

## HCFA Answers to Questions Posed on Supplier Standards

**Question:**

In what manner do suppliers need to advise the beneficiary of the rent/purchase option for inexpensive or routinely purchased items? Does this exchange have to be in writing or is an oral explanation sufficient?

**Answer:**

Suppliers are not required to notify beneficiaries of the rent/purchase option in writing, as long as the exchange is documented, such as in the patient record.

**Question:**

What documentation is sufficient to show that the beneficiary was provided with the option to purchase or rent an item? Are the examples given, letters, logs and signed notices, the only manner in which a provider can document that a beneficiary has been advised? Is a beneficiary signature necessary on whatever documentation the provider is using?

**Answer:**

The standard was written to give suppliers flexibility in compliance; the examples we gave were not meant to be exhaustive. We would be glad to consider others if you would like to propose any. A beneficiary signature is not required.

**Question:**

Assuming that a provider advised the beneficiary of their option to rent or purchase inexpensive or routinely purchased equipment, is the provider required to offer such routinely purchased equipment for rent? The standards seem to indicate that the provider must advise the beneficiary of their option to rent, and if the beneficiary chooses to exercise that option, could then refer them to another provider. Often, for equipment that is inexpensive or routinely purchased, it is costlier for the provider and for Medicare to provide that equipment for rent.

**Answer:**

A supplier does not have to rent items that it only sells, provided that this policy is applied across the board to both Medicare and non-Medicare customers. If the item is in a rental-only category such as items requiring frequent and substantial servicing, capped rental items, or oxygen and oxygen equipment, then Medicare would not make payment for the item if it is provided as an outright sale rather than a rental. The beneficiary must be notified of this restriction before sale, however, or the supplier will be held liable. This standard also does not apply to items of a disposable nature such as blood glucose test strips, tracheal suction catheters, or aerosol masks used with nebulizers, that are rarely, if ever, rented.

**Question:**

Standard #14 requires a supplier to maintain, replace or repair a Medicare-covered item it has rented to a beneficiary, either directly or through a service contract with another company. What is the responsibility of a provider with regard to this standard if the beneficiary moves out of the service area? Many suppliers have as part of their rental agreements with the beneficiary a provision that it will service the equipment as long as the beneficiary remains within the service area of the supplier. If the beneficiary moves out of the service area, they are obligated under this agreement to return the equipment. However, if the beneficiary retains the equipment but moves out of the supplier's service area, what obligation does the supplier have under Standard #14 to service the equipment?

**Answer:**

With regard to your question on Standard #14 (if a beneficiary moves out of a supplier's area with a rental item, is the supplier still responsible for service?), the supplier does not have an obligation to continue providing or servicing a rental item if the beneficiary moves out of the supplier's service area if the item is not a capped rental item (i.e., oxygen equipment, a frequently serviced item, or an inexpensive or routinely purchased item). The supplier would most likely ask the beneficiary to return the equipment before the beneficiary moves.

For capped rental items, the rules are located in MCM §5102.1.E. These instructions state that if the beneficiary moves or changes suppliers, it does not result in a new 15-month rental period. Also, in the 10<sup>th</sup> rental month, the supplier must give the beneficiary the option to purchase the equipment or continue renting. If the beneficiary moves before or during the 10<sup>th</sup> month, then the supplier can take the equipment back. If the beneficiary moves after the 10<sup>th</sup> month, and chose the purchase option, then title would transfer to the beneficiary (Medicare pays 13 rental payments and title for the equipment transfers to the beneficiary). If the beneficiary moves during or after the 10<sup>th</sup> month and chose the rental option, the supplier would be responsible for continuing to furnish the item and provide for maintenance and servicing.