

DME MAC Jurisdiction A

Oxygen - Certificates of Medical Necessity - Replacement Equipment ([OXY](#))

Posted February 20, 2009

On January 1, 2009 CMS implemented statutory provisions defining a new payment policy for home oxygen. Payment for oxygen equipment is now made for a 36-month rental period. The supplier retains title to the equipment at the end of this rental period but is required to continue to provide the oxygen equipment and contents (when applicable) for the duration of the 5 year reasonable useful lifetime (RUL) of the oxygen equipment. Multiple recent publications have addressed the details of the new payment policy. This article addresses the use of the Oxygen Certificate of Medical Necessity (CMN) in processing oxygen claims.

There are four general situations in which a new 36-month rental period is begun. In all of these situations a new Initial CMN is required:

1. Initial use of home oxygen.
2. Resumption of use of home oxygen when there has been a break in the medical necessity of oxygen (break-in-need) during the 36-month rental period, for at least 60 days plus the days remaining in the last paid rental month.
(Note A: A break-in-billing/Part B payment [e.g., due to a hospital or nursing facility stay or enrollment in a Medicare HMO] does not begin a new 36-month rental period if use of oxygen continues during that time.)
(Note B: During the time from the end of the 36-month rental period to the end of the RUL for the equipment, a new 36-month rental period does not start for either a break-in-need or a break in billing/Part B payment.)
3. Replacement because the RUL of prior equipment has been reached.
4. Replacement because of irreparable damage, theft, or loss of equipment.
(Note C: Irreparable damage refers to a specific accident or to a natural disaster [e.g., fire, flood]. Irreparable damage does not refer to wear and tear over time.)

For situations 1 and 2, the requirements for an Initial, Recertification, and Revised CMNs that are stated in the current Oxygen and Oxygen Equipment local coverage determination (LCD) apply. However, for situations 3 and 4, there are some differences in the requirements related to the Initial and Recertification CMNs. There are no differences with respect to Revised CMNs.

I. Initial CMN (for replacement equipment)

- Initial Date should be the date that the replacement equipment is initially needed. This is generally understood to be the date of delivery of the oxygen equipment.
- Blood gas study. Repeat testing is not required. Enter the most recent qualifying value and test date. This test does not have to be within 30 days prior to the Initial Date. It could be the

- test result reported on the most recent prior CMN. (Suppliers are reminded that in an audit they may be asked to provide a copy of the actual test report to verify that coverage criteria have been met.)
- Physician visit. There is no requirement for a physician visit that is specifically related to the completion of the CMN.

II. Recertification CMN (for replacement equipment)

- Recertification Date should be 12 months following the Initial Date when the value on the Initial CMN (for the replacement equipment) meets Group I criteria or 3 months following the Initial Date when the qualifying blood gas value on the Initial CMN meets the Group II criteria. (Note: The Initial Date [for the replacement equipment] should be entered on the Recertification CMN.)
- Blood gas study. Same instructions as for the Initial CMN for the replacement equipment.
- Physician visit. Same instructions as for the Initial CMN for the replacement equipment.

Suppliers are reminded that a written order is required when replacing equipment. The CMN may act as a substitute for a written order if it meets the requirements for a detailed written order.

Claims for the initial rental month (and only the initial rental month) must have the RA modifier (Replacement of DME item) added to the HCPCS code for the equipment when there is replacement due to reasonable useful lifetime or replacement due to damage, theft, or loss. The RA modifier is not used when billing for a new initial following a 60+ day break in need.

These changes will be incorporated in a future revision of the Oxygen LCD. For additional information on the use of CMNs refer to the Supplier Manual and the Oxygen and Oxygen Equipment LCD.