



Provider Notice: #0036

Date: 9/27/04

**Subject: Billing Requirement Changes for Unlisted/By Report DME
Effective 11/1/04**

I. Unlisted DME Codes:

Effective for dates of service on or after November 1, 2003, reimbursement for all Durable Medical Equipment (DME) "By Report" and "Unlisted Codes" **except** wheelchairs, wheelchair modifications and accessories and replacement parts are changed as outlined below:

Reimbursement shall be the lesser of the following:

- a. The amount billed (pursuant to California Code of Regulations [CCR], Title 22, Section 51008.1);
- b. 80% of the Manufacturer's Suggested Retail Price (MSRP). The MSRP must be an amount that was published by the manufacturer prior to 8/1/03. If the item was not available prior to 8/1/03, the date of availability must be documented in the *Reserved for Local Use* filed (Box 19) of the claim and the initial catalog page that published the item and the MSRP must be attached;
- c. The manufacturer's purchase invoice amount, plus a 67% markup.

Note: Only discounts known to the provider at the time the claim is submitted to PHC will be utilized when pricing claims.

DME billed with no specified maximum allowable rate, "By Report" or "Unlisted", requires the following information:

- Manufacturer's purchase invoice **AND** the MSRP (a catalog page) dated prior to 8/1/03. If the item was not available prior to 8/1/03, attach a manufacturer's purchase invoice and the catalog page that initially published the item and the MSRP, and complete the *Reserved For Local Use* field (Box 19) with the date of availability.

NOTE 1: If the provider is also the manufacturer, only the MSRP may be submitted with the claim. The MSRP must be an amount that was published by the manufacturer prior to August 1, 2003. If the item

was not available prior to August 1, 2003, the date of availability must be documented in Box 19 of the claim and the initial catalog page that published the item, as well as the MSRP must be attached to the claim.

NOTE 2: The only acceptable MSRP documentation is (1) the manufacturer's price list and/or order form dated prior to August 1, 2003, unless the item was not available prior to August 1, 2003, at which time the documentation requirements indicated above apply, or (2) a manufacturer's catalog page that includes a description of the item, the manufacturer's name, the model number/catalog number of the item, if available, and the MSRP. No other attachments will be accepted.

- Item description
- Manufacturer name
- Model Number
- Catalog Number
- The reason a listed code was not used.

Claims that do not include **ALL** of the above documentation or are not submitted with a MSRP that was established prior to 8/1/03, **will be denied**.

This information is reflected in the EDS Provider Manual pages *dura 8 (Part2)*, *dura bil dme 12 and 13 (part 2)*, *dura bil inf 5 and 6 (Part 2)* and *dura bil oxy 13 and 14 (Part 2)* and in the Medi-Cal Allied Health Bulletin #336 dated October 2003.

II. Repair or Maintenance of Equipment

A. Claims for Labor (HCPCS code **E1340**) require the following documentation:

1. Procedure code of the item required the labor charge
2. Description of the service provided
3. Certification of patient owned equipment.
4. Reason/justification for repair
5. Labor time to accomplish the work (HCPCS code **E1340**) is billed in 15-minute units, but labor time may be rounded to the nearest half-hour for the total repair job. For example, 1 hour and 20 minutes = 6 units.
6. Labor rate or hourly charge.

The hourly labor reimbursement rate for wheelchair repair is \$35. HCPCS code **E1340** is defined as "labor, per 15 minutes" with an assigned value of \$8.75.

Note: Separate reimbursement for labor charges (HCPCS code **E1340**) is not allowed for the installation, setup, deliver or instruction on use of rented or newly purchased wheelchair items, or for the repair, maintenance or routine servicing of rented wheelchairs (California Code of Regulations [CCR], Title 22, Section 51521[f]). Labor charges also are not separately reimbursable during the warranty period following the purchase or repair of wheelchairs (CCR, Title 22, Section 51521[g]). For more information about warranties, refer to "Guarantees" in the Durable Medical

Equipment (DME): Billing Codes and Reimbursement Rates section of the Medical Provider Manual.

B. Replacement Parts

Claims for replacement parts for which there is a specific HCPCS code must be billed with that code and modifier –NU.

Claims for repair of items for which there is a specific HCPCS code must be billed with that code and modifier –RP.

Claims for labor must include a statement in the *Reserved For Local Use* field (Box 19) that the equipment is patient-owned.

Claims for unlisted replacement parts must be billed with the HCPCS code for the piece of equipment that is being repaired and modifier-RP. The following information is required:

1. Description of the service provided.
2. Reason/justification for repair if amount is less than \$250.
3. Manufacturer name
4. MSRP (catalog page) dated prior to August 1, 2003. If the item was not available prior to August 1, 2003, attach a manufacturer's purchase invoice and the catalog page that initially published the item and the MSRP, and complete the *Reserved for Local Use* field (Box 19) with the date of availability.