Reimbursement Fast Facts: Repairs & Replacements

This tool will assist you in understanding Medicare coding and coverage for repairs and replacements.

Repairs and replacement of PAP devices may be performed as necessary in cases of loss or irreparable damage, or in instances when the device is dysfunctional and has passed the five-year reasonable useful lifetime (RUL).

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>K0739</td>
<td>Repair or non-routine services for DME other than oxygen requiring the skill of a technician, labor component, per 15 minutes</td>
<td>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.</td>
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<tr>
<td>K0462</td>
<td>Temporary replacement for patient-owned equipment being repaired, any type</td>
<td>Include narrative indicating the reason why loaner equipment was required. Only one month of rental payment for loaner equipment.¹</td>
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<tr>
<td>E1399</td>
<td>Miscellaneous DME</td>
<td>Can be used for replaced parts (i.e., blower motor).</td>
</tr>
<tr>
<td>RB Modifier</td>
<td>Replacement parts furnished in order to repair patient-owned DMEPOS²</td>
<td>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.</td>
</tr>
<tr>
<td>RA Modifier</td>
<td>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</td>
<td>RA only needs to be appended to a first-month claim, and claims should include a narrative explaining the reason for the replacement.</td>
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Repairs

Repairs to equipment that a patient owns are covered when necessary to make the equipment serviceable. Timely documentation from the physician that indicates the item being repaired continues to be medically necessary and documentation of the nature of repair is required.

Exceptions:
- Medicare does not pay for repairs to capped rental items during the rental period or items under warranty.²
- 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.³

Billing:
Effective April 1, 2009, Medicare instituted a 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).⁴
This includes basic troubleshooting and problem diagnostics; suppliers are not paid for travel time or equipment pickup and/or delivery.

Replacement

Replacement refers to the provision of an identical or nearly identical item. The RUL of durable medical equipment is five years.⁵
Reimbursement is always subject to review by Medicare. Equipment may be replaced in the following cases:

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, it is 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.³
  - Documentation such as a letter from the patient, police reports, insurance claims, etc., is required if lost or stolen.
  - A physician's order is needed to reaffirm the medical necessity of the item.³
- Documentation such as a letter from the patient, police reports, insurance claims, etc. is required if the unit is lost or stolen.
Q & A

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, stating 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.

Q: Does Medicare require the MSRP and time breakdown by part on repairs?

Total time spent on repairs and each part's MSRP are billable Medicare items. However, it is not required to break out time for each part repaired. Medicare's MSRP for parts can be obtained by emailing TechServ-Repair@ResMed.com.

Q: What are the hours needed to call a PAP used or new?

Per Medicare, used equipment is any equipment that has been purchased or rented by someone before the current purchase transaction. Used equipment also includes equipment that has been used under circumstances where there has been no commercial transaction (e.g., equipment used for trial periods or as a demonstrator). Medicare doesn't give any guidance regarding the number of hours required to consider an item new or used; our interpretation is that if the device was used just once (for any length of time), then it is considered used. Devices can be reused multiple times by multiple patients. The cutoff point where Medicare will not pay is based on the repair costs; if the expense for repairs exceeds the estimated expense of purchasing or renting another device for the remaining period of medical need, then Medicare will not pay for the repairs.

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