipment. Parts also include certain specified items (that is, tires, batteries, and wheels [for example, casters]) that may be replaced in their entirety.
- Options and accessories—such as elevating leg rests, adjustable armrests, and seating systems—are composed of many component parts. These items are eligible for repair under these provisions. The entire accessory or optional item must not be replaced as part of a repair as they are considered separately covered items, not a component part of the base equipment.
- Miscellaneous parts that are not identified by a specific HCPCS code are billed using HCPCS code K0108 if they are for a wheelchair or E1399 if they are for other items. The parts are paid based on the contractor's individual consideration of each claim.

- Medicare pays the single payment amount for the replacement part if the HCPCS code for the part is a competitively bid item in the CBA and is used to repair base equipment that is also a competitively bid item in the CBA. Otherwise, Medicare payment for the part is based on an individual consideration of the item by the Durable Medical Equipment Medicare Administrative Contractor (DME MAC).
- The RB modifier must be used with the HCPCS code for all replacement parts furnished along with the repair of beneficiary-owned base equipment. If the replacement part is a competitively bid item, suppliers must use the KG modifier, when appropriate, in addition to the RB modifier, to identify the competitively bid item used in repairing competitively bid base equipment.
- The supplier must have information in its records documenting what item is being repaired, why the equipment needs to be repaired, why replacement of the part is needed to repair the base equipment, and any other information specified by the DME MAC. There must be sufficient detail to justify the units of labor charged to K0739.
- Routinely replaced supplies and accessories—such as blood glucose strips, continuous positive airway pressure (CPAP) masks, wheelchair seat cushions, and enteral nutrition solutions—are not considered parts of equipment and must be provided by a contract supplier.

RESOURCES

Resource	Website
DMEPOS Competitive Bidding Program	CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid
Beneficiary-Related Information	Medicare.gov

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