Medicare DMEPOS Payments While Inpatient

Target Audience: DMEPOS providers and suppliers who bill Medicare for items provided to patients while they’re in an inpatient facility.
What’s Changed?

Note: No substantive content updates.
Some Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) suppliers bill Medicare for items provided to patients while they're in a facility. These are improper DMEPOS claims because Medicare pays the facility to provide DMEPOS.

Under our payment systems, we pay inpatient hospital facilities in full, including for DMEPOS items. Generally, the facility directly provides DMEPOS items to an eligible inpatient or under arrangements between the facility and the supplier. Normally, we don’t pay the supplier.

Improper Payments Fact Sheet has more information on what we consider improper claims.

**DMEPOS Inpatient Payments**

Acute care hospitals (ACHs), long-term care hospitals (LTCHs), inpatient rehabilitation facilities (IRFs), inpatient psychiatric facilities (IPFs), and critical access hospitals (CAHs) must directly provide DMEPOS items during an inpatient stay or arrange for a supplier to provide them. The facility includes those supplier items on its Medicare inpatient claims. We make no separate payments for items provided during an inpatient stay. If a supplier provides an item during an inpatient stay, we won’t pay them for that item. Suppliers should refund patients any incorrectly collected deductible or coinsurance amounts.

Section 1861(n) of the Social Security Act limits Part B durable medical equipment (DME) coverage to items used in the patient’s home. As described in 42 CFR 410.38, we don’t pay for DME provided to patients for use in hospitals, CAHs, or skilled nursing facilities (SNFs) because these facilities aren’t a qualified home. The facility must provide all medically necessary DMEPOS during a Part A-covered stay.

We include all DMEPOS items during a Part A-covered stay in the inpatient PPS rate and the facility can’t separately bill them. The inpatient facility directly pays the supplier for the provided items.

**DMEPOS Deliveries Before Inpatient Discharge**

In some cases before a patient discharges, a supplier may deliver certain DMEPOS items to a facility not considered the patient’s home. These items may include prosthetics or orthotics, but NOT supplies. We allow pre-discharge delivery and training when patients meet these conditions:

- Item is medically necessary for the patient to use in their home
- Item is medically necessary on the patient’s discharge date
- Supplier delivers the item for training or fitting only, and the patient uses it in their home after discharge
• Supplier delivers the item no earlier than 2 days before discharge
• Patient takes the item home or the supplier delivers it on the discharge date
• Supplier doesn’t eliminate the inpatient facility’s responsibility to provide the medically necessary item
• Supplier doesn’t bill any item before the discharge date
• Supplier doesn’t bill added delivery costs to Medicare or the patient
• Patient discharges to a qualified place of service and not another facility that’s not their home

Sections 110.3.1–110.3.3 of Medicare Claims Processing Manual, Chapter 20 describes scenarios related to pre-discharge DMEPOS delivery and facility responsibilities during the transition from inpatient to home.

**Capped Rental Period Interruption**

If the patient *doesn’t accept* the purchase option, payment continues on a rental basis not to exceed a continuous use period of longer than **15 months**.

If the patient *accepts* the purchase option, payment continues on a rental basis not to exceed a continuous use period of longer than **13 months**.

If the patient is admitted to the hospital or other facility while they’re in a capped rental period, they can have their equipment use interrupted for a period of time. We pay on a rental basis for up to 13 or 15 months of continuous use for capped rental DME items (depending on the purchase option described above). **Continuous use** means that the patient continues to have a medical need for the equipment and continues to use it, regardless of where they’re located (at home or in the hospital).

Suppliers must offer patients the option of converting capped rental items (including power-driven wheelchairs not purchased when initially provided) to purchased equipment during their 10th continuous rental month. Patients have 1 month from the date the supplier makes the offer to accept the purchase option.

**Less Than 60 Days in Hospital**

If the interruption is less than 60 consecutive days plus the days remaining in the last rental months we paid, a new 13 or 15-month rental period *won’t* begin. We’ll establish a new service date for when the patient can start using the equipment again.

**Example of patients who accept the purchase option:** A patient rents equipment for 12 months and then admits to the hospital for 45 days. When they’re discharged from the hospital, they continue to use the equipment in their 13th month of rental. Time spent in the hospital isn’t counted. Also, for the period they were in the hospital, we make no equipment payment. The supplier can pick up the equipment while the patient is in the hospital, but they must return it when the patient returns home.
More Than 60 Days in Hospital

If the patient doesn’t have a medical need to use the equipment for more than 60 consecutive days plus the days remaining in the last rental months we paid, a new 13 or 15-month rental period may begin. The supplier must submit a new prescription, new medical necessity documentation, and a statement describing the reason for the interruption which shows that medical necessity in the prior episode ended. If the supplier doesn’t submit this documentation, a new 13 or 15-month period doesn’t begin.

Section 30.5.4 of Medicare Claims Processing Manual, Chapter 20 describes payment for capped rental items during the continuous use period.

Find your MAC’s website if you have additional questions about billing for inpatient DMEPOS items.

Resources

- Medicare Improperly Paid Suppliers for DMEPOS Provided to Beneficiaries During Inpatient Stays (HHS-OIG, Office of Audit Services)
- Medicare Payment Systems
- Medicare Quarterly Provider Compliance Newsletter
- Section 10.4 A of Medicare Claims Processing Manual Chapter 3
- Section 130.1 of Medicare Claims Processing Manual Chapter 30