

June 23, 2016

Announcement 1171

Attention Provider Type 33:

Claims for Equipment Rental or Purchase When Cumulative Rental Payments Reach or Exceed Purchase Price

Effective on claims processed on or after June 20, 2016, Durable Medical Equipment (DME) claims for equipment rentals that have cumulative rental payments, in a rolling two-year period, reaching or exceeding the purchase price, will deny with edit code 0424 (Rental equipment price exceeds purchase price). Unless the item is identified in the DMEPOS Fee Schedule as a rental only, once the total cumulative payments have reached the maximum Medicaid allowable purchase rate, the item is considered purchased in full and recipient-owned. DME claims for equipment purchases will be cut back with edit code 0425 (Allowed amount reduced by rental payment already made) by the cumulative rental payments for the same equipment in a rolling two-year period.