

PROVIDER COMPLIANCE TIPS FOR NEBULIZERS AND RELATED DRUGS



PROVIDER TYPES AFFECTED

Physicians and Non-Physician Practitioners who write prescriptions for nebulizers and related drugs

BACKGROUND

Medicare requires that claims for nebulizer machines and related drugs be reasonable and necessary.

For the 2019 reporting period, the Medicare Fee-For-Service improper payment rate for nebulizers and related drugs was 12.3 percent and accounted for a projected \$87.1 million in improper payments.

REASONS FOR DENIALS

For the 2019 reporting period, insufficient documentation accounted for 80 percent of improper payments for nebulizers and related drugs. Additional types of errors for nebulizers and related drugs were no documentation (1.3 percent), and other (15.4 percent).

TO PREVENT DENIALS AND IMPROPER PAYMENTS

Documentation Requirements

Local Coverage Determinations (LCDs) and Policy Articles (PA) issued by the four Medicare contractors that process Durable Medical Equipment (DME) and supply claims include utilization guidelines and documentation [requirements](#).



Reasonable and Necessary Criteria:

It is required to establish the initial justification for medical need when ordering the item(s) therefore, you must demonstrate in the medical record, that the item is reasonable and necessary prior to, or at the time of, the initial prescription.

For initial medical necessity, the following criteria must be met:

1. A Detailed Written Order (DWO) (if applicable) must be received by the supplier before a claim is submitted.
2. For Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) base items that require a Written Order Prior to Delivery (WOPD), the supplier must also obtain a DWO before submitting a claim for any associated options, accessories, and/or supplies that are separately billed.
3. A WOPD (if applicable) must be received by the supplier before a DMEPOS item is delivered to a beneficiary.
4. An item/service is correctly coded when it meets all the coding guidelines listed in CMS HCPCS guidelines.
5. Proof of delivery (POD) is a Supplier Standard and DMEPOS suppliers are required to maintain POD documentation in their files.

For continued medical necessity:

Here are examples of appropriate documentation that would qualify for continued medical necessity:

1. A recent order by the treating physician for refills
2. A recent change in prescription
3. Documentation in the beneficiary's medical record within 12 months of the date of service showing usage of the item

New Order Documentation Requirements:

All claims for DMEPOS items billed to Medicare require a written order/prescription from the treating practitioner as a condition for payment. This written order/prescription is referred to as the Standardized Written Order (SWO).

The SWO must contain all the following elements:

- Beneficiary name or Medicare Beneficiary Identifier (MBI);
- General Description of the item.
 - o The description can be either a general description (e.g., wheelchair or hospital bed), a brand name/model number, a HCPCS code, or a HCPCS code narrative;
 - o For equipment – In addition to the description of the base item, the SWO may include all concurrently ordered options, accessories, or additional features that are separately billed or require an upgraded code (List each separately);
 - o For supplies – In addition to the description of the base item, the SWO may include all concurrently ordered supplies that are separately billed (List each separately).
- Quantity to be dispensed, if applicable;
- Order Date;
- Treating Practitioner Name or National Provider Identifier (NPI); and Treating Practitioner Signature.

Refill Order Documentation Requirements:

- Suppliers must contact the beneficiary prior to dispensing the refill and not automatically ship on a pre-determined basis, even if authorized by the beneficiary.
- Contact with the beneficiary or designee regarding refills must take place no sooner than 14 calendar days prior to the delivery/shipping date.
- For delivery of refills, the supplier must deliver the DMEPOS product no sooner than 10 calendar days prior to the end of usage for the current product, regardless of which delivery method is utilized.

Proof of Delivery (POD)

The date of service (DOS) shall be the date of delivery and the POD documentation, as well as claims documentation, must be maintained in the supplier's files for 7 years (starting from the DOS).

There are three methods of delivery:

- Delivery directly to the beneficiary or authorized representative
- Delivery via shipping or delivery service
- Delivery of items to a nursing facility on behalf of the beneficiary

Regardless of the method of delivery, the contractor must be able to determine that the item(s) delivered are the same item(s) submitted for Medicare reimbursement and that the item(s) were received by a specific beneficiary.

RESOURCES

FOR MORE INFORMATION ABOUT...	RESOURCE
The 2019 Medicare Fee-For-Service Supplemental Improper Payment Data (Data obtained from Claims Submitted: July 1, 2017 – June 30, 2018)	https://www.cms.gov/files/document/2019-medicare-fee-service-supplemental-improper-payment-data.pdf
Local Coverage Determination (LCD): Nebulizers (L33370)	https://www.cms.gov/medicare-coverage-database/details/lcd-details.aspx?LCDId=33370&ver=24&-Date=&DocID=L33370&-SearchType=Ad-vanced&bc=KA
National Coverage Determination (NCD) for Durable Medical Equipment (DME) Reference List (280.1)	https://www.cms.gov/medicare-coverage-database/details/ncd-details.aspx?NCDId=190&ncdver=2&NCDsect=280.1&bc=BEAAAAAAAAQA-AAA%3d%3d

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