



REVISION DATES: 5/31/2023; 10/1/2018; 1/23/2018; 10/01/2017; 08/03/2015; 12/15/2014; 09/11/2013; 05/31/2012

## GENERAL INFORMATION

NOTE: The covered services, limitations, and exclusions described in this chapter provide general guidance to providers. For a more comprehensive, updated summary of AHCCCS coverage and requirements, please review Arizona Administrative Code (A.A.C.) R9-22-201 et seq. and the AHCCCS Medical Policy Manual (AMPM). The AMPM is located at:

<https://www.azahcccs.gov/shared/MedicalPolicyManual/>

More detailed information regarding medical equipment, appliances, and supplies may be found in AMPM 310-P, Medical Equipment, Medical Appliances, and Medical Supplies. Additional information on orthotics and prosthetics may be found in AMPM 310-JJ, Orthotic and Prosthetic Devices.

Effective date of service 10/1/17, in accordance with CFR § 440.70, the initiation of Medical Equipment, Appliances and Supplies (hereafter referred to as medical equipment and supplies) will be subject to face-to-face encounter requirements for the Fee-For-Service (FFS) population.

## OVERVIEW

AHCCCS covers reasonable and medically necessary medical equipment, appliances and supplies; orthotic devices and prosthetic devices when ordered by an AHCCCS registered primary care provider, a physician, or a dentist within certain limits based on member age and eligibility. Per 42 CFR 455.410 a provider must be registered with AHCCCS in order to be reimbursed. For additional information on compliance with 42 CF 455.410 refer to Chapter 3, Provider Records and Regulations.

Note: For the purposes of the face-to-face requirement the ordering physician can be a podiatrist, for services within their scope of practice.

### Definitions

For purposes of this policy:

- **Medical equipment and appliances** are any item, appliance, or piece of equipment (pursuant to 42 CFR 440.70) that is not a prosthetic or orthotic; and
  1. Is customarily used to serve a medical purpose, and is generally not useful to a person in the absence of an illness, disability, or injury;
  2. Can withstand repeated use; and
  3. Can be reusable by others or removable.

Medical equipment and appliances are often referred to as Durable Medical Equipment (DME).

- **Medical supplies** are health care related items that are consumable or disposable, or cannot withstand repeated use by more than one individual, that are required to address an individual medical disability, illness or injury [42 CFR 440.70].
- **Prosthetics** are devices that are prescribed by a physician or other licensed practitioner to artificially replace a missing, deformed or malfunctioning portion of the body, such as artificial upper and lower limbs (R9-22-212).
- **Orthotics** are devices that are prescribed by a physician or other licensed practitioner of the healing arts to support a weak or deformed portion of the body, or prevent or correct physical deformity or malfunction, (42 CFR 440.120, AAC R9-22-212).

Medical equipment and appliances are used to assist members in optimizing their independence and maintaining placement in the most integrated setting. This may include an institutional setting as appropriate. An example for the institutional setting is the authorization of customized medical devices such as wheelchairs. Criteria for the authorization of a customized wheelchair must be the same regardless of setting as each setting is considered the member's home.

### **Incontinence Supplies**

AHCCCS covers incontinence briefs for members over age 3 and under age 21 as described in AMPM 430, EPSDT Services.

AHCCCS covers incontinence briefs for acute members 21 years of age and older, when they are necessary to treat a medical condition, as described in AMPM 310-P, Medical Equipment, Medical Appliances and Medical Supplies.

AHCCCS covers incontinence briefs for ALTCS members over age 21 in order to prevent skin breakdown, when the conditions described in AMPM 310-P, Medical Equipment, Medical Appliances and Medical Supplies, are met.

### **Medical Equipment and Appliances Supplied as a Part of a Hospital Inpatient Admission or Outpatient Treatment**

For all AHCCCS members, no separate payment is made for medical equipment and appliances supplied as part of a hospital inpatient admission or outpatient treatment.

When medical equipment and/or appliances are supplied by the hospital during an inpatient stay or outpatient treatment *and are a part of the treatment the member is receiving*, then

those supplies are not reimbursed separately, even if the member takes that medical equipment and/or appliance home for further use upon discharge. Emergency room visits and observation stays, not resulting in a member admission, are considered an outpatient treatment visit.

Note: In the above circumstances, no separate payment for the medical equipment and/or appliance(s) may be made to the hospital by AHCCCS.

Medical equipment and appliance suppliers may submit separate claims for medical equipment and appliances provided to an AHCCCS member while inpatient in a hospital facility if that medical equipment and/or appliance was provided to facilitate discharge of the member from the hospital and was neither necessary for nor used as part of the treatment the member received while an inpatient.

When medical equipment and appliances are provided to an inpatient member more than two days prior to their discharge, the medical equipment and appliances are presumed to have been used as part of the member's treatment and recovery during their hospital stay, so may not be claimed separately.

Medical equipment and appliances and supplies are an ALTCS-covered service for members receiving Home and Community Based Services (HCBS). Medical equipment and appliances and supplies are also covered for members residing in nursing facilities if they are not included under the facility's per diem rate and if ordered by a physician or primary care practitioner and approved by the case manager.

### **Outliers**

Non-covered prosthetic/orthotic devices are not included when determining whether an inpatient stay qualifies as an outlier.

If an inpatient stay does qualify as an outlier without considering charges for non-covered devices, the charges for those devices are not included in the outlier payment calculations.

### **FACE-TO-FACE ENCOUNTER REQUIREMENTS**

Effective date of service 10/1/17, in accordance with CFR § 440.70, the initiation of medical equipment and supplies will be subject to face-to-face encounter requirements for the FFS population. The face-to-face encounter must meet the following criteria:

1. It must relate to the primary reason the member requires the medical equipment and/or supplies.
2. It must occur no more than six months prior to the start of services.
3. The-face-to-face encounter must be conducted by one of the following:

- a. The ordering physician,
  - b. A nurse practitioner or clinical nurse specialist working in collaboration with the physician in accordance with state law,
  - c. A physician assistant under the supervision of the ordering physician, or
  - d. For members admitted to home health immediately after an acute or post-acute stay, the attending acute or post-acute physician.
4. The non-physician practitioner specified above, who performs the face-to-face encounter, must communicate the clinical findings of the face-to-face encounter to the ordering physician.
  5. The clinical findings must be incorporated into a written or electronic document in the member's record. Regardless of which practitioner performs the face-to-face encounter, the physician responsible for ordering the medical equipment and/or supplies must document the practitioner who conducted the encounter, the date of the encounter, and that the face-to-face encounter occurred within the required timeframes within the medical record.
  6. The ordering physician must also document on the prescription order the face-to-face encounter details, including date of encounter, the diagnosis, and the practitioner who conducted the encounter.

The face-to-face encounter may occur through telehealth.

Face-to-face encounter requirements apply for the initiation of services only. An additional face-to-face encounter is only required if a new medical equipment, supply, or appliance is needed. Renewals, repairs, and the need for ancillary equipment do not require a face-to-face encounter.

The ordering of orthotics and prosthetics are excluded from the face-to-face encounter requirements.

Note: For the purposes of the face-to-face requirement the ordering physician can be a podiatrist, for services within their scope of practice.

## **BILLING REQUIREMENTS**

Medical equipment and appliance revenue codes are not reimbursable to hospitals on the UB-04 claim form. Items must be correctly coded as medical/surgical supplies, or if medical equipment and appliances, billed on the CMS 1500 claim form.

The DFSM Medical Coding unit updated all the DME COS 15 and Medical Supply COS 40 codes to match the CMS list on Durable Medical Equipment, Prosthetics/Orthotics, and Supplies (DMEPOS).



Also updated was the Place of Service (POS) for all DME codes to match National Coding Standards. DME place of service is to be billed under the POS that the member will be using the DME product even if it is dispensed from the provider's office.

Procedures related to medical equipment and appliances cannot be interpreted without modifiers that describe the type of service and payment arrangement made. Without an appropriate modifier the claim will be denied.

The appropriate modifiers are:

- LL lease/rental
- NR new when rented
- NU new equipment
- RA replacement of medical equipment and appliance item
- RB replacement of part of a medical equipment and appliance

### Apnea Monitors

Providers who bill for apnea management, training, and the use of the apnea monitor must use procedure codes E0618 (apnea monitor, without recording feature) or E0619 (apnea monitor, with recording feature) and the RR modifier. The RR modifier is to be used when DME is rented.

The total charge billed to AHCCCS must include the management, training, and use of the apnea monitor.

Apnea management and training services may not be billed using procedure code 94799 (Unlisted pulmonary service or procedure).

### Ventilators

Ventilators are rented on a month-to-month basis. AHCCCS does not cover the purchase of ventilators. Section 1834(a)(3) of the Social Security Act classifies ventilators as items requiring frequent and substantial servicing in order to avoid risk to the patient's health. To ensure that members have equipment that is functioning and serviced frequently, these devices may only be rented.

Devices that produce positive airway pressure (PAP), including continuous positive airway pressure (CPAP) and bi-level respiratory assist (Bi PAP) devices, are excluded from this rental requirement and purchase may be covered, if medically necessary.

## **PRIOR AUTHORIZATION (PA) REQUIREMENTS**

For a comprehensive list of prior authorization requirements refer to AMPM 820, Prior Authorizations, to Chapter 8, Prior Authorizations of the Fee-For-Service Provider Billing Manual, and to the Fee-For-Service Prior Authorization Requirements web page at: <https://www.azahcccs.gov/PlansProviders/FeeForServiceHealthPlans/PriorAuthorization/reg>



[uirements.html](#)

The division of Fee-For-Service Management (DFSM) Care Management Systems Unit (CMSU) is DFSM's prior authorization unit, and will be referred to as DFSM in this chapter.

Prior authorization from DFSM is required for:

- All medical equipment and appliance **rentals**;
- All medical equipment and appliance **repairs**;
- All consumable medical supplies (supplies that have limited potential for re-use) in excess of \$100.00;
- All medical equipment and appliances, and prosthetic devices when the purchase price exceeds \$300.00 for acute members and \$500.00 for ALTCS members; and
- All orthotics when the purchase price exceeds \$300.00 for members age 21 years and older.

Unless otherwise noted, the Prior Authorization requirements above apply to acute, EPSDT, and Tribal ALTCS members.

ALTCS members require PA from their Case Manager for all medical equipment and appliances (rentals and purchases), and prosthetics and orthotic devices.

## References:

For additional information on medical equipment, appliance and supplies please refer to AMPM 310-P, Medical Equipment, Medical Appliances and Medical Supplies.

For additional information on orthotics and prosthetics, please refer to AMPM 310-JJ, Orthotics and Prosthetics.

For additional information on medical equipment, appliances, supplies, orthotics, prosthetics and EPSDT services for members under the age of 21, please refer to AMPM 430, EPSDT Services.

For additional information on EPSDT services please refer to Section 42 USC 1396d (r), 1396a(a)(43), and 42 CFR 441.50 et. seq.

For additional information on prior authorization, please refer to AMPM 820, Prior Authorization and to the Fee-For-Service website available at:

<https://www.azahcccs.gov/PlansProviders/FeeForServiceHealthPlans/PriorAuthorization/index.html>

For additional information on the ALTCS program and Home and Community Based Services (HCBS) please refer to Chapter 1200 of the AMPM.



### Revisions/Update History

Date	Description of Change(s)	Page(s)
05/31/2023	Billing Requirement Section updated with DME COS 15 and Medical Supply COS 40 changes	4
10/1/2018	The General Information section was updated. A section on Incontinence Supplies was added.	1 2
	<p>The Medical Equipment and Appliances Supplies as a Part of a Hospital inpatient Admission or outpatient treatment section was clarified and updated. A section on outliers was added. The following clarification was added under the Face- to-Face Encounter Requirements section: “Note: For the purposes of the face-to-face requirement the ordering physician can be a podiatrist, for services within their scope of practice. “ A section on Apnea Monitors and billing was added. A section on Ventilators and billing was added. Prior Authorization requirements section updated. PA Requirements updated Duplicative information that is in the AMPM was removed and references to the appropriate AMPM policies was added.</p>	2-3  3 4   5 5 5-6  6 Throughout
1/23/2018	Phone number removed	1



**FEE-FOR-SERVICE PROVIDER BILLING MANUAL**  
**CHAPTER 13 MEDICAL EQUIPMENT AND**  
**APPLIANCES, ORTHOTICS, PROSTHETICS,**  
**MEDICAL SUPPLIES**

10/1/2017	Face-To-Face Requirements Formatting and verbiage change of "DME" to "Medical Equipment and Appliances"	8 All
8/3/2015	Chapter renamed; Orthotics benefit changes effective 08/01/2015 for adults	7
4/22/2015	New formatting; Incontinence briefs benefit changes retro-effective 12/15/2014	All 2





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