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# Program Memorandum Carriers

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

Transmittal B-02-087

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## CHANGE REQUEST 2453

**SUBJECT: Skilled Nursing Facility (SNF) Consolidated Billing - New Requirements for Claims for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies**

### I. GENERAL INFORMATION

#### A. Background:

Medicare pays for DMEPOS when it is medically necessary for use in a patient's home. A DME supplier providing the DMEPOS submits a claim for payment to the Durable Medical Equipment Regional Carrier (DMERC), which processes the claim.

For capped rental items of durable medical equipment (DME) where the DME supplier submits a monthly bill, the date of delivery ("from" date) on the first claim must be the "from" or anniversary date on all subsequent claims for the item. For example, if the first claim for a wheelchair is dated September 15, all subsequent bills must be dated for the 15<sup>th</sup> of the following months (October 15, November 15, etc.).

The DMEPOS benefit is only meant for items a beneficiary is using in his or her home. For a beneficiary in a Part A stay, a SNF is not defined as a beneficiary's home for DMEPOS (except for Method II home dialysis equipment and supplies and certain customized prosthetics and orthotics), and so Medicare does not make separate payment for DMEPOS when a beneficiary is in a SNF. The SNF is expected to provide all medically necessary DMEPOS during a beneficiary's covered Part A stay.

However, in accordance with DMEPOS payment policy, Medicare will make a separate payment for a full month for DMEPOS items, provided the beneficiary was in the home on the "from" date or anniversary date defined above.

#### B. Policy:

If a beneficiary using DMEPOS is at home on the "from" date or anniversary date, Medicare will make payment for the DMEPOS for the entire month, even if the "from" date is the date of discharge from the SNF.

If a beneficiary using DMEPOS is in a covered Part A stay in a SNF for a full month, Medicare will not make payment for the DMEPOS for that month.

For capped rental items, if the covered Part A SNF stay overlaps the anniversary date ("from" date on the claim) of the Certificate of Medical Necessity (CMN), and the beneficiary is not in the covered Part A SNF stay for the entire month, the date of discharge becomes the new anniversary date ("from" date on the claim) for subsequent claims. In this situation, the supplier must submit a new claim with the date of discharge as the new anniversary date upon the beneficiary's release from the SNF. Suppliers should annotate the HAO record (field 19 for paper claims) to indicate that the patient was in a SNF, resulting in the need to establish a new anniversary date.

- NOTES:**
- 1) CWF must allow payment for maintenance and servicing of capped rental items, regardless of whether the patient is in a covered Part A stay in the SNF on the date of service of the maintenance and servicing claim.
  - 2) CWF must allow payment for DMEPOS items on the date of discharge. CWF must edit based on the “from” date only.

**Example 1:**

A beneficiary rents a wheelchair beginning on January 1. The DMERC determines that the wheelchair is medically necessary and that the beneficiary meets all coverage criteria, and so begins to make payment on the wheelchair. The beneficiary enters a covered Part A stay in a SNF on February 15 and is discharged on April 5.

In this example, Medicare will make payment for the entire month of February, because the patient was in the home for part of the month. However, the DMERC will deny the claim for March, because the patient was in a covered Part A stay in the SNF for the entire month.

Because the anniversary date (“from” date) of the monthly bill was April 1, and the patient was still in the covered Part A stay in a SNF on that date, the DME supplier must not submit another claim until April 5 (the date of discharge). April 5 becomes the new anniversary date (“from” date) for billing purposes, so the supplier would now bill on the 5<sup>th</sup> of the month rather than the 1<sup>st</sup> of the month for the remainder of the capped rental period. The supplier should annotate the HAO record (field 19 for paper claims) to indicate that the patient was in a SNF on the first claim with the new anniversary date.

**Example 2:**

A beneficiary receives oxygen on January 1. On February 28, the patient enters a covered Part A stay in a SNF and is discharged on March 15.

In this example, the DMERC would deny a claim dated March 1. The supplier would submit a new claim dated March 15, which would then become the anniversary date for billing purposes. The supplier should annotate the HAO record (field 19 for paper claims) to indicate that the patient was in a covered Part A stay in a SNF on the first claim with the new anniversary date.

**Example 3:**

A beneficiary rents a hospital bed beginning on January 1. On March 15, the patient enters a covered Part A stay in a SNF and is discharged on March 25.

In this example, the DMERC will make payment for the entire month of March.

**NOTE:** The changes in the general policy in this PM apply to all items of DMEPOS paid by the DMERCs. However, changes in “anniversary date” billing requirement only apply to capped rental DME.

**Activation of the Automated Unsolicited Response**

PM AB-02-037 instructed carriers to install an automated unsolicited response for SNF CB, but not to implement the response until CMS instructed them to do so. Subsequently, PM B-02-059 notified all carriers, except for the DMERCs, to implement the automated processing. At this time, the DMERCs must not activate the automatic processing of the unsolicited response. Instructions to activate the automatic processing of the unsolicited response will follow at a later date.

### C. – Provider Education

The DMERCs must educate the supplier community on their websites within two weeks, in their listservs, and their next regularly scheduled bulletins of the billing requirements in this PM.

## II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
1	CWF must reject claims for DMEPOS codes when a beneficiary is in a covered Part A stay in SNF on the “from” date of a DMEPOS claim, provided the “from” date is not the date of discharge.	CWF
2	CWF must not reject claims for DMEPOS HCPCS codes based on the “thru” date, unless the claims meets the exceptions listed in 4 below.	CWF
3	If the “from” date on the DME claim is the same as the discharge date of the covered Part A SNF stay, CWF must not reject the claim.	CWF
4	When a patient is in a covered Part A stay in a SNF for the entire month (i.e., both the “from” and “thru” dates on the claim), CWF must reject the claim.	CWF
5	CWF must cease sending unsolicited responses to the DMERCs when a beneficiary is in a covered Part A stay in a SNF for part of the rental month, but is not in the SNF on the “from” date of the claim.	CWF
6	In situations where the “from” date of a DME claim falls within a covered Part A SNF stay, but the beneficiary returns home within the same month, the supplier may submit a new claim on the date of discharge from the SNF, and the date of discharge will become the “from” date (anniversary date) for all subsequent claims.	DMERC
7	CWF must allow payment for maintenance and servicing of capped rental items, regardless of whether the patient is in the SNF for a covered Part A stay on the date of service of the maintenance and servicing claim. The “MS” modifier identifies line items for maintenance and servicing.	CWF

## III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

**B. Design Considerations:**

X-Ref Requirement #	Recommendation for Medicare System Requirements

**C. Interfaces:****D. Contractor Financial Reporting /Workload Impact:****E. Dependencies:****F. Testing Considerations:**

IV. ATTACHMENT(S): None

Version: October 25, 2002 Implementation Date: April 1, 2003 Discard Date: March 31, 2004 Post-Implementation Contact: Appropriate Regional Office	Effective Date: April 1, 2003 Funding: current operating budget Pre-Implementation Contact: your appropriate Regional Office
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