

Repair and Replacement Fast Facts

This tool will assist you with understanding Medicare coding and coverage for repairs and replacements to DME items, specifically capped rental items such as CPAP and bilevel devices.

Repairs are necessary to PAP devices on an as-needed basis to ensure the equipment is serviceable. Replacements are necessary to PAP devices in cases of loss or irreparable damage, or in instances when the device has passed the reasonable useful lifetime (RUL) (five years).

For all repair and replacement claims, medical necessity is still required for the DME item, and the patient must meet all coverage requirements with appropriate documentation.



Code	Description	Notes
K0739	Repair or non-routine services for DME other than oxygen requiring the skill of a technician, labor component, per 15 minutes	Can be used with patient-owned equipment for up to two units. Claims for repairs should include narrative information itemizing each repair and the time taken for each repair.
K0462	Temporary replacement for patient-owned equipment being repaired, any type	Include narrative indicating the reason why loaner equipment was required. Only one month of rental payment for loaner equipment.
E1399	Miscellaneous DME	Can be used for replaced parts, i.e. blower motor.
RB Modifier	Replacement parts furnished in order to repair patient-owned DMEPOS	Furnished as part of the service of repairing the DMEPOS item. Ensure claims provide a detailed explanation as to why the accessory is being replaced.
RA Modifier	Replacement of patient-owned DMEPOS due to the expiration of the equipment's RUL or to loss, irreparable damage, or when the item has been stolen	RA only needs to be appended to 1st month claim, and claims should include a narrative explaining the reason for the replacement.

Repairs

To repair means to fix or mend and to put the equipment back in good condition after damage or wear. Repairs to equipment which a patient owns are covered when necessary to make the equipment serviceable.

Exceptions:

- Medicare does not pay for repairs to capped rental items during the rental period or items under warranty.
- If the expense for repairs exceeds the estimated expense of purchasing or renting another item of equipment for the remaining period of medical need, no payment can be made for the amount of excess.

Billing:

Effective April 1, 2009, Medicare instituted billing and payment policy for common repairs based on standardized labor times. A CPAP blower assembly, when repaired, is allowed two units of service (one unit of service = 15 minutes). This includes basic troubleshooting and problem diagnostics; suppliers are not paid for travel time or equipment pick-up and/or delivery.

Replacement

Replacement of patient equipment is covered in cases of loss, irreparable damage or wear, and when required because of a change in the patient's condition subject to the following provisions. Replacement refers to the provision of an identical or nearly identical item. The RUL of durable medical equipment is five years.

Equipment may be replaced in the following cases (reimbursement is always subject to review by Medicare):

Replacement during RUL (prior to five years)

The replacement of an item before the five-year life expectancy can only be done if the item is lost, irreparably damaged, or the patient's medical condition changes and the item no longer satisfies the medical needs of the patient.

- Loss or irreparable damage
 - Irreparable damage is considered damage caused by a specific accident or natural disaster.
 - A physician's order is needed to reaffirm the medical necessity of the item.
- Replacement due to wear is not covered during the RUL of the equipment. During this time, Medicare does cover repair up to the cost of replacement.
- If a PAP device is replaced during the RUL because of loss, theft or irreparable damage due to a specific incident, there is no requirement for a new clinical evaluation, sleep test or trial period.

Replacement past RUL (post five years)

The replacement of an item past the five-year lifetime will be considered in cases of irreparable wear if the item has been in continuous use by the patient, on either a rental or purchase basis, for the equipment's useful lifetime.

- Irreparable wear
 - Irreparable wear refers to deterioration sustained from day-to-day usage over time and a specific event cannot be identified.
 - In cases involving irreparable wear, the RUL of the equipment is taken into consideration, and in no case can it be less than five years.
 - Computation of the useful lifetime is based on when the equipment is delivered to the patient, not the age of the equipment.
 - A physician's order is needed to reaffirm the medical necessity of the item.
- If a PAP device is replaced following the five-year RUL, there must be a face-to-face evaluation by their treating physician that documents that the patient continues to use and benefit from the PAP device. There is no requirement for a new sleep test or trial period.
- Note: If a DME item reaches its five-year life expectancy, is in good working order and meets the patient's medical needs, it should not automatically be replaced.

Q & A

Q: What documentation is needed if the equipment is being replaced because the unit is lost or stolen?

Documentation such as a letter from the patient, police reports, insurance claims, etc.

Q: When are new orders required?

A new order is required only if the base piece of equipment is being replaced. If the base piece or a part of the base piece of equipment is being repaired, a new order is not required.

Q: Does Medicare still pay a routine maintenance and servicing fee for capped rental items?

As of January 1, 2006, Medicare made changes to payments for maintenance and servicing of capped rental items so that payment is no longer made at every six months for maintenance and servicing.

Q: Will Medicare pay for repairs to a piece of equipment that was obtained prior to the client being covered by Medicare?

The patient must meet current Medicare reimbursement criteria for the equipment in order to be repaired if Medicare did not purchase the item. If it was obtained prior to Medicare coverage or if another payor purchased the equipment, the supplier must obtain the required documentation to verify coverage and to determine if the item is covered by a warranty.

Q: For repairs, may travel time be charged?

Travel time is included in the reimbursement of parts and labor and MAY NOT be paid separately.

Sources:

- CMS/Pub. 100-02. Transmittal 30. February 18, 2005
- CMS/Pub. 100-02. Transmittal 582. October 28, 2009
- CMS IOM, Publication 100-4, Chapter 20,
- Medicare Benefit Policy Manual, 100-02, Chapter 15, Section 100.2
- Supplier Manual, Chapter 5
- CMS, "PAP Devices for the Treatment of OSA (L171)," U.S. Department of Health and Human Services