



**Date: 11/8/06**

**Medi-Cal**

**Provider Notice: #0068**

**Subject: Hearing Aid Reimbursement Clarification**

The California Department of Health Services is clarifying policy regarding monaural, binaural and Early and Periodic Screening, Diagnosis and Treatment Supplemental Service (EPSDT SS) hearing aid codes. To ensure recipient eligibility, the date of service is the date the hearing aid is ordered.

1. Monaural Hearing Aids

Monaural hearing aids are billed with HCPCS codes V5030 – V5080 for analog types and V5298 for digital or programmable types. A PHC Treatment Authorization Request (TAR) or California Children's Services (CCS) Service Authorization Request (SAR) is required for all claims.

Claims billed for monaural hearing aids must include the following in the *Reserved for Local Use* field (Box 19) or on an attachment to the claim:

- Manufacturer's name
- Model or serial number
- Wholesale cost (Wholesale cost is defined as the "unit price" or the "single" unit price as identified in the manufacturer's wholesale catalog, not including rebates, discounts, taxes or any other factors.)

Digital or programmable hearing aids must be billed with code V5298 and include a copy of the invoice.

Monaural hearing aid claims are paid the least of the following:

- Wholesale cost plus \$256.37, or
- \$883.80, or
- The billed amount

## 2. Binaural Hearing Aids

Binaural hearing aids are billed with HCPCS codes V5120 – V5150 for analog types and V5298 for digital or programmable types. A TAR or CCS SAR is required for all claims.

Claims billed for binaural hearing aids must include the following in the *Reserved For Local Use* field (Box 19) or on an attachment to the claim:

- Manufacturer's name
- Model or serial number of each aid
- Wholesale cost (Wholesale cost is defined as the "unit price" or the "single" unit price as identified in the manufacturer's wholesale catalog, not including rebates, discounts, taxes or any other factors.)

Digital or programmable hearing aids must be billed with code V5298 and for a quantity of one (one monaural unit or one binaural unit). A copy of the invoice, justifying the reimbursement for two units (one for each ear), must be include with the claim.

Binaural hearing aids claims are paid the least of the following:

- Wholesale cost plus \$326.08, or
- \$1480.32, or
- The billed amount

Note: When billing code V5298, if the invoice justifies the purchase of two digital hearing aids (binaural), then providers are reimbursed for both hearing aids plus \$326.08 (one time only).

## 3. Loss and Damage Claims

Providers billing for loss and damage replacement must use code V5298 (hearing aid, not otherwise classified), include a copy of the invoice and state "replacement cost" in the *Reserved for Local Use* field (Box 19) or on an attachment to the claim.

## 4. EPSDT SS Hearing Aid Claims

Claims billed for hearing aids through EPSDT SS must include a copy of the manufacturer's invoice minus any discounts. A TAR or CCS SAR is required for all claims.

Hearing aid claims for Z5946 billed through EPSDT SS or through CCS are paid at the manufacturer's invoice plus 60%.

CCS uses HCPCS code Z5946 to authorize requests for non-conventional hearing aids for children who are CCS or Medi-Cal recipients. When billing these claims, providers must attach a copy of the manufacturer invoice. When billing for binaural hearing aids using code Z5946, providers should bill for a quantity of one (one binaural unit), but the invoice should justify reimbursement for two units (one for each ear).

## 5. Sales Tax

State statute requires Medi-Cal to base payment for sales tax on hearing aids on the tax amount actually paid by the provider. Providers must list the sales tax in the *Reserved For Local Use* field (Box 19) of the claim or on an attachment.

Providers should show the total amount billed (including sales tax) on the claim line, but also itemize the cost of the hearing aid and the applicable amount of sales tax in the *Reserved For Local Use* field (Box 19) of the claim. They then combine the item's purchase or rental price with any applicable sales tax and bill on the same line. Hearing aid supplies that are separate from the hearing aid itself should be billed with code V5267.