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## Provider Compliance Tips for Ordering Oxygen Supplies and Equipment

### Provider Types Affected:

- Physicians and other practitioners who write prescriptions for oxygen supplies and equipment.

### Background

The Medicare Fee-for-Service improper payment rate for oxygen equipment and supplies in 2015 was 48.5 percent. According to the [Supplementary Appendices for the Medicare Fee-for-Service \(FFS\) 2015 Improper Payments Report](#), the projected improper payment amount for oxygen supplies and equipment during the 2015 report period was \$541.1 million.

### Reasons for Denials - Insufficient Documentation

Most of the improper payments for oxygen supplies and equipment were due to insufficient documentation to support medical necessity. Required documentation that was often missing from the submitted records included:

- Oxygen saturation results
- The order for the oxygen supplies and equipment
- The most recent Certificate of Medical Necessity (CMN) documenting the beneficiary's condition
- Physician's notes demonstrating that the beneficiary was seen by a physician within the appropriate timeframes for certification or recertification of the need for oxygen supplies and equipment
- Physician's notes supporting that the beneficiary continues to use the oxygen

## To Prevent Denials

The beneficiary's medical record must contain timely documentation of the beneficiary's medical condition to support the continued medical necessity of the type and quantity of items ordered and for the frequency of use or replacement. Documentation must include elements such as:

- The physician orders for the oxygen supplies
- Oxygen saturation results
- Physician evaluations demonstrating oversight of the beneficiary, the continued medical necessity of oxygen supplies, and the appropriateness of home and/or portable oxygen supplies
- A properly completed CMN (The treating physician must sign, complete, and date the CMN using the CMS Form 484, and the supplier must keep a copy and provide it upon request. Medicare will deny claims submitted without a valid CMN and determine they are not medically necessary. See the ["Medicare National Coverage Determinations Manual," Pub. 100-03 Chapter 1, Section 240.2.](#))

The detailed written order must include the following:

- The beneficiary's name
- A detailed description of the provided items, including the means of oxygen delivery (for example, mask, nasal cannula, oxygen flow rates, and the length of need) (NOTE: A prescription for "Oxygen PRN" or "Oxygen as needed" does not meet this requirement.)
- The treating physician's dated signature, including the start date of the order (if different from the signature date)

Documentation should include all of the following:

1. The treating physician has determined that the beneficiary has a severe lung disease or hypoxia-related symptoms that might be expected to improve with oxygen therapy.
2. The beneficiary's oxygen saturation meets the qualifying criteria (below).
3. The qualifying oxygen saturation was performed by a physician or by a qualified provider or supplier of laboratory services.
4. The qualifying oxygen saturation was obtained under the following conditions:
  - If the qualifying oxygen saturation is performed during an inpatient hospital stay, the reported test must be the one obtained closest to, but no earlier than 2 days prior to the hospital discharge date or
  - If the qualifying oxygen saturation is not performed during an inpatient hospital stay, the reported test must be performed while the beneficiary is in a chronic stable state – that is, not during a period of acute illness or an exacerbation of their underlying disease.
5. Alternative treatment measures have been tried or considered and deemed clinically ineffective. (See [Oxygen Therapy Supplies: Complying with Documentation & Coverage Requirements ICN# 906284.](#))

Qualifying criteria for oxygen saturation results:

- Obtain test results within 48 hours of the date of delivery **unless** the oxygen saturation tests were taken during an outpatient encounter or during the beneficiary's sleep. This would require test results within 30 days of the date of delivery.

- Classify test results into Group I or Group II with their respective CMN requirements. See CMS Pub. 100-03, Medicare National Coverage Determinations Manual, Chapter 1, Section 240.2 (B) for Certificate of Medical Necessity – Oxygen requirements.

**Please note:** Medicare covers a portable oxygen system if the beneficiary is mobile within the home, and the qualifying blood gas study was taken in one of these three scenarios:

- While the beneficiary is at rest
- While he or she is awake
- During exercise

The treating physician must sign, complete, and date the CMN using the CMS Form 484, and the supplier must keep a copy and provide it upon request. Medicare will deny claims submitted without a valid CMN and determine they are not medically necessary.

Medicare payment for oxygen delivery equipment in the beneficiary’s home is allowed under certain conditions. Medicare pays for oxygen on a capped rental basis for a 36-month period. The treating physician should regularly document the beneficiary’s need and use of oxygen delivery equipment.

The following reminders will help you comply with oxygen and oxygen equipment policy:

- Medicare pays for an item only when a beneficiary uses it, including oxygen. The physician must regularly document a beneficiary’s need and use of oxygen in their medical record.
- CMS medical review contractors, such as the Comprehensive Error Rate Testing contractor, can ask for the physician’s documentation to confirm the beneficiary’s test results and need for oxygen services.
- Retain a copy of the test for your files. The test results can be printed or written in the physician’s notes.

**Note:** These services included in the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program. The DMEPOS Competitive Bidding Program was mandated by Congress through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), which requires that Medicare replace the current fee schedule payment methodology for selected DMEPOS items with a competitive bid process. The intent of the program is to improve the effectiveness of the Medicare methodology for setting DMEPOS payment amounts, which will reduce beneficiary out-of-pocket expenses and save the Medicare program money while ensuring beneficiary access to quality items and services. For more information about this program, please visit <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid>.

## Resources

The following resources are available to assist in complying with Medicare’s policy for oxygen services:

For More Information About...	Resource
“Medicare National Coverage Determinations Manual,” Pub. 100-03 Chapter 1, Section 240.2	<a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/ncd103c1_part4.pdf">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/ncd103c1_part4.pdf</a>
DMEPOS Competitive Bidding Website	<a href="https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid">https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid</a>
Oxygen Therapy Supplies: Complying with Documentation & Coverage Requirements ICN# 906284 (Podcast Transcript)	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/OxgnThrpy_PodcastTranscript_ICN906284.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/OxgnThrpy_PodcastTranscript_ICN906284.pdf</a>

## Hyperlink Table

Embedded Hyperlink	Complete URL
Supplementary Appendices for the Medicare Fee-for-Service (FFS) 2015 Improper Payments Report	<a href="https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/CERT-Reports-Items/Downloads/AppendicesMedicareFee-for-Service2015ImproperPaymentsReport.pdf">https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/CERT-Reports-Items/Downloads/AppendicesMedicareFee-for-Service2015ImproperPaymentsReport.pdf</a>
“Medicare National Coverage Determinations Manual,” Pub. 100-03 Chapter 1, Section 240.2	<a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/ncd103c1_part4.pdf">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/ncd103c1_part4.pdf</a>
Oxygen Therapy Supplies: Complying with Documentation & Coverage Requirements ICN# 906284	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/OxgnThrpy_PodcastTranscript_ICN906284.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/OxgnThrpy_PodcastTranscript_ICN906284.pdf</a>



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