# Program Memorandum
# Carriers

**Department of Health & Human Services (DHHS)**
**Centers for Medicare & Medicaid Services (CMS)**

**Transmittal B-02-037** **Date: JUNE 7, 2002**


**CHANGE REQUEST 2133**

**SUBJECT: New Medicare Medical Review Guidelines for Claims for Diabetic Testing Supplies**

This Program Memorandum (PM) establishes the following guidelines for DMERCs to use when processing claims for diabetic testing supplies.

I. General Requirements:

A. For purposes of this PM, an order refill is the act of replenishing quantities of previously ordered items during the time period in which the current order is valid. An order refill does not have to be approved by the ordering physician as it is assumed that the ordering physician has approved that quantity of product.

B. For purposes of this PM, an order renewal is the act of obtaining an order for an additional period of time beyond that previously ordered by the physician.

II. Physician Requirements:

A. Claims for diabetic testing supplies must be supported by a valid order. The order may be in the form of a written, faxed, or electronic order and must state to the supplier:

1. The item(s) to be dispensed;
2. The quantity of item(s) to be dispensed;
3. The frequency of testing ("as needed" is not acceptable);
4. Whether the patient has insulin-treated or non-insulin-treated diabetes;
5. A physician signature;
6. A signature date; and,
7. A start date of the order – only required if the start date is different than the signature date.

B. For verbal orders, the physician must sign and return to the supplier a written, faxed, or electronic confirmation of the verbal order. On this confirmation the item(s) to be dispensed, frequency of testing, and start date (if applicable) may be written by the supplier, but the confirmation must be reviewed, signed, and dated by the physician. Orders are valid for up to 12 months if the physician does not indicate an earlier expiration date.

C. Renewal orders must contain the same information as initial orders and be submitted to the supplier using one of the methods acceptable for initial orders.

D. We expect that physician records will reflect the care provided to the patient including, but not limited to evidence of the medical necessity for the prescribed frequency of testing. Physicians are not required to fill out additional forms from suppliers or to provide additional information to suppliers unless specifically requested of the supplier by the DMERC.

III. Supplier Requirements:

A. If a DMERC requests a supplier to justify quantity billed, the supplier must provide all documentation listed in section II, A above and any other information requested by the DMERC. At the beneficiary's request, suppliers may refill orders without consulting the treating physician; so long as the order remains valid and allows for refills. Under no circumstances may suppliers automatically dispense supplies on a predetermined basis; even if the beneficiary has "authorized" this in advance.

B. Upon expiration of the order, the supplier may contact the physician to renew the order. However, the request for renewal may only be made with the beneficiary's continued monthly use of the supply and only with the beneficiary's request for refill or renewal.

C. A supplier may not dispense more than a 3-month supply of diabetic testing supplies at a time. Suppliers should not dispense a quantity of supplies exceeding a beneficiary's expected utilization (e.g., testing once a day would require approximately 100 strips in a 3-month period).

D. Suppliers share responsibility for providing care that is reasonable and necessary. To this end, suppliers should only provide supplies in quantities needed and at appropriate times. Suppliers should also stay attuned to atypical utilization patterns on behalf of their clients and verify with ordering physicians that the atypical utilization is, in fact, warranted.

E. In response to DMERC requests, suppliers may need to collect specific information from physicians in order to corroborate the care provided. While we do not prohibit suppliers from creating data collection forms in order to gather this information, the DMERCs will not rely on these forms to prove the medical necessity of services provided. The DMERCs should expect physician notes, prescriptions, and medical charts to corroborate the care provided. Suppliers should assure that they do not attribute any self-generated forms or data collection requests to the Medicare Program, CMS, or the DMERCs.

IV. DMERC Requirements

DMERCs retain the authority to review claims and other documentation in order to verify that the care provided was reasonable and necessary.

DMERCs should publish this information on their websites and in their supplier bulletins as soon as possible.

**The *effective date* for this PM is October 1, 2002.**

**The *implementation date* for this PM is October 1, 2002.**

**These instructions should be implemented within your current operating budget.**

**This PM may be discarded after October 1, 2003.**

**If you have any questions, contact John Warren on (410) 786-3633.**