

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3443	Date: January 29, 2016
	Change Request 9488

SUBJECT: Manual Update to Pub. 100-04, Chapter 20, to Include Used Rental Equipment

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to add manual subsection, 30.1.1.2 “Used Rental Equipment”, to Pub.100-04, chapter 20.

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.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N	20/ 30/ 30.1.1.2/Used Rental Equipment

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:

**Business Requirements
Manual Instruction**

Attachment - Business Requirements

Pub. 100-04	Transmittal: 3443	Date: January 29, 2016.	Change Request: 9488
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I. GENERAL INFORMATION

A. Background: The payment rules for capped rental Durable Medical Equipment (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.

This is a new policy for the Centers for Medicare and Medicaid Services (CMS); therefore, the purpose of this Change Request (CR) is to add manual subsection, 30.1.1.2 “Used Rental Equipment”, to Pub.100-04, chapter 20.

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	Shared- System Maintainers				Other
		A	B	H		F	M	V	C	
				H H H	M A C	S S S	S S S	M M M	W F F	
9488.1	Contractors shall be in compliance with the updates to CMS Internet Only Manual (IOM) Publication 100-04, Chapter 20- Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS), subsection 30.1.1.2				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	

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		
9488.2	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ 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.				X	

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

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 (For claims processing questions) , Karen Jacobs, 410-786-2173 or 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):

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.

ATTACHMENTS: 0

Medicare Claims Processing Manual

Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

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30.1.1.2 – Used Rental Equipment

30.1.1.2 Used Rental Equipment

(Rev.3443, Issued: 01-29-16, Effective: 07-01-16, Implementation: 07-05-16)

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.