

# Repair Labor Billing and Payment Policy

Effective for dates of service on or after April 1, 2009, the Durable Medical Equipment Medicare Administrative Contractors (DME MAC) instituted a billing and payment policy for common repairs based on standardized labor times. The Health Plan is adopting this policy. This applies to non-rented and out-of-warranty items. This effective date coincides with the effective date of the new code for repairs for non-oxygen equipment - K0739 (REPAIR OR NONROUTINE SERVICE FOR DME OTHER THAN OXYGEN REQUIRING THE SKILL OF A TECHNICIAN, LABOR COMPONENT, PER 15 MINUTES). One unit of service = 15 minutes. Code E1340 is no longer valid for repairs for dates of service on or after April 1, 2009.

<b>National Coverage Determination Policy</b>	National Coverage Determination for Durable Medical Equipment Reference List (280.1)
<b>Local Coverage Determination Policy</b>	J-B/C
<b>Effective Date</b>	For service performed on or after 12/01/11
<b>Revision/Review Date</b>	01/19, 11/18, 06/07/18, 07/01/17, 09/01/16, 05/01/14, 09/12/12
<b>The Health Plan</b>	The Health Plan will follow guidelines outlined by CGS policies, Jurisdictions B and C unless otherwise indicated in sections of this policy or contractual agreements or benefit documents.

Per The Health Plan policy, repairs and replacements require precertification. The provider is to submit the following information with their request. In some cases, forms and submission of claims may be directed by contract or individual benefit plans.

The Health Plan will not reimburse for replacements or repairs due to member's negligence or misuse. The Health Plan will not reimburse for repairs or replacements for items under manufacturer or supplier's warranty.

The Health Plan will not reimburse for repairs of an item if it is in a rental period, as the repairs are included in the rental rate.

Replacement or repair of equipment, which the member owns, has purchased, or is a capped rental item is covered in certain cases of loss, irreparable damage, or wear (please refer to benefit exclusions).

When requesting a replacement or repair of equipment prior to the reasonable useful lifetime (RUL) of items that have a RUL of five years, the modifiers below can be submitted on the claim:

<b>RA</b>	REPLACEMENT OF A DME ITEM
<b>RB</b>	REPLACEMENT OF A PART OF DME FURNISHED AS PART OF A REPAIR

The following table contains repair units of service allowances for commonly repaired items. Units of service include basic troubleshooting and problem diagnosis. **The Health Plan will not reimburse for travel time or equipment pick-up and/or delivery and suppliers should not bill the member.**

Type of Equipment	Part Being Repaired / Replaced	Allowed Units of Service (UOS)
Power Wheelchair	Batteries (Includes Cleaning & Testing)	2
Power Wheelchair	Joystick (Includes Programming)	2
Power Wheelchair	Charger	2
Power Wheelchair	Drive Wheel Motors (Single / Pair)	2/3
Power or Manual Wheelchair	Wheel / Tire (All Types, Per Wheel)	1
Power or Manual Wheelchair	Arm rest or Arm pad	1
Power Wheelchair	Shroud / Cowling	2
Manual Wheelchair	Anti-Tipping Device	1
Hospital Bed	Pendant	2
Hospital Bed	Headboard / Footboard	2
CPAP	Blower Assembly	2
Seat Lift	Hand Control	2
Seat Lift	Scissor Mechanism	3
Patient Lift	Hydraulic Pump	2

Some repairs in the chart above should not take more than one day, therefore the request for loaner equipment (K0462) would not be covered. These items are: batteries and charger for power wheelchairs. Wheel/tire and/or arm rest/arm pad(s) for power or manual wheelchairs. Anti-tipping device for manual wheelchair. Pendant, headboard and/or footboard for hospital bed.

Suppliers may only bill the allowable units of service listed in the table above for each repair, regardless of the actual repair time. Claims for repairs must include narrative information itemizing each repair and the time taken for each repair. Repairs to capped rental items during the rental period or items under warranty are included in the monthly rental payment.

The Health Plan will not pay for routine maintenance: testing, cleaning, regulating, oiling, etc. If that is the reason the provider is asking for more than one day rental (one unit), back up or loaner equipment in these instances is not covered.

## REPLACEMENT

**Replacement** refers to the provision of an identical or nearly identical item. Equipment, which the beneficiary owns or is a capped rental item may be replaced in cases of loss or irreparable damage.

**Irreparable damage** refers to a specific accident or to a natural disaster (e.g., fire, flood, etc.). Irreparable wear (wear and tear) refers to deterioration sustained from day-to-day use over time and a specific event cannot be identified and is not sufficient for replacement of the same or similar equipment prior to the reasonable useful lifetime.

Suppliers should use the new RA modifier on durable medical equipment prosthetic, orthotic, and supply (DMEPOS) claims. The RA modifier denotes instances where an item is furnished as a replacement for the same item, which has been lost, stolen, or irreparably damaged, prior to the equipment's reasonable useful lifetime. The RA modifier can also be used for billing claims for a replacement when the reasonable useful lifetime has been met.

The claim for the replacement equipment's first month of use must be billed using the HCPCS code for the new equipment and the RA modifier. If the item required precertification, the reason for the replacement is provided at time of precertification along with the original date the member received the equipment. Providers should maintain any documentation that supports the narrative account of the incident. Providers are expected to have documentation to support reason for replacement.

For example, if the equipment was stolen, a copy of the police report should be in the supplier's files, or if the equipment is irreparably damaged, the supplier must document the assessment of the original equipment to support the statement of irreparable damage, such as flood, fire, etc.

If no precertification was required, the supplier should still indicate reason for replacement on claim and the member obtained date the original item.

Examples for claim documentation:

- Lost in a fire – date of fire – example: FIRE050510
- Stolen – date item was stolen – example: STOLEN050510
- Reason for irreparable damage – date of incident - example: IRREPDAMAGED050510

### REASONABLE USEFUL LIFETIME (RUL)

The majority of DMEPOS items have an RUL of five years. However, there are some exceptions to the five-year RUL, which include but are not limited to:

- Parenteral and enteral nutrition (PEN) pumps – RUL is eight years
- Prefabricated knee orthoses L1810 - L1832, L1836, L1843, L1845, L1847, and L1850 – RUL varies from one to three years
- Custom fabricated knee orthoses – RUL is three years

For DME items other than oxygen equipment, suppliers must use modifier RA when replacing the old base equipment with new base equipment within the same HCPCS (e.g., replacing a K0001 wheelchair with a K0001 wheelchair or a K0004 wheelchair with a K0004 wheelchair).

For oxygen equipment, modifier RA is used to denote oxygen equipment that is replaced with any new oxygen equipment (i.e., replacing an oxygen concentrator with stationary gaseous oxygen equipment) when the equipment is lost, stolen, irreparably damaged, or has met the RUL (five years).

Suppliers **can** use the following format in the narrative explanation of the claim when the item is being replaced due to RUL:

- Reasonable Useful Lifetime – RUL for reasonable useful lifetime and the date the original item was delivered example: RUL 010105
- The abbreviation “RUL” which indicates “reasonable useful lifetime”
- The date the beneficiary received the original equipment that is being replaced (MMDDYY)

## REPAIR

To repair means to fix or mend and to put the equipment back in good condition after damage or wear. Repairs to member owned equipment, are covered when required to make the equipment function. This includes equipment, which had been in use before the member enrolled with The Health Plan, as long as that equipment is covered under the member’s benefit (e.g., wheelchair or hospital bed), and the member currently meets for that equipment. If the expense for repairs exceeds the estimated expense of purchasing another item, no payment will be made for the excess. If past the Reasonable Useful Lifetime, THP will purchase a new item, as long as the member continues to meet for that item. Payments for repair and maintenance may not include payment for parts and labor covered under a manufacturer or supplier’s warranty.

The new RB modifier should be used on a DMEPOS claim to indicate replacement parts of a DMEPOS item (base equipment/device) **furnished as part of the service of repairing the DMEPOS item** (base equipment/device).

Referrals are required for repairs under most plan designs. The exception may be a few employer - funded plans. The information submitted must include narrative information itemizing each repair and the time taken for each repair.

For patient-owned equipment, all of the following information is requested.

- HCPCS code of base equipment
- A notation that equipment is beneficiary-owned
- Date the patient obtained the equipment
- Reason for the repair

**Note:** If a HCPCS code requires a KX modifier on the initial claim submission, the KX modifier is also required if the item is repaired/replaced.

The official instruction regarding the RA and RB modifier changes is located in the Centers for Medicare & Medicaid Services (CMS) Change Request 6297, located on the CMS website below:

[cms.hhs.gov/Transmittals/downloads/R421OTN.pdf](https://cms.hhs.gov/Transmittals/downloads/R421OTN.pdf)

## SUPPLIER REPLACEMENT OF BENEFICIARY-OWNED CAPPED RENTAL EQUIPMENT BASED UPON ACCUMULATED REPAIR COSTS

Recently, the Durable Medical Equipment Medicare Administrative Contractors (DME MAC) have received inquiries about the CMS Fact Sheet, Power Mobility Devices (PMD): Complying with Documentation and Coverage Requirements.

The fact sheet states:

*‘Under a special rule established for certain patient-owned equipment, such as a power wheelchair for which the title has been transferred to the patient after 13 continuous months of rental, the supplier*

*must replace the equipment free of charge if it does not last the full five year period (i.e., is no longer serviceable or needs substantial repairs). This replacement equipment does not need to be 'new.' For more information, refer to 42 Code of Federal Regulations (CFR) Section 414.210(e)(4)."*

This passage references regulations that implemented the Deficit Reduction Act of 2005 (DRA). This regulation stipulates that the supplier is responsible for replacement of a capped rental item if it is determined to be incapable of lasting for the entire five year RUL. Replacement is provided at no cost to the beneficiary or to the Medicare Program 42 Code of Federal Regulations (CFR) Section 414.210(e)(4) states:

*(4) Supplier replacement of beneficiary-owned equipment based on accumulated repair costs. A supplier that transfers title to a capped rental item to a beneficiary in accordance with §414.229(f)(2)\* is responsible for furnishing replacement equipment at no cost to the beneficiary or to the Medicare program if the carrier determines that the item furnished by the supplier will not last for the entire reasonable useful lifetime established for the equipment in accordance with §414.210(f)(1)\*\*. In making this determination, the carrier may consider whether the accumulated costs of repair exceed 60 percent of the cost to replace the item.*

\* Section 414.229(f)(2) describes requirements for providing a capped rental item.

\*\* Section 414.210(f)(1) describes reasonable useful lifetime requirements.

The default RUL of DME is five years, unless otherwise specified. Therefore, DME dispensed to The Health Plan Members is expected to remain in proper working condition throughout the required five year RUL. If it is determined based upon accumulated repair costs that the item is unable to last for the entire five year RUL, the provider must replace the equipment with properly working equipment at no charge to the member or The Health Plan.

"Accumulated repair costs" refer to all repair claims from all suppliers for a given item after the rental period ends. These repair costs represent the total of all repair costs after the beneficiary has assumed ownership of the item.

The DME MAC encourage suppliers to provide DME items of sufficient quality to last for the entire five-year RUL.

Refer to the [Jurisdiction B DME MAC Supplier Manual](#) and/or the [applicable local coverage determination and related policy article](#) located on the Noridian, Palmetto, or West Virginia Medicaid Manual websites for additional information on repairs and replacement.

**Pediatric items such as wheelchairs and walkers for Medicaid, commercial and self funded plans will be exempt, and reviewed on a case- by -case basis due to growth and development concerns regarding these populations.**

## REPAIR REPLACEMENT OF ORTHOTICS

**Billing Reminder:** HCPCS code L4210 (repair of orthotic device, repair or replace minor parts)

Providers are reminded to use the right (RT) and/or left (LT) modifiers when billing specific codes for additions and replacement parts.

Although an order is not necessary for the repair of an orthosis, requests for code L4210 must be accompanied by a narrative description, which includes the manufacture's name, product name, and number of the part that is being provided.

The allowance for the labor (L4205) involved in replacing/repairing an orthotic component that is coded with the miscellaneous code L4210, is separately payable in addition to the allowance for that component. The Health Plan reviewer will determine how many units allowed. Providers are reminded billing of excessive units will not be reimbursed.

L4210 must not be used for casting supplies or other materials used in the fitting or fabrication of an orthosis.

### INTERNET LINKS AND SOURCES

Noridian HealthCare Solutions. Durable Medical Equipment Policy. Repair Labor Billing and Payment Policy. Last accessed 11/1/18. Retrieved

from [noridianmedicare.com/dme/news/docs/2009/02\\_feb/repair\\_labor\\_billing\\_payment\\_policy.html](http://noridianmedicare.com/dme/news/docs/2009/02_feb/repair_labor_billing_payment_policy.html)

Noridian HealthCare Solutions. Repairs, Maintenance, and Replacements. Last accessed 11/1/18.

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CGS Medicare. A Celerian Group Company. Repair Labor billing and Payment Policy 2/2009. Last accessed 11/1/18. Retrieved

from [http://www.cgsmedicare.com/jc/pubs/news/2009/0209/cope9427\\_3.html](http://www.cgsmedicare.com/jc/pubs/news/2009/0209/cope9427_3.html)

CMS manual System Pub. 100-02 Medicare Benefit Policy. DHHS. Transmittal 30 2/2005. Last accessed 11/1/18. Retrieved from <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R30BP.pdf>