

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1601</b>	<b>Date: January 29, 2016</b>
	<b>Change Request 9491</b>

**SUBJECT: Payment Clarification for the Purchase of Used Inexpensive and Routinely Purchased Durable Medical Equipment (DME) when Previously Rented**

**I. SUMMARY OF CHANGES:** This Change Request (CR) provides clarification on the payment for the purchase of used inexpensive and routinely purchased Durable Medical Equipment (DME) in cases where there were previous rental payments.

**EFFECTIVE DATE: July 1, 2016**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: July 5, 2016**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**One Time Notification**

# Attachment - One-Time Notification

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## I. GENERAL INFORMATION

**A. Background:** This Change Request (CR) provides clarification on the payment for the purchase of used inexpensive and routinely purchased Durable Medical Equipment (DME) in cases where there were previous rental payments. Payment on a fee schedule basis is required for certain durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by §1834(a), (h), and (i) of the Social Security Act. The payment rules for capped rental DME and inexpensive and routinely purchased (IRP) DME are laid out in the §§1834(a)(7) and (2) of the 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 in to consideration payment made for any previous rentals when determining the allowed amount for the purchased equipment. Specifically, when a beneficiary elects to purchase used equipment under the inexpensive and routinely purchased 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.

**B. Policy:** Effective July 1, 2016, when a beneficiary elects to purchase previously rented inexpensive and routinely purchased 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.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
9491.1	Effective for claims with dates of service on or after July 1, 2016, contractors shall determine the Medicare allowed payment amount using the lower of: the used purchase (modifier UE) fee schedule amount after deducting any previously paid rental amounts; or the actual charge for the used purchase equipment under				X			X		

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	<p>the following circumstances:</p> <ul style="list-style-type: none"> <li>A beneficiary opts to purchase previously rented IRP; AND</li> <li>The service has a UE modifier</li> </ul>									

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
9491.2	<p>MLN Article: A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>				X	

### IV. SUPPORTING INFORMATION

#### Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

Section B: All other recommendations and supporting information: N/A

### V. CONTACTS

**Pre-Implementation Contact(s):** Bobbett Plummer, 410-786-3321 or [bobbett.plummer@cms.hhs.gov](mailto:bobbett.plummer@cms.hhs.gov) (For claims processing questions) , Karen Jacobs, 410-786-2173 or [karen.jacobs@cms.hhs.gov](mailto:karen.jacobs@cms.hhs.gov) (For policy questions)

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## **VI. FUNDING**

### **Section A: For Medicare Administrative Contractors (MACs):**

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**ATTACHMENTS: 0**