

Clinical Editing Policy

Policy Name: Durable Medical Equipment: Rental vs. Purchase	Effective Date of Service: 07-01-2015
Policy Number: CE-67	Line of Business: All
Type of Provider: Durable Medical Equipment	Page: 1 of 4

Policy Description:

Identifies claim line(s) where a rental item has been billed greater than once per in month. Additionally, this policy identifies Capped Rentals that are billed more than 10 months in a 60 month period.

Policy Justification:

Capped Rentals

- According to the Centers for Medicare & Medicaid Services (CMS) policy, rental items are paid a flat monthly rate. Therefore, it is not appropriate to bill a rental more than once a month.
- If an item that has been identified by CMS as a capped rental is billed more than 10 months within a 60-month time period by any DME provider, then additional months will be disallowed.

Capped Rental Modifier Requirements

- According to CMS policy, modifiers BP, BR, and BU are no longer necessary and have been discontinued for capped rental periods that begin with an initial date of service that is on or after January 1, 2006.
- Payment is not allowed for maintenance and servicing of capped rental items, with the exception of oxygen equipment.
- Therefore, when a capped rental item is billed in any combination with modifier MS appended the item will be disallowed.
- A capped rental item must be billed with the designated capped rental modifier to identify the month of rental (KH for the first month, KI for months 2-3, or KJ for months 4-15) as well as modifier RR to indicate that the item is being rented.

If one of these required modifiers is missing, then the capped rental item will be disallowed.

Disclaimer: The use of this policy is neither a guarantee of payment nor will this policy alone determine how a specific claim will be adjudicated. Reimbursement is dependent, in part, upon member and provider contracts in effect at the time services are rendered. In the event of a direct conflict between a member or provider contract and this policy, the member or provider contract shall control and prevail.

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Modifier Frequency:

- KH (DMEPOS item, initial claim, first month rental) is only to be used for the initial claim of the 13 month capped rental period
- KI (DMEPOS item, second or third month rental) is only to be used for the second and third months of the 13 month capped rental period
- KJ (DMEPOS item, parenteral enteral nutrition (PEN) pump or capped rental, months 4 to 15) is only to be used for the fourth through thirteenth month of the 13 month capped rental period

Additionally, it is inappropriate to submit more than one capped rental modifier (KH, KI, KJ) indicating the specific month to be reimbursed on a single claim line.

Items Billed as Rentals When Purchased

A DME service may not be paid as a rental or a purchase when the item has previously been paid as either a rental or a purchase for the same date of service.

Items Requiring Service

According to CMS policy, frequently serviced items are only available for rental until medical necessity ends. These types of equipment cannot be purchased.

Policy Application:

- Date of Service: 07-01-2015 and after
- Same date of service
- Same DME Provider
- Current and History claims
- Billing Services on Separate Claims (aka: Split Claims; Out of Sequence Billing)

Note: Please refer to Billing Services on Separate Claims (aka: Split Claims; Out of Sequence Billing) Policy, for description and examples.

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Example 1: Current claim is billed with HCPCS code E0570 and modifier MS. This claim will be disallowed because capped rental items are not billable for maintenance and servicing.

Claim	Date of Service	Procedure Code	Modifier	Result
Current	07/20/2015	E0570	MS	Disallow

Example 2: History claim was billed with HCPCS code E0186 and modifiers KH and RR. The Current claim was billed with HCPCS code E0186 and modifier RR. The current Claim will be disallowed because it is missing the capped rental modifier.

Claim	Date of Service	Procedure Code	Modifier	Result
History	07/20/2015	E0186	KH, RR	Allow
Current	07/31/2015	E0186	RR	Disallow

Example 3: History claim was billed with HCPCS code K0004 and modifiers KH and RR. The Current claim was billed with HCPCS code K0004 and modifier KH, RR. The current Claim will be disallowed because item has previously been paid as either a rental or a purchase for the same date of service.

Claim	Date of Service	Procedure Code	Modifier	Result
History	09/01/2015	K0004	KH, RR	Allow
Current	09/01/2015	K0004	KH, RR	Disallow

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Code Definitions

Code	Definition
K0004	HIGH STRENGTH, LIGHTWEIGHT WHEELCHAIR
E0186	AIR PRESSURE MATTRESS
E0570	RESPIRATORY ASSIST DEVICE, BI-LEVEL PRESSURE CAPABILITY, WITHOUT BACKUP RATE FEATURE, USED WITH NONINVASIVE INTERFACE, E.G., NASAL OR FACIAL MASK (INTERMITTENT ASSIST DEVICE WITH CONTINUOUS POSITIVE AIRWAY PRESSURE DEVICE)

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