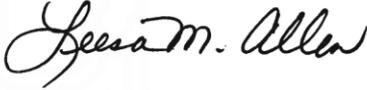




ISSUE DATE April 19, 2016	EFFECTIVE DATE April 19, 2016	NUMBER 09-16-09, 24-16-09, 25-16-01, 31-16-09
SUBJECT Procedure for Obtaining an 1150 Administrative Waiver for Durable Medical Equipment, Medical Supplies or Prosthetics and Orthotics	BY  Leesa M. Allen, Deputy Secretary Office of Medical Assistance Programs	

IMPORTANT REMINDER: All providers must revalidate their MA enrollment every 5 years. Providers should log into PROMISE to check their revalidation date and submit a revalidation application at least 60 days prior. Enrollment (revalidation) applications may be found at http://www.dhs.pa.gov/provider/promise/enrollmentinformation/S_001994. Providers who enrolled on or before SEPTEMBER 25, 2011 must complete the revalidation process as soon as possible. DHS must complete the revalidation for all providers enrolled on or before September 25, 2011 by September 25, 2016.

PURPOSE:

The purpose of this bulletin is to advise providers of the:

- Requirements for requesting approval for durable medical equipment (DME), medical supplies, prosthetics and orthotics, through the 1150 Administrative Waiver/Program Exception (PE) process.
- Issuance of updated provider handbook pages.

SCOPE:

This bulletin applies to all Medical Assistance (MA) enrolled physicians and certified registered nurse practitioners (CRNPs), medical suppliers and pharmacies who render services to beneficiaries in the MA fee-for-service delivery system. Providers rendering services to beneficiaries in the MA managed care delivery system should address any PE questions to the appropriate managed care organization.

BACKGROUND/DISCUSSION:

The Department of Human Services (Department) may, under extraordinary circumstances, pay for an item which is not on the MA Program Fee Schedule through the PE process. See 55 Pa.Code § 1150.63(b). In addition, providers may request a PE when seeking an exception to the rate for an item on the MA Program Fee

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

The appropriate toll free number for your provider type

Visit the Office of Medical Assistance Programs Web site at
<http://www.dhs.pa.gov/provider/healthcaremedicalassistance/index.htm>

Schedule, or when seeking to provide an item in a quantity that exceeds the limits on the MA Program Fee Schedule.

In order to assist the Department in establishing a price for an item that is not on the MA Program fee schedule, or to evaluate a request for a PE seeking an exception to the established rate, PE requests submitted on or after May 9, 2016, must include documentation, more fully described below, of the Manufacturer's Suggested Retail Price (MSRP) and the adjusted acquisition cost.

The MSRP is the price at which the manufacturer recommends retailers sell their product(s).

The adjusted acquisition cost is the actual cost of an item, after discounts and rebates, to the medical supplier/manufacturer. It does not include the following costs:

- Delivery or shipping costs (including postage and handling)
- Labor costs (including assembly, repair or fitting)
- Operating expenses (including insurance costs)

PE requests to exceed the quantity limits will be approved if determined medically necessary by the Department and will be paid at the established MA Program fee schedule rate and, therefore, are not subject to these procedures.

PROCEDURE:

Providers must include documentation of the adjusted acquisition cost and the MSRP with PE requests.

- Providers that have already purchased the item must submit an invoice for the item with the PE request.
- Providers that have not purchased the item, but have received a cost quote from the manufacturer, must submit the cost quote with the PE request.
- If the PE request is being submitted by a medical supplier that is not the manufacturer, the documentation should be submitted on the letterhead of the manufacturer or distributor from whom the medical supplier ordered the item.
- If the PE request is being submitted by a manufacturer, the documentation should be submitted on its own letterhead with a statement that it is the manufacturer.
- If the PE request is being submitted by a distributor, the distributor should submit the documentation on the letterhead of the company from which the requested item was acquired.

This information, along with the information provided to establish medical necessity, must be provided in order for the Department to process PE requests for DME, medical supplies, prosthetics and orthotics.

All invoices for PE requests sent to the Department must be unaltered, fully legible, on the medical supplier, manufacturer, or distributor letterhead, and must include the following:

1. The supplier/manufacturer/distributor letterhead which includes the following:
 - i. Supplier/manufacturer/distributor name
 - ii. Complete address
 - iii. Customer Service telephone number
 - iv. Customer Service fax number
2. Complete "Invoice To" information
3. Complete "Ship To" information which includes name of the beneficiary/supplier receiving the item, street address, city, state and zip code
4. The date of the invoice
5. Invoice number
6. Product name
7. Serial number (if applicable)
8. Product model number
9. Item number
10. Full item description
11. The unit of measure and quantity of defined unit, (e.g. pair = 2, set = 3, case = 35, box = 10 and package = 60)
12. The MSRP per unit of measure
13. The adjusted acquisition cost per unit of measure for each item purchased, including any and all other discount(s), rebates, refunds or other price-reducing allowances (i.e., full payment terms)
14. Sales tax, shipping, handling, delivery, postage, insurance costs, labor costs, operating expenses and any other charges imposed by the manufacturer or distributor shall be individually identified.

Acceptable documentation for cost quotes for PE requests to the Department must be unaltered, fully legible, on the medical supplier, manufacturer, or distributor letterhead from which the item(s) are being ordered and must include the following:

1. The supplier/manufacturer/distributor letterhead which includes the following:
 - i. Supplier/manufacturer/distributor name
 - ii. Complete address
 - iii. Customer Service telephone number
 - iv. Customer Service fax number
2. Complete "Quote To" information
3. Complete "Ship To" information which includes the name of the supplier receiving the item, street address, city, state and zip code
4. The date of the quote
5. The date the quote expires
6. Quote number
7. Product name
8. Serial number (if applicable)

9. Product model number
10. Item number
11. Full item description
12. The unit of measure and quantity of defined unit, (e.g. pair = 2, set = 3, case = 35, box = 10 and package = 60)
13. The MSRP per unit of measure
14. The adjusted acquisition cost per unit of measure for each item purchased, including any and all other discount(s), rebates, refunds or other price-reducing allowances (e.g. full payment terms)
15. Sales tax, shipping, handling, delivery, postage, insurance costs, labor costs, operating expenses and any other charges imposed by the manufacturer or distributor shall be individually identified
16. Customer number
17. Applicable national procedure code(s)

For all PE requests approved based upon a cost quote, providers must submit the final paid invoice depicting the above (1–17) information to the Department at the following address within 30 days after the item is purchased:

Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Fiscal Management
Division of Hospital and Outpatient Rate Setting
Commonwealth Tower, 6th Floor
P.O. Box 2675
Harrisburg, Pennsylvania 17105

The MSRP may be incorporated into the document that contains the invoice or cost quote. All MSRPs, invoices or cost quotes submitted to the Department as required documentation in association with a PE request must be personally signed (including printed name) and dated by an authorized representative of the medical supplier, manufacturer or distributor.

MA regulations at 55 Pa. Code § 1101.63(a), prohibit a provider from seeking or accepting supplementary payment from the Department. Therefore, the Department will not accept requests for modified payment when a claim has already been submitted by the medical supplier for the item and paid by the Department.

ATTACHMENT:

Provider Handbook for PE's – Appendix B Cover Page and 1150 Administrative Waiver (Program Exception) Process and Payment Methodology.

7.3 1150 ADMINISTRATIVE WAIVER (PROGRAM EXCEPTION REQUEST FOR DURABLE MEDICAL EQUIPMENT AND MEDICAL SUPPLIES)

The Department may, under extraordinary circumstances, pay for an item which is not on the MA Program Fee Schedule through the PE process. See 55 Pa.Code §1150.63(b). In addition, providers may request a PE when seeking an exception to the rate for an item on the MA Program Fee Schedule or when seeking to provide an item in a quantity that exceeds the limits on the MA Program Fee Schedule.

In order to assist the Department in establishing a price for an item that is not on the MA Program fee schedule, or to evaluate a request for a PE seeking an exception to the established rate, PE requests must include documentation, more fully described below, of the Manufacturer's Suggested Retail Price (MSRP) and the adjusted acquisition cost.

The MSRP is the price at which the manufacturer recommends retailers sell their product(s).

The adjusted acquisition cost is the actual cost of an item, after discounts and rebates, to the medical supplier/manufacturer. It does not include the following costs:

- Delivery or shipping costs (including postage and handling)
- Labor costs (including assembly, repair or fitting)
- Operating expenses (including insurance costs)

PE requests to exceed the quantity limits will be approved if determined medically necessary by the Department and will be paid at the established MA Program fee schedule rate and, therefore, are not subject to the documentation requirements set forth in subsection 7.3.2 below.

7.3.1 PROCEDURES FOR OBTAINING AN 1150 ADMINISTRATIVE WAIVER

When a MA beneficiary is in need of an item requiring a PE, the physician prescriber completes two copies of a prescription detailing all components of the item prescribed for the MA beneficiary. One prescription is given to the MA beneficiary to provide to the medical supplier. The submitting physician prescriber completes the *1150 Waiver (Program Exception)* section of the Outpatient Services Authorization Request (MA 97) form in accordance with form directions and places a check mark in block number 2 on the form, which identifies the request as an 1150 Waiver (Program Exception) request.

The physician prescriber or medical supplier (on behalf of the physician prescriber) submits the completed MA 97 form, with a copy of the MA beneficiary's prescription, documentation supporting medical necessity, and information required to determine pricing, in the envelope (ENV K-320) provided by the Department to the appropriate address listed on the cover sheet of the MA 97 form. The nationally recognized procedure code for the service or item for the Program Exception request must be reflected on the MA-97 Form. If the service or item being requested does not have a nationally recognized code, then a thorough description of the service or item being requested must be provided. Medical justification must be provided for the item or limit expansion being requested and the request must include a reason why the item or limit on the MA Program Fee Schedule is not adequate. The

provider places an additional copy of the prescription in the recipient's medical file kept in the provider's office.

Once the Program Exception request is received, the Department will approve, approve other than requested, or deny the request. Notification of the Department's decision will be sent to the physician prescriber and the MA beneficiary by means of a Notice of Decision.

Please note: An approved 1150 Administrative Waiver/PE request means only that the service or item was determined medically necessary; it does not guarantee the beneficiary's eligibility. It is the responsibility of the prescriber, as well as the provider, to verify the beneficiary's eligibility through the eligibility verification system (EVS); not only on the date the service or item is requested, but also on the date the service or item is performed or provided.

7.3.2 DOCUMENTATION REQUIREMENTS FOR 1150 ADMINISTRATIVE WAIVER REQUESTS FOR DURABLE MEDICAL EQUIPMENT AND MEDICAL SUPPLIES

Providers must include documentation of the adjusted acquisition cost and the MSRP with PE requests.

- Providers that have already purchased the item must submit an invoice for the item with the PE request.
- Providers that have not purchased the item, but have received a cost quote from the manufacturer, must submit the cost quote with the PE request.
- If the PE request is being submitted by a medical supplier that is not the manufacturer, the documentation should be submitted on the letterhead of the manufacturer or distributor from whom the medical supplier ordered the item.
- If the PE request is being submitted by a manufacturer, the documentation should be submitted on its own letterhead with a statement that it is the manufacturer.
- If the PE request is being submitted by a distributor, the distributor should submit the documentation on the letterhead of the company from which the requested item was acquired.

This information, along with the information provided to establish medical necessity, must be provided in order for the Department to process PE requests for DME, medical supplies, prosthetics and orthotics.

All invoices for PE requests to the Department must be unaltered, fully legible, on the medical supplier, manufacturer, or distributor letterhead, and must include the following:

1. The supplier/manufacturer/distributor letterhead must include the following:
 - Supplier/manufacturer/distributor name
 - Complete address
 - Customer Service telephone number
 - Customer Service fax number
2. Complete "Invoice to" information
3. Complete "Ship To" information which includes name of the beneficiary/supplier receiving the item, street address, city, state and zip code
4. The date of the invoice

5. The invoice number
6. Product name
7. Serial number (if applicable)
8. Product model number
9. Item number
10. Full item description
11. The unit of measure and quantity of defined unit (examples: pair= 2, set= 3, case= 35, box= 10, and package= 60)
12. The MSRP per unit of measure
13. The adjusted acquisition cost per unit of measure for each item purchased, including any and all other discount(s), rebates, refunds or other price-reducing allowances (e.g. full payment terms)
14. Sales tax, shipping, handling, delivery, postage, insurance costs, labor costs, operating expenses and any other charges imposed shall be individually identified

Acceptable documentation for all cost quotes for PE requests to the Department must be unaltered, fully legible, on the medical supplier, manufacturer, or distributor letterhead from which the item(s) are being ordered and must include the following:

1. The supplier/manufacturer/distributor letterhead must include the following:
 - Supplier/manufacturer/distributor name
 - Complete address
 - Customer Service telephone number
 - Customer Service fax number
2. Complete "Quote To" information
3. Complete "Ship To" information which includes the name of the supplier receiving the item, street address, city, state and zip code
4. The date of the quote
5. The date the quote expires
6. Quote number
7. Product name
8. Serial number (if applicable)
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13. The MSRP per unit of measure
14. The adjusted acquisition cost per unit of measure for each item purchased, including any and all other discount(s), rebates, refunds or other price-reducing allowances (e.g. full payment terms)
15. Sales tax, shipping, handling, delivery, postage, insurance costs, labor costs, operating expenses and any other charges imposed shall be individually identified
16. Customer number
17. Applicable national procedure code(s)

For all PE requests approved based upon a cost quote, providers must submit the final paid invoice depicting the above (1–17) information to the Department at the following address within 30 days after the item is purchased:

Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Fiscal Management
Division of Hospital and Outpatient Rate Setting
Commonwealth Tower, 6th Floor
P.O. Box 2675
Harrisburg, Pennsylvania 17105

The MSRP may be incorporated into the document that contains the invoice or cost quote. All MSRPs, invoices or cost quotes submitted to the Department as required documentation in association with a PE request must be personally signed (including printed name) and dated by an authorized representative of the medical supplier, manufacturer or distributor.

7.3.3-EXCEPTIONS

In the event that a beneficiary is in immediate need of a service or item requiring an 1150 Administrative Waiver, and the situation *is an emergency*, the prescriber may indicate that the prescription be filled by the provider before submitting the MA 97. The prescriber must still complete and submit the MA 97 for regular review. This request will be examined in the same manner as an initial request for an 1150 Administrative Waiver.

If DHS determines that the beneficiary’s circumstances did not constitute an emergency situation and the MA 97 is denied, the *provider will not be compensated* for the service or item dispensed.

7.3.4 STEPS FOR PAYMENT

When the provider is presented with the beneficiary’s prescription, the provider fills the prescription and completes a claim form in accordance with existing instructions for completion of the CMS-1500 Claim Form. Upon completion, the provider submits the original claim form to DPW for processing. (The provider should make a copy of the claim form for his/her file.) The provider should submit the CMS-1500 to the regular address for claim submission:

Department of Public Welfare
Office of Medical Assistance Programs
P.O. Box 8194
Harrisburg, PA 17105-8194

NOTE: PRIOR AUTHORIZED AND 1150 ADMINISTRATIVE WAIVER SERVICES CANNOT BE BILLED ON THE SAME CLAIM FORM.