



INLAND EMPIRE HEALTH PLAN

IEHP UM Subcommittee Approved Authorization Guidelines
Durable Medical Equipment

Policy:

Medi-Cal covers DME when provided on the written prescription of a licensed practitioner within the scope of his/her practice. An independent third party functional/safety evaluation that is thorough enough, will be required to determine medical necessity for any type of DME item. These evaluations may be performed by a psychiatrist, orthopedist, neurologist, or rheumatologist.

The Medi-Cal definition of medical necessity limits health care services to those necessary to protect life, to prevent significant illness or significant disability, or to alleviate severe pain. Therefore, prescribed DME items may be covered as medically necessary only to preserve bodily functions essential to activities of daily living or to prevent significant physical disability.

Alterations or improvements to real property (for example, a non-portable wheelchair ramp to front door) are not covered, except when authorized for home dialysis services. Claims for covered benefit portable ramps must be billed with HCPCS code E1399 (durable medical equipment, miscellaneous).

Maintenance

Routine periodic servicing, such as testing, cleaning, regulating, and checking of the beneficiary's equipment, is not covered. The owner is expected to perform such routine maintenance rather than a retailer or some other person who charges the beneficiary. Normally, purchasers of DME are given operating manuals which describe the type of servicing an owner may perform to properly maintain the equipment. It is reasonable to expect that beneficiaries will perform this maintenance. Thus, hiring a third party to do such work is for the convenience of the beneficiary and is not covered. However, more extensive maintenance which, based on the manufacturers' recommendations, is to be performed by authorized technicians, is covered as repairs for medically necessary equipment which a beneficiary owns. This might include, for example, breaking down

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IEHP UM Subcommittee Approved Authorization Guidelines

Durable Medical Equipment

Page 2 of 4

sealed components and performing tests which require specialized testing equipment not available to the beneficiary.

Replacement

Replacement refers to the provision of an identical or nearly identical item. Situations involving the provision of a different item because of a change in medical condition are not addressed in this section.

Equipment which the beneficiary owns or is a capped rental item may be replaced in cases of loss or irreparable damage. Irreparable damage refers to a specific accident or to a natural disaster (e.g., fire, flood). A physician's order and/or new Certificate of Medical Necessity (CMN), when required, is needed to reaffirm the medical necessity of the item.

The reasonable useful lifetime of durable medical equipment is determined through program instructions. In the absence of program instructions, the reasonable useful lifetime of equipment, can be considered no less than 5 years. Computation of the useful lifetime is based on when the equipment is delivered to the beneficiary, not the age of the equipment. Replacement due to wear is not covered during the reasonable useful lifetime of the equipment. During the reasonable useful lifetime, repairs are covered up to the cost of replacement (but not actual replacement) for medically necessary equipment owned by the beneficiary.

Irreparable wear refers to deterioration sustained from day-to-day usage over time and a specific event cannot be identified. Replacement of equipment due to irreparable wear takes into consideration the reasonable useful lifetime of the equipment. If the item of equipment has been in continuous use by the patient on either a rental or purchase basis for the equipment's useful lifetime, the beneficiary may elect to obtain a new piece of equipment. Replacement may be reimbursed when a new physician order and/or new Certificate of Medical Necessity (CMN), when required, is needed to reaffirm the medical necessity of the item.

Cases suggesting malicious damage, culpable neglect, or wrongful disposition of equipment should be investigated by the Special Investigations Unit of the Compliance Department and referred to the DME Medicare Administrative Contractor (MAC) or comparable Medi-Cal authority for a decision on whether payment should be denied where the DME MAC or Medi-Cal authority determines that it is unreasonable to make program payment under the circumstances.

Centers for Medicare and Medicaid Services Coverage Issues Manual Section 280.1:

As provided in the Carriers Manual, § 2100.1, and Intermediary Manual, §3113.1, the term DME is defined as equipment which:

1. Can withstand repeated use; i.e., could normally be rented, and used by successive patients;
2. Is primarily and customarily used to serve a medical purpose;
3. Generally is not useful to a person in the absence of illness or injury; and

IEHP UM Subcommittee Approved Authorization Guidelines

Durable Medical Equipment

Page 3 of 4

4. Is appropriate for use in a patient's home.

California Code of Regulations, Title 22 (Medi-Cal) § 51160:

Durable medical equipment means equipment prescribed by a licensed practitioner to meet medical equipment needs of the patient that:

1. Can withstand repeated use.
2. Is used to serve a medical purpose.
3. Is not useful to an individual in the absence of an illness, injury, functional impairment, or congenital anomaly.
4. Is appropriate for use in or out of the patient's home.

Medical Review Criteria Guidelines for Managing Care (Apollo):

If durable medical equipment (DME) is covered, coverage includes support services such as emergency replacement of malfunctioning DME when necessary, delivery, setup, education and other assistance (building a ramp to allow ingress and egress for a wheelchair bound patient) that may be needed - particularly if it will allow the patient to remain at home rather than be placed in a facility.

Necessary and Reasonable Criteria for DME

Necessity for the equipment: equipment is necessary when it can be expected to make a meaningful contribution to the treatment of the patient's illness or injury or to the improvement of the malformed body member. In most cases the physician prescription for the equipment and other medical information will be sufficient to establish that the equipment serves this purpose.

Reasonableness of the equipment – even though a DME item may serve a useful medical purpose, the reviewer must also consider to what extent, if any, it would be reasonable for the program to pay for the item prescribed. The following considerations should enter into the determination of reasonableness (Medicare guidelines):

- A. Would the expense of the item to the program be clearly disproportionate to the therapeutic benefits that could ordinarily be derived from use of the equipment?
- B. Is the item substantially more costly than a medically appropriate and realistically feasible alternative pattern of care?
- C. Does the item serve essentially the same purpose as equipment already available to the beneficiary? When it is determined that there exists a medically appropriate and realistically feasible alternative pattern of care for which payment could be made, payment should be based on the reasonable charge for this alternative.

IEHP UM Subcommittee Approved Authorization Guidelines

Durable Medical Equipment

Page 4 of 4

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