



## Corporate Medical Policy

### Durable Medical Equipment (DME)

**File Name:** durable\_medical\_equipment\_(dme)  
**Policy Number:** DME0040  
**Origination:** 1/2000  
**Last Review:** 6/2008  
**Next Review:** 6/2010

#### Description of Procedure or Service

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Durable Medical Equipment (DME) is any equipment that provides therapeutic benefits to a patient in need because of certain medical conditions and/or illnesses.

Durable Medical Equipment (DME) consists of items which:

- ◆ are primarily and customarily used to serve a medical purpose;
- ◆ are not useful to a person in the absence of illness or injury;
- ◆ are ordered or prescribed by a physician;
- ◆ are reusable;
- ◆ can stand repeated use, and
- ◆ is appropriate for use in the home.

DME includes, but is not limited to, wheelchairs (manual and electric), hospital beds, traction equipment, canes, crutches, walkers, kidney machines, ventilators, oxygen, monitors, pressure mattresses, lifts, nebulizers, bili blankets and bili lights.

This medical policy discusses the following aspects of DME coverage:

- ◆ Durable medical equipment in general
- ◆ Maintenance, repair and replacement
- ◆ Upgrade options
- ◆ Rental versus purchase of the equipment

**See also: Other medical policies for specific DME, including, but not limited to Wheelchairs, Air Fluidized Beds, Blood Glucose Monitors, External Insulin Pumps, Patient Lifts, Prosthetics, Orthotics, and Children's Mobility and Positioning Equipment are not addressed in this policy.**

#### Policy

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**BCBSNC will provide coverage for Durable Medical Equipment when it is determined to be medically necessary because the medical criteria and guidelines for its use are met.**

**BCBSNC will provide coverage for Repairs, Maintenance and Replacement of eligible DME on an individual consideration basis when it is necessary to make the equipment usable.**

**BCBSNC will review the option to rent or purchase eligible DME on an individual consideration**

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basis.

### Benefits Application

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Please refer to individual's Certificate for availability of benefits. This policy relates only to the services or supplies described herein. Benefits may vary according to benefit design, therefore certificate language should be reviewed before applying the terms of the policy.

DME, when eligible for coverage, is covered under the Durable Medical Equipment provision of the member certificate.

The DME supplier must meet eligibility and/or credentialing requirements as defined by the Plan to be eligible for reimbursement.

### When Durable Medical Equipment and Services are covered

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Durable medical equipment may be covered when **all of the following criteria are met:**

1. The equipment provides therapeutic benefit to a patient in need because of certain medical conditions and/or illnesses; **and**
2. The DME is prescribed by a physician; **and**
3. The DME does not serve primarily as a comfort or convenience item; **and**
4. The equipment does not have significant non-medical uses (e.g., environmental control equipment, air conditioners, air filters, humidifiers).

Items that do not meet the definition of DME may be covered when it is clearly established that the items serve a therapeutic purpose in an individual case. To establish medical necessity for this type of item, there must be documentation of the physician's plan of treatment, predicted outcomes, and physician's involvement in supervising the use of the prescribed item. Examples include: gel pads, pressure mattresses, or water mattresses when prescribed for a patient who has decubitus ulcers (pressure sores or bedsores), or there is medical evidence indicating that there is a high susceptibility to significant decubitus ulcers.

#### **Maintenance, Repairs, and Replacement of PURCHASED DME:**

- ◆ Repairs or maintenance to equipment that is purchased may be covered on an individual consideration basis when necessary to make the equipment usable. Maintenance, repair, or replacement and supplies are **eligible for separate reimbursement under a contracted maintenance fee** with a DME supplier acceptable by the Plan.
  - If the expense for repairs exceeds the estimated expense of purchasing or renting another item of equipment for the remaining period of medical need, no payment can be made for the amount in excess.
  - The repair charge may include the use of "loaner" equipment when necessary.
  - When equipment is purchased, coverage for a maintenance or service agreement may be considered on an individual consideration basis. Further benefits will be subject to the terms of the provider's contracted maintenance agreement.
  - Replacement of a purchased item may occur when the item is irreparably damaged, or if replacement is required during repair and/or maintenance of a specific item. The cost will be negotiated on a rental versus purchase agreement. Replacement may be based on the maintenance contract as stated above.
  - Replacement or repair of an item that has been misused or abused by the member or member's

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caregiver will be the responsibility of the member.

### **Maintenance, Repairs, and Replacement of RENTAL DME:**

- ◆ **DME rental fees will cover the cost of maintenance, repairs, replacements, adjustments, supplies, and accessories.** Rental fees also include equipment delivery services and set-up, education and training for patient and family, and nursing visits; and these services are not eligible for separate reimbursement. Payment of eligible fees will begin on the day the device is delivered to our member.
  - Replacement of the rental equipment may occur when the rented item is irreparably damaged, or if replacement is required during repair and/or maintenance of a specific item. Monthly rental fees allow for the replacement costs, and are not eligible for separate reimbursement.
- ◆ Replacement or repair of an item that has been misused or abused by the member or member's caregiver will be the responsibility of the member.

### **Coverage for DME Add-ons or Upgrades:**

Standard DME is one that will adequately meet the medical needs of the patient and is not designed or customized for a specific individual's use. Non-standard DME is any item that has certain convenience or luxury features. Electrical or mechanical features which enhance standard or basic equipment usually serve a convenience function. Add-ons or Upgraded DME equipment will be reviewed on an individual consideration basis for medical necessity.

## **When Durable Medical Equipment and Services are not covered**

### **DME Add-ons or Upgrades are not covered:**

- ◆ When the DME add-ons or upgrades are intended primarily for convenience or upgrades beyond what is necessary to meet the member's legitimate medical needs. Examples include: decorative items, unique materials (e.g. magnesium wheelchairs wheels, lights, extra batteries, etc.); **or**
- ◆ When it does not provide a therapeutic benefit to a patient in need because of certain medical conditions or illnesses; **or**
- ◆ When the DME has not been prescribed by a physician; **or**
- ◆ When the DME serves primarily as a comfort or convenience item. Trays, back packs, wheelchair racing equipment are examples of non-covered or convenience items; **or**
- ◆ When the equipment is used in a facility that is expected to provide such items to the patient; **or**
- ◆ When the devices and equipment are used to enhance the environmental setting (for example; air conditioners, humidifiers, air filters, portable Jacuzzi pumps, or chair lifts used to go up and down the stairs). These are not primarily medical in nature and will not be eligible for coverage; **or**
- ◆ For equipment delivery services and set-up, education and training for patient and family, and nursing visits, are not eligible for separate reimbursement regardless of agreement to rent or purchase.
- ◆ For DME add-ons or upgrades that are intended primarily for member/caregiver convenience, or that do not significantly enhance DME functionality.

## **Policy Guidelines**

- ◆ **Home DME may be subject to medical necessity review.**
- ◆ Items that do not meet the definition of DME may be covered under certain conditions. These items may be covered as DME when it is clearly established that the items serve a therapeutic purpose in

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an individual case. See Billing/Coding and Physician Documentation for documentation requirements.

- ◆ DME requires a prescription to rent or purchase before it is eligible for coverage.
- ◆ Payment of eligible fees will begin on the day the device is delivered, set-up, and ready for use by our member at the location needed.
- ◆ DME rental rates and maintenance fees should be calculated for payment on a prorated basis, based on provider contracted rates, when a full 30 days are not utilized by the member.

### **Rental versus Purchase:**

#### **Guidelines for purchasing DME:**

DME rental versus purchase coverage is based on the item prescribed, the patient's prognosis, the time frame required for use, and the total cost (rental vs. purchase) for the equipment.

When DME is purchased, the total benefits available cannot exceed the contracted fee schedule.

**DME may be purchased** in any of the following situations:

1. The equipment is classified as **Inexpensive DME**, which is defined as equipment with a purchase price that does not exceed \$200. Examples may include, but are not limited to: canes, walkers, crutches, arm slings, patient transfer belts, cervical collars, comfort rings, dextrometers, peak flow meters and commode chairs.
2. The equipment is classified as **Other Routinely Purchased DME**, defined as equipment acquired by purchase at least 75% of the time. Equipment in this category may be rented or purchased, but the total amount paid for monthly rentals cannot exceed the fee schedule purchase amount. Examples may include, but are not limited to: low pressure and positioning equalization pads, home blood glucose monitors, braces for legs, arms, cast boots, cervical brace, and Jobst stockings.
3. More expensive DME not classified as "Routinely Purchased DME" (costing above \$200) may be purchased when all of the following criteria are met:
  - a. long term use is expected based on the patient's prognosis (rental is anticipated to exceed purchase price) **and**
  - b. maintenance of DME is low intensity, **and**
  - c. a rental trial period (applied toward purchase price) has documented patient compliance, patient tolerance, and clinical benefits.

#### **Guidelines for renting DME:**

DME rental vs. purchase coverage is based on the item prescribed, the patient's prognosis, the time frame required for use, and the total cost (rental vs. purchase) for the equipment.

When DME is rented, the benefits cannot exceed the total of the cost to purchase the DME or the contracted fee schedule.

**DME may be rented** when:

- ◆ **DME is not classified as "Routinely Purchased DME" (costing above \$200) or inexpensive DME and anticipated medical need is for a limited time frame; or equipment requires high maintenance (requires specialized skills to service the item).**
- ◆ Examples include, but are not limited to the following: apnea monitors, hospital beds, bili lights and bili blankets, Continuous Passive Motion (CPM), traction, infusion pumps, IPPB, Nebulizers, CPAP, BiPAP, DPAP, lymphedema pumps, oxygen equipment (portable and stationary), ventilators, and TENS units.
- ◆ DME rental fees will cover the cost of maintenance, repairs, replacements, supplies and accesso-

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ries. Equipment delivery services and set-up, education and training for patient and family, and nursing visits, are not eligible for separate reimbursement.

- ◆ Rental equipment which has reached a maximum reimbursement (rental paid up to purchase price) will continue to be **owned by the DME provider** with the understanding that the equipment will remain in the patient's custody until medical necessity is no longer met. The DME provider can no longer charge rental fees, but may charge separately for maintenance if such a contract has been signed. Once the member no longer needs the equipment, the DME provider will collect the equipment.
- ◆ Equipment that is purchased without prior rental will be **owned by the patient**.
- ◆ DME rental rates and maintenance fees should be calculated for payment on a prorated basis, based on provider contracted rates, when a full 30 days are not utilized by the member.

### Billing/Coding/Physician Documentation Information

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This policy may apply to the following codes. Inclusion of a code in this section does not guarantee that it will be reimbursed. For further information on reimbursement guidelines, please see Administrative Policies on the Blue Cross Blue Shield of North Carolina web site at [www.bcbsnc.com](http://www.bcbsnc.com). They are listed in the Category Search on the Medical Policy search page.

*Applicable Codes: E0100-E0948, E1300-1340, E1399, E1500-E2120, E2402-E2599, E8000-E8002, K0455, K0462*

#### *Documentation Requirements:*

The supplier is responsible for obtaining a signed, dated, written agreement from the member for the additional charges prior to delivery of the non-covered items.

To review DME for medical necessity the following information is required:

- physician's plan of treatment, including anticipated time frame that the equipment will be needed.
- predicted outcomes (therapeutic benefit).
- physician's involvement in supervising the use of the prescribed item.
- detailed description of the member's clinical and functional status so that a determination of medical necessity can be made.

BCBSNC may request medical records for determination of medical necessity. When medical records are requested, letters of support and/or explanation are often useful, but are not sufficient documentation unless all specific information needed to make a medical necessity determination is included.

### Policy Key Words

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Key Words: DME0040, DME (Durable Medical Equipment), Wheelchairs, Hospital beds, Traction, Canes, Crutches, Walkers, Kidney Machines, Ventilators, Oxygen, Monitors, Pressure Mattresses, Lifts, Nebulizers, Repairs, Maintenance, Purchase, Rental, Replacement, Deluxe, Luxury, Convenience, Upgraded, DME, Home, Options, Optional,

## Medical Term Definitions

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Not applicable.

## Scientific Background and Reference Sources

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### **Durable Medical Equipment:**

BCBSA Medical Policy Reference Manual

BCBSNC Matrix Program - 5/97

5/97 - Medicare Region C DMERC - September 1993

### **Repairs, Maintenance and Replacement:**

5/97 - Medicare Region C DMERC - September 1993

BCBSNC Matrix Program - 5/97

### **Upgrade Options:**

5/97 - Medicare Region C DMERC - September 1993

BCBSNC Matrix Program - 5/97

### **Rental versus Purchase**

5/97 - Medicare Region C DMERC - September 1993

BCBSNC Matrix Program - 5/97

### **Durable Medical Equipment (New Policy)**

Medical Policy Advisory Group - 10/99

Specialty Matched Consultant Advisory Panel - 9/2000

Medical Policy Advisory Group - 10/2000

Specialty Matched Consultant Advisory Panel - 7/2002

Medical Policy Advisory Group - 6/2004

BCBSA Medical Policy Reference Manual [Electronic Version]. 1.01, 12/1/95

## Policy Implementation/Update Information

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### **Durable Medical Equipment:**

10/79 Original Policy

6/83 Reaffirmed

2/98 Revised: Archived previous policy, E0100.ARC.

8/99 Reformatted, combined Durable Medical Equipment with DME Maintenance, Repair and Replacement, DME Upgrade Options, and DME Rental versus Purchase; Medical Term Definitions added.

### **Repairs, Maintenance and Replacement**

5/97 Review of Medicare Guidelines - September 1993

2/98 Original Policy issued

## **Policy: Durable Medical Equipment (DME)**

8/99 Reformatted, combined Durable Medical Equipment with DME Maintenance, Repair and Replacement, DME Upgrade Options, and DME Rental versus Purchase; Medical Term Definitions added.

### **Upgrade Options:**

5/97 Review of Medicare Guidelines - September 1993

2/98 Original Policy issued

8/99 Reformatted, combined Durable Medical Equipment with DME Maintenance, Repair and Replacement, DME Upgrade Options, and DME Rental versus Purchase; Medical Term Definitions added.

### **Rental versus Purchase:**

5/97 Review of Medicare Guidelines - September 1993

8/97 Original Policy issued

8/99 Reformatted, combined Durable Medical Equipment with DME Maintenance, Repair and Replacement, DME Upgrade Options, and DME Rental versus Purchase; Medical Term Definitions added.

### **Durable Medical Equipment (New Policy)**

10/99 Medical Policy Advisory Group

10/00 Specialty Matched Consultant Advisory Panel. No change recommended in criteria. System coding changes. Medical Policy Advisory Group review. No change in criteria. Approve.

4/02 Revised sections under when it is covered, when it is not covered, and the Billing and Coding section for clarification.

8/02 Specialty Matched Consultant Advisory Panel meeting 7/12/2002. Revised policy to remove references to prosthetics. Added statement in the Description section to refer to specific policies for more information on DME and prosthetics. Revised the term "optional" and replaced with add-ons or upgrades. Added statement to the when services are not covered section. Revised and added a statement to the Billing/Coding section. Under Rental versus Purchase section, removed "of 6 months rental" from trial period.

3/25/04 Added information to state that chair lifts used to go up and down the stairs are not covered. Benefits Application and Billing/Coding sections updated for consistency. DM code ranges DM255-DM504; DM801-DM805 removed from policy.

7/29/04 Added K codes K0001- K0195, K0452, K0455, K0462, K0600 - K0609, removed code 99070, extended E codes to E2599. Medical Policy Advisory Group review 06/03/2004 with no changes made to criteria. Reformatted the Billing and Coding Section.

1/05/06 Updated CPT codes in Billing/Coding section. Added CPT codes E2600-E2621. Deleted CPT codes K0452 and K0600.

12/11/06 Description of DME expanded for clarification. In the section When DME Is Covered, deleted phrase "within the scope of his license" from item 2. Additional information added to "Coverage for DME Add-ons or Upgrades" that reads: "Standard DME is one that will adequately meet the medical needs of the patient and is not designed or customized for a specific individual's use. Non-standard DME is any item that has certain convenience or luxury features that make it more expensive than a standard item. Electrical or mechanical features which enhance standard or basic equipment usually serve a convenience function." In the section When DME is Not Covered, deleted phrase "within the scope of his license" from 3rd bulleted item. In the Rental versus Purchase section, deleted "ROHO cushion" from item 1. Policy number added to Key Words. References and HCPCS Codes updated. Speciality Matched Consultant Advisory Panel review meeting 6/28/06.

8/11/08 Speciality Matched Consultant Advisory Panel review meeting 6/19/08. No change to policy statement.

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Medical policy is not an authorization, certification, explanation of benefits or a contract. Benefits and eligibility are determined before medical guidelines and payment guidelines are applied. Benefits are determined by the group contract and subscriber certificate that is in effect at the time services are rendered. This document is solely provided for informational purposes only and is based on research of current medical literature and review of common medical practices in the treatment and diagnosis of disease. Medical practices and knowledge are constantly changing and BCBSNC reserves the right to review and revise its medical policies periodically.

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