



Helpful hints for filing

DME maintenance, repair, and replacement

Overview

The following information describes Durable Medical Equipment Medicare Administrative Contractor (DME MAC) policy regarding repair, maintenance, and replacement of DME. This is to be used as a guide. For an item to be covered by Medicare, the following conditions apply: (1) item must be eligible for a defined Medicare benefit category; (2) item must be reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member; (3) the item must meet all applicable Medicare statutory and regulatory requirements¹; and (4) the equipment is used in the patient's home. *Please review your supplier manual, or contact your DME MAC medical director or provider helpline for specific instructions.*

General coverage guidelines

Medicare generally provides reimbursement for repair, maintenance, and replacement of medically necessary DME that a beneficiary **owns or is purchasing**. This may include DME that was in use before the patient received DME coverage through Medicare.

Reimbursement for repair, maintenance, or replacement of **rented** DME is included in the monthly rental payment allowance, and thus Medicare will not typically provide

separate reimbursement. This includes equipment under the frequent and substantial servicing, capped rental, and oxygen payment categories.

Medicare **will not** provide separate reimbursement for maintenance and service for DME covered under a manufacturer or supplier warranty agreement unless the charges are specifically excluded from the warranty.



¹Section 1862 (a)1(A) of Title XVIII of the Social Security Act.

Maintenance

Patient-owned equipment

Medicare generally does not provide separate reimbursement for routine, periodic maintenance of patient-owned equipment such as testing, cleaning, and regulating of equipment. These routine services are expected to be performed by the patient as part of the general care regimen required to maintain a piece of equipment.

More extensive maintenance, such as breaking open sealed components and specialized testing, would be covered for patient owned equipment under **repairs**. These services are usually required to be performed by authorized technicians, based on the manufacturer's recommendations.

Rental equipment

Payment for maintenance of rental equipment is included under the monthly rental allowance for these items. Thus, no separate payment may be made for maintenance of items under the frequent and substantial servicing, capped rental, inexpensive or routinely purchased, or oxygen payment categories.

Medicare will pay for periodic, in-home maintenance and servicing by a supplier after the 36-month rental cap. The 36-month rental cap is applicable to stationary and portable oxygen equipment furnished on or after January 1, 2006. Payments may be made once every six months, beginning six months after the 36-month rental cap. Payment is limited to equipment billed using HCPCS codes E1390, E1391, E1392, and K0738. This applies to rentals beginning on or after January 1, 2006.

Medicare payment for the rental of oxygen equipment is capped at 36 months, at which time the title of the equipment will remain with the supplier. The DME MAC will make payment for maintenance and servicing (i.e., parts and labor not covered by a supplier's or manufacturer's warranty) of patient-owned oxygen equipment following the same rules and methods that apply to patient-owned equipment in the inexpensive or routinely purchased and capped rental DME payment categories (please refer to the section for [Patient-owned equipment](#) above).

To report maintenance or servicing of eligible equipment the supplier may report the HCPCS code for the item using modifier:

MS Six-month maintenance and servicing fee for reasonable and necessary parts and labor which are not covered under any manufacturer or supplier warranty.

Repair

Patient-owned equipment

Medicare provides coverage for repairs to DME that is owned or being purchased by a patient. These repairs must be necessary to make the equipment operable. Separate payment is not made for each piece of equipment serviced. Repair charges for DME may be reported using the HCPCS.

K0739 Repair or nonroutine service for durable medical equipment other than oxygen requiring the skill of a technician, labor component, per 15 minutes

K0740 Repair or nonroutine service for oxygen equipment requiring the skill of a technician, labor component, per 15 minutes

Suppliers should use K0739 on claims to bill for the labor associated with the reasonable and necessary repair of patient-owned DME. The noncovered K0740 code should be used by suppliers to indicate the labor associated with the repair of stationary or portable oxygen equipment.

Claims for repairs must include narrative information itemizing each repair and the time taken for each repair. Also, the repair claim must indicate that the equipment is patient-owned (non-rented and out of warranty). Billing and payment for repairs are based on standardized labor times. Claims submitted with one unit of service (K0739) represents 15 minutes. A unit of service includes basic troubleshooting and problem diagnosis, and does not provide payment for travel time or equipment pick-up and/or delivery. Based on the type of equipment and the part being replaced or repaired, payment may be limited to certain allowable units of service, regardless of actual repair time.

While the patient-owned item is being repaired, a temporary replacement piece of equipment will be covered for one month. Suppliers may report HCPCS code:

K0462 Temporary replacement for patient-owned equipment being repaired, any type

The claim for replacement equipment should include a description of the equipment being used as a temporary replacement (manufacturer, brand name, model name or number) and explanation of the necessity for the item. This code **should not** be billed for rental equipment. Reimbursement for the temporary replacement equipment is based on Medicare's established rental allowance for the piece of equipment in question.

Rental equipment

Reimbursement for repair of rental equipment is included in the monthly rental allowance for that item. Thus, for capped rental items, Medicare will not provide separate payment for repairs until after the 13-month rental period has been reached and title of the equipment transfers to the patient.

Medicare does not provide separate reimbursement for temporary replacement of rental items. A temporary replacement for a rental item may be provided under the usual monthly rental allowance.

Replacement of DME

Medicare guidelines concerning coverage of replacement items specify that the useful lifetime is determined by the DME MAC for each piece of equipment. However, the "reasonable useful lifetime" cannot be less than five years. Useful lifetime is based on the date of delivery to the beneficiary, not the actual age of the equipment. Medicare will provide coverage for replacement of equipment during the reasonable useful lifetime if:

- Equipment is lost or stolen
- Equipment has suffered irreparable damage (often defined as the item costing more to repair than to replace)
- New equipment is required due to a change in the patient's condition

Irreparable damage is defined by Medicare as an item being damaged beyond repair by a specific incident or accident, resulting in the cost to repair the item exceeding the cost of a new, replacement item.

Irreparable wear is defined by Medicare as "deterioration sustained from day-to-day usage over time and a specific event cannot be identified" which caused the deterioration.

Replacement due to irreparable wear during the reasonable useful lifetime is typically not covered by Medicare. Medicare would cover the cost of repair up to, but not exceeding, the cost of replacement.

Note that the length of continuous use alone **may not** justify coverage of a replacement item. Each claim for replacement equipment may be subject to individual consideration by the DME MAC to determine if excessive wear or irreparable damage has occurred. The beneficiary may elect to receive a new piece of equipment after the five-year useful life has been reached. The DME MAC must also determine whether the equipment continues to meet the patient's medical needs.

Documentation requirements:

- Claims must include the reason for the replacement and the date the beneficiary received the original equipment that is being replaced.
- Claims for replacement items due to a change in the patient's condition must be supported by a physician's order.
- Medicare may provide coverage for replacement items required due to loss or irreparable damage, potentially requiring a new physician's order and/or a Certificate of Medical Necessity (CMN).
- While not specifically required for claims for replacement items due to irreparable wear, a physician's order may facilitate DME MAC review of the claim.

Replacement items (or parts) should be billed with the appropriate HCPCS code and the following modifiers as applicable:

- NU new equipment
- Used equipment
- RR rental

All replacement items should be reported with an -RA modifier to designate that the item is a replacement.

When a replacement piece of equipment is obtained, payment will be made on a rental or purchase basis consistent with the DME payment category for that item. When a change in capped rental equipment occurs due to a change in the patient's medical condition, a new 13-month capped rental period begins.

Replacement of accessories

Medicare generally provides equipment-specific guidelines for replacement, and frequency allowances for accessories used with DME. Depending on the piece of equipment and its corresponding payment category, replacement accessories may be payable separately under Medicare.

Generally, Medicare only provides separate payment for replacement accessories for patient-owned equipment. For example, replacement accessories for items under the frequent and substantial servicing payment category, such as ventilators, are not separately payable under Medicare. The cost of any replacement accessories is included in Medicare's monthly rental allowance for that piece of equipment.

Medicare policy makes exceptions for the payment of replacement accessories for rented items, such as accessories for a continuous positive airway pressure (CPAP) device. Medicare has determined that the CPAP device cannot perform its intended function without certain accessories, such as the mask and tubing. Under these exceptions, Medicare will provide separate payment for replacement accessories even while the equipment is being rented.

As these guidelines and policies vary widely by the equipment in question, suppliers should reference specific DME MAC local coverage determinations as appropriate.

Provision/delivery of replacement accessories

Medicare guidelines state that "Suppliers/manufacturers may not automatically deliver DMEPOS to beneficiaries unless the beneficiary, physician, or designated representative has requested additional supplies/equipment." The reason is to assure that the beneficiary actually needs the DMEPOS. Suppliers must have received a request from the beneficiary for additional supplies or a replacement accessory prior to providing that item to the beneficiary. Suppliers may not initiate a replacement order, or automatically deliver supplies/accessories on a predetermined routine basis. (Medicare Claims Processing Manual, Chapter 20, Section 200)

For example, a supplier may not automatically deliver a CPAP mask to a beneficiary once every three months based solely on the replacement allowance guidelines stated in the CPAP coverage policy. Prior to delivery, the supplier must receive a request from the beneficiary for a replacement item and confirm that the physician order is still effective for that item.

Note: Inclusion or exclusion of a code for a specific product or supply does not imply any health insurance coverage or reimbursement policy. All referenced information and codes were taken from HCPCS. Please refer to DMEPOS Supplier Manual for complete explanations.

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For more information from Philips Respironics

Reimbursement	Customer service	Website
Information & fee schedules Educational materials & questions (coding, coverage and payment)	1-800-345-6443; listen to the instructions and follow prompts to select the insurance reimbursement information option	www.philips.com/respironics

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Philips Respironics Asia Pacific
+65 6882 5282
Philips Respironics Australia
+61 (2) 9666 4444
Philips Respironics Europe, Middle East, Africa
+49 7031 463 2254
Philips Respironics United Kingdom
+44 800 1300 845

Philips Respironics
1010 Murry Ridge Lane
Murrysville, PA 15668

Customer Service
+1 724 387 4000
+1 800 345 6443 (toll free, US only)
www.philips.com/respironics