



Cash-pay fast facts

This tool is meant to provide an overview of the Durable Medical Equipment (DME) cash-pay landscape and help navigate this dynamic environment. For specific advice, suppliers should contact their payer and healthcare attorney to understand contractual obligations.

Key terms:

Cash pay is a point-of-sale transaction between the patient and DME supplier. Patients pay for DME supplies and/or services in the form of cash or other payment methods. This type of transaction implies the patient’s health insurance company (i.e. “payer”) is not paying the supplier directly for DME goods or services rendered to the patient.

Non-covered items are DME supplies and/or services rendered to the patient that are typically never covered by the payer.

Covered items are DME supplies and/or services rendered to the patient that are typically paid partially or in full by the payer. The majority of ResMed’s product line consists of covered items, including CPAP and bilevel devices, CPAP masks and portable oxygen concentrators. Generally, payers will directly reimburse suppliers for covered items when they are considered medically necessary for the patient.

Cash-pay decision matrix for DMEs

Engaging in cash-pay transactions for covered items may be complicated by a supplier’s status with the payer. The decision matrix below may help suppliers qualify cash-pay opportunities for covered items.

Decision matrix key: ■ High chance for cash payment ■ Medium chance for cash payment ■ Low chance for cash payment

QUESTION 1		NO	YES
Is the supplier contracted with the payer?		▼	▼
QUESTION 2	NO ▶	Cash pay may be an option if compliant with all other applicable laws and regulations	Execute Medicare ABN or financial liability waiver*** <small>Consult the payer regarding contractual obligations</small>
	YES ▶	Cash pay may be available depending on the situation*	Payer contracts generally require that the supplier submit a claim** <small>Contact the payer regarding contractual obligations</small>

*While DME suppliers must have an active Provider Transaction Access Number (PTAN) to bill Medicare, they may be able to bill out-of-network commercial payers for some plans like PPOs. Federal regulations may require DME suppliers to notify Medicare patients about their contract status and ability to submit claims on the patient’s behalf.

**Generally, payers reimburse contracted suppliers for covered items. However, cash-pay transaction options may exist for non-participating Medicare suppliers filing non-assigned claims and commercial payer policy exceptions.

***While payers may not pay for items that are not medically necessary, contractual obligations may require suppliers to obtain a denial from the payer and a signature from the patient on a financial liability waiver or Medicare ABN form prior to engaging in a patient cash-pay transaction.

As indicated above, suppliers that are NOT contracted with the patient’s health insurance plan while providing an item that is NOT medically necessary may have the fewest restrictions for engaging in cash-pay transactions for covered items.

Contract status types

Although suppliers may prefer to charge patients cash, their contract status with the patient’s health insurance plan may impact cash-pay options. Suppliers should contact their payer and healthcare attorney to understand their contractual obligations.



Contracted Medicare suppliers: participating vs. non-participating

Participating suppliers are contracted Medicare suppliers who are required to accept assignment (i.e., accept Medicare's payment amount) for medically necessary covered items and collect the patient's cost-sharing responsibility (i.e. their deductible and coinsurance).

Non-participating suppliers are contracted Medicare suppliers who can choose whether to accept assignment of any particular claim. When not accepting assignment, non-participating suppliers may charge the patient more than the allowable Medicare fee schedule and collect their Usual, Customary or Reasonable (UCR) charge upfront for medically necessary items. Suppliers may change their participation status during the annual enrollment period, which is generally from mid-November through December 31.¹ Suppliers that collect their UCR charge upfront are still required to file non-assigned claims and to maintain documentation in their file to support the payer's coverage criteria requirements for the item(s).

Non-contracted suppliers

Engaging in cash-pay transactions may be less complicated for non-contracted suppliers, as they have fewer contractual obligations than contracted suppliers. The information below provides cash-pay information for non-contracted DME suppliers.

DME suppliers without a PTAN are neither contracted to service Medicare patients nor eligible to receive payment from Medicare. Before engaging with a Medicare patient in a cash-pay transaction for covered items, suppliers without a PTAN must have patients either sign an ABN or provide adequate prior written notice to the customer that they are not contracted with Medicare.* Suppliers should consult with a healthcare attorney to determine adequate notification processes.

Commercial payer contracting

Suppliers that are not contracted with a patient's commercial health insurance plan may be able to bill out-of-network benefits for covered items. Each commercial payer's policies vary. Suppliers should contact their payers directly and/or consult with a healthcare attorney to get specific answers to their unique situation before engaging in cash-pay transactions with a patient.

For FAQs about patients paying cash for DME and a glossary of terms, visit www.bf-law.com/faqs-patients-paying-cash-dme/

*42 U.S.C. §1395m(j)(4)(A)

¹ U.S. Department of Health & Human Services Centers for Medicare & Medicaid Services. CMS-460: OMB No. 0938-0373. April 2010. <https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/downloads/cms460.pdf>. Accessed March 2, 2018.

The reimbursement information is being provided on an "as is" basis with no express or implied warranty of any kind and should be used solely for your internal informational purposes only. The information does not constitute professional or legal advice on reimbursement and should be used at your sole liability and discretion. All coding, coverage policies and reimbursement information are subject to change without notice. ResMed does not represent or warrant that any of the information being provided is true or correct and you agree to indemnify ResMed in the event of any loss, damage, liabilities or claims arising from the use of the reimbursement information provided to you. Before filing any claims, it is the supplier's sole responsibility to verify current requirements and policies with the payer.