

Durable Medical Equipment (Purchase and Rental)

Reimbursement

- The maximum allowable for durable medical equipment classified as Capped Rental, Inexpensive/Routinely Purchased, TENS, and enteral nutrition infusion pumps (i.e., purchase and rentals) will be the lesser of charges or the contracted network percentage of the Medicare Region C DMEPOS Fee Schedule for Tennessee.
- Durable medical equipment will be considered purchased after the equipment has been rented for a period of 10 months.
- The published Medicare fees for durable medical equipment classified as Capped Rentals are based on a 15-month rental period where the Medicare allowable for the first 3 months is at 100% and the Medicare allowable for the remaining 12 months is at 75%. Since BlueCross BlueShield of Tennessee considers durable medical equipment purchased after the equipment has been rented for a period of 10 months, the published Medicare fees for durable medical equipment classified as Capped Rentals will be adjusted as follows:

$$\begin{aligned} & \text{Published Medicare Fee for Capped Rental} \times 3 \text{ months} \times 100\% \\ & + \text{Published Medicare Fee for Capped Rental} \times 12 \text{ months} \times 75\% \\ & = \text{Medicare Purchase Fee} \end{aligned}$$

$$\text{BlueCross BlueShield of Tennessee Purchase Allowable} = \text{Medicare Purchase Fee} \times \text{Contracted Network \%}$$

$$\text{BlueCross BlueShield of Tennessee Rental Allowable} = \text{BlueCross BlueShield of Tennessee Purchase Allowable} / 10 \text{ months}$$

- If the member changes to different but similar equipment (e.g., from a non-heated humidifier to a heated humidifier) when the equipment is medically needed (i.e., the member's medical needs have substantially changed and the new equipment is necessary), a new 10-month rental period begins with the new equipment. Otherwise, BlueCross BlueShield of Tennessee will reimburse the least expensive piece of equipment (continuing to count against the current 10-month period). If the 10-month rental period has already expired, then no additional rental payments can be made.
- Reimbursement for supplies used in conjunction with durable medical equipment rentals will be determined by the Medicare Region C Durable Medical Equipment Regional Carrier (DMERC) guidelines.

- Rental rates include reimbursement for repair, adjustment, maintenance and replacement of equipment and its components related to normal wear and tear, defects, or obsolescence or aging.
- Reimbursement for routine maintenance and servicing for reasonable and necessary parts and labor, which are not covered under any manufacturer or supplier warranty, is only allowed after equipment is considered owned by the member for 6 months. Reimbursement for routine maintenance and servicing for reasonable and necessary parts and labor will be based on the maximum allowable for one month's rental for the durable medical equipment.
- The maximum allowable for durable medical equipment constitutes full reimbursement for the item including all labor charges involved in the assembly and support services such as emergency services, delivery, set-up, education, and on-going assistance with the item.
- All maximum allowables for rentals are monthly rates unless specified otherwise on the Maximum Allowable Detail Report.
- BlueCross BlueShield of Tennessee reserves the right to pro-rate the maximum allowable for partial month rentals.
- Providers will be contractually obligated to provide services at the agreed upon rates, regardless of patient acuity or nursing skill level.
- This policy applies to services billed on a CMS-1500 claim form/ANSI-837 professional transaction.