




ISSUE DATE January 14, 2011	EFFECTIVE DATE January 18, 2011	NUMBER 24-11-01, 25-11-01
SUBJECT Change in Billing of Repairs and Replacements for Durable Medical Equipment		BY  Izanne Leonard-Haak, Acting Deputy Secretary Office of Medical Assistance Programs

PURPOSE:

The purpose of this Medical Assistance (MA) Bulletin is to:

1. notify pharmacies and medical suppliers of the national procedure code and modifier combination to be used in place of local procedure code Z1350; and
2. issue an updated MA Program Fee Schedule for the repair and replacement of durable medical equipment (DME), and Provider Handbook pages and procedures to follow for claims submission for DME repair and replacement.

SCOPE:

This bulletin applies to all pharmacies and medical suppliers enrolled in the MA Program to provide services to MA recipients in the Fee-for-Service delivery system, including ACCESS Plus. Pharmacies and medical suppliers enrolled in the MA Program to provide services to MA recipients under the managed care delivery system should address any coding or billing related questions to the appropriate managed care organization.

BACKGROUND:

On December 1, 2005, the MA Program issued MA Bulletin 05-05-04, et al, titled “Medical Assistance Program Fee Schedule Procedure Code Changes for Durable Medical Equipment, Medical Supplies, Vision Supplies and Hearing Supplies”, effective December 5, 2005, which announced the end-dating of certain local procedure codes and the national procedure codes and modifiers to be to used in their place. In the bulletin, local procedure code Z1351 defined as “Labor (per hour) for Repair of DME” was cross walked to national procedure code E1340. However, local procedure code Z1350, defined as “Repair of DME Parts”, was not end-dated and remained on the MA Program Fee Schedule for the billing of miscellaneous parts used in the repair of DME.

The Administrative Simplification provisions of the Health Insurance Portability and Accountability Act (HIPAA) at 42 U.S.C. § 1320d-2(a), (c) require the Secretary of Health and

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Human Services to adopt national standards for transactions and code sets. The HIPAA regulations at 45 C.F.R. § 162.1000 require the Department of Public Welfare to use national codes.

DISCUSSION:

The MA Program is end-dating local procedure code Z1350 for the billing of miscellaneous parts, effective with dates of service on and after January 18, 2011, and cross-walking it to a national procedure code already on the MA Program Fee Schedule, K0739, defined as “Repair or nonroutine service for durable medical equipment other than oxygen equipment requiring the skill of a technician, labor component, per 15 minutes”, with the RB informational modifier (See Attachment A).

National procedure code K0739 with the RB informational modifier is to be used when submitting claims to the MA Program for the miscellaneous parts used in the repair or replacement of DME. The Centers for Medicare and Medicaid Services added the RB informational modifier, defined as “Replacement of a part of DME furnished as part of a repair”, to the Healthcare Common Procedure Coding System (HCPCS) effective January 1, 2009. The MA Program expects that miscellaneous parts needed to install replacement parts for DME generally will be included in the packaging with the replacement parts. As such, pharmacies and medical suppliers may not bill for miscellaneous parts that are included in the packaging with the replacement parts. In circumstances where the miscellaneous parts are not included in the replacement parts packaging, pharmacies and medical suppliers may bill the MA Program.

It is expected that all available warranties for the repair to or replacement of DME will be exhausted before a pharmacy or medical supplier submits a claim to the MA Program. If an item is less than three months old, it will be assumed that the item is covered under warranty.

Additionally, the MA Program is providing pharmacies and medical suppliers with an updated MA Program Fee Schedule for the Repair and Replacement of DME (See Attachment B).

MA Bulletin 05-91-04, et al, titled “Repair and Replacement of Durable Medical Equipment, Orthotics and Prosthetics”, sets forth the definitions of “repair” and “replacement” of DME.

The definitions of repair and replacement that were issued in MA Bulletin 05-91-04, et al, are being retained and are as follows:

Repair - restoration of an item to its former operable condition.

Replacement – putting something new in place of an item that cannot be repaired.

NOTE: It is up to the pharmacy or medical supplier to determine if an item can be repaired or if it should be replaced. If an item is repairable, the pharmacy or medical supplier is required to repair the item.

PROCEDURE:

As set forth above, effective with dates of service on and after January 18, 2011, the MA Program is end-dating local procedure code Z1350 "Repair of DME – Parts" and cross-walking it to a national procedure code and informational modifier combination as indicated in Attachment A.

Columns one through four in the Attachment A cross walk provide information related to the end-dated Local Procedure Code. Columns five through thirteen provide information on the National Procedure Code. Miscellaneous parts used in the repair or replacement of DME on and after dates of service January 18, 2011, must be billed using the national procedure code and informational modifier combination. Failure to use the appropriate national procedure code and informational modifier combination will result in inappropriate claim payment or claim denial.

Pharmacies and medical suppliers should refer to the attached Repair and Replacement of Durable Medical Equipment Medical Assistance Program Fee Schedule (Attachment B). The on-line MA Program Fee Schedule has been updated to reflect the national procedure code K0739 with the RB informational modifier. The billing procedures set forth in MA Bulletin 05-91-04, et al, are being updated as a result of the discontinuance of the MA-319 Medical Services/Supplies Invoice and the end-dating of local procedure code Z1350.

Medical suppliers are to replace the old cover for Section V, Billing Information, in the Medical Supplies Provider Handbook with the new cover included with this MA Bulletin. Also, please insert the pages titled, "G. Claim Submission Instructions for Repair of Durable Medical Equipment (DME) or Installation of a Replacement Part for DME", after Section F in your Medical Supplies Provider Handbook (See Attachment C).

Medical suppliers are to follow the instructions in this MA Bulletin and the Medical Supplies Provider Handbook regarding the:

- 1) submission of claims for MA Program payment for the repair and replacement of DME, orthotics, and prosthetics; and
- 2) as applicable, the prior authorization (PA) of items related to replacement parts for DME, orthotics, and prosthetics.

Medical suppliers can obtain guidance in completing claim forms by referring to the Medical Suppliers Billing Guide, which can be accessed at the following link:

<http://www.dpw.state.pa.us/publications/forproviders/promiseproviderhandbooksandbillingguides/index.htm>.

Pharmacies are to replace the old cover for Section VII, Medical Supplies Billing Information, in the Pharmaceutical Services Provider Handbook with the new cover included with this MA Bulletin. Also, please insert the pages titled, "E. Claim Submission Instructions for Repair of Durable Medical Equipment (DME) or Installation of a Replacement Part for

DME”, after Section D in your Pharmaceutical Services Provider Handbook (See Attachment D).

Pharmacies are to follow the instructions in this MA Bulletin and the Pharmaceutical Services Provider Handbook regarding the:

- 1) submission of claims for MA Program payment for the repair and replacement of DME, orthotics, and prosthetics; and
- 2) as applicable, the PA of items related to replacement parts for DME, orthotics, and prosthetics.

Pharmacies can obtain guidance in completing claim forms by referring to the Pharmacies Billing Guide, which can be accessed at the following link:

<http://www.dpw.state.pa.us/publications/forproviders/promiseproviderhandbooksandbillingguides/index.htm>.

This bulletin supercedes MA Bulletin 05-91-04, et al, titled “Repair and Replacement of Durable Medical Equipment (DME), Orthotics and Prosthetics”, issued and effective October 1, 1991.

ATTACHMENTS:

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| Attachment A: | Repair of Durable Medical Equipment Local to National Code Cross Walk |
| Attachment B: | Repair and Replacement of Durable Medical Equipment Medical Assistance Program Fee Schedule |
| Attachment C: | Provider Handbook for Medical Supplies – Section V Cover Page and G: Claim Submission Instructions for Repair of Durable Medical Equipment (DME) or Installation of a Replacement Part for DME |
| Attachment D: | Provider Handbook for Pharmaceutical Services – Section VII Cover Page and E: Claim Submission Instructions for Repair of Durable Medical Equipment (DME) or Installation of a Replacement Part for DME |