



# Reimbursement fast facts: non-assigned claims

This tool will assist you in understanding Medicare’s supplier participation status and assignment of claims.

## Medicare participation status

Medicare suppliers may choose to be participating or non-participating suppliers. Participating suppliers are required to accept assignment on all services rendered to Medicare patients. Non-participating suppliers have the option, claim-by-claim basis, to bill assigned or non-assigned claims. Suppliers may change their participation status during the annual enrollment period, which is generally from mid-November through December 31.<sup>1</sup>

To change participation status, suppliers must submit a letter signed by the organization’s authorized official to the National Supplier Clearinghouse (NSC) during the open enrollment period. The change will be effective January 1 of the following year. Participation status is associated with an entity (tax ID) and not location. Suppliers with multiple locations under the same tax ID cannot have different participation statuses.<sup>2</sup>

The table below will assist you in understanding Medicare suppliers’ billing options based upon their participation status.

PARTICIPATING SUPPLIER <sup>3</sup>	NON-PARTICIPATING SUPPLIER	
Must bill all claims as <b>assigned</b> :	When billing an <b>assigned</b> claim:	When billing a <b>non-assigned</b> claim:
Collects applicable deductible amount and 20% coinsurance from patient	Same as billing assigned for participating suppliers	Collects <b>100% of submitted fee</b> from patient
Allowable amount is considered payment in full. Supplier may not collect additional payments from Medicare or patient.		The submitted fee (not the allowable) is considered payment in full. Submitted fee may be more than the allowable <sup>4</sup>
Medicare payment is sent to <b>supplier</b>		Medicare payment is sent to <b>patient</b>
Note: All DMEPOS competitive bidding program claims are subject to mandatory assignment <sup>5</sup>		

## Assignment agreement

An assignment agreement is between a supplier and a Medicare patient. When a supplier accepts assignment, it is bound by law to accept the approved amount as payment in full for the service rendered.<sup>6</sup> The option of accepting assignment belongs solely to the supplier. Bid-winning suppliers in competitive bid areas must accept assignment on all equipment category claims where a competitive bid contract is held regardless of participation status. Medicare claims must also be billed as assigned for all dual eligible qualified Medicare patients (patients entitled to benefits from both Medicare and Medicaid).<sup>7</sup>

## Example of billing an assigned claim versus a non-assigned claim\*

ASSIGNMENT INDICATOR (BOX 27 OF CMS FORM 1500)	PAYMENT ARRANGEMENT	SUBMITTED FEE (USUAL AND CUSTOMARY)	APPROVED CHARGE (ALLOWABLE) (PER FEE SCHEDULE)	PAYMENT		
				(FROM MEDICARE TO SUPPLIER)	(FROM PATIENT TO SUPPLIER)	(FROM MEDICARE TO PATIENT)
Yes	Assigned claim	\$120.00	\$100.00	\$80.00 (80% of the approved charge)	\$20.00 (20% of approved charge) (coinsurance)**	\$0.00
No	Non-assigned claim	\$120.00	\$100.00	\$0.00	\$120.00	\$80.00

\*This example does not include the effects of sequestration under the Budget Control Act, which reduces Medicare’s share of payment by 2%.

\*\*A violation of the assignment agreement occurs if the supplier collects (or attempts to collect) from the patient or anyone else any amount which, when added to the benefit, exceeds the Medicare allowed amount.<sup>1</sup>



## Q & A

**Q: If a patient receives two cushions (A7032) on the same day and at the same place, may a non-participating supplier bill one A7032 as non-assigned and another A7032 as assigned?**

No, this is considered fragmented billing. The supplier must choose to submit two cushions (A7032) as either assigned or non-assigned. The Durable Medical Equipment Medicare Administrative Contractors (DME MACs) considers "fragmented" billing when a supplier accepts assignment for some services and payment from the patient for other services performed at the same place on the same date of service.<sup>9</sup>

**Q: May a supplier change assignment anytime during the rental period for capped rental items (e.g. CPAP (E0601), portable oxygen concentrator (E1392), etc.)?**

Before furnishing a capped rental item, the supplier must disclose to the patient its intentions regarding whether it will accept assignment of all monthly rental claims for the duration of the rental period. A supplier's intentions may be expressed in the form of a written agreement between the supplier and the patient.<sup>9</sup>

**Q: How do I calculate my submitted fee for a non-assigned DME claim?**

Suppliers are responsible for setting their own fees. Suppliers are not subject to limits on balance billing for medical equipment and supplies. There are no limits on how much suppliers can charge a patient for items when billing non-assigned.<sup>4</sup>

**Q: What are the supplier documentation requirements for non-assigned claims?**

The Medicare documentation requirements are the same regardless of whether a claim is submitted as assigned or non-assigned.<sup>7</sup> Non-assigned claims may still be audited.

**Q: Will Medicare notify patients that a non-assigned claim was submitted on their behalf?**

Yes, a Medicare Summary Notice (MSN) is sent to patients every three months informing them of the items billed to Medicare (including the amount Medicare paid and any patient responsibility).<sup>10</sup> The MSN will also remind the patient of the participation program and how much they could have saved if they used a participating supplier.<sup>11</sup>

**Q: If I am a non-participating supplier, will my information be listed in the Medicare Supplier Directory?**

Yes, both participating and non-participating suppliers are listed in the Medicare Supplier Directory.<sup>12</sup>

### Additional Medicare FAQs

The following link provides additional education about Medicare participation and assignment of claims:  
[www.cgsmedicare.com](http://www.cgsmedicare.com)

<sup>1</sup> Assignment Agreement

<sup>2</sup> Medicare DMEPOS Supplier Participation Agreement – CMS 460

<sup>3</sup> Medicare Participating Physician or Supplier Agreement Form CMS-460 OMB No. 0938-0373

<sup>4</sup> Balance Billing for Medical Equipment and Supplies

<sup>5</sup> Medicare Claims Processing Manual Chapter 36 – Competitive Bidding

<sup>6</sup> Lower costs with assignment

<sup>7</sup> DME Supplier Participation and Assignment Reminders

<sup>8</sup> "Fragmented" Billing for Non-Participating Suppliers

<sup>9</sup> 42 CFR 414.229(g)(3) – Other durable medical equipment – capped rental items

<sup>10</sup> "Medicare Summary Notice" (MSN)

<sup>11</sup> Participation – JE Part B Potential Providers

<sup>12</sup> Medicare Supplier Directory

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