CHAPTER 59

MEDICAL SUPPLIER MANUAL

Authority

N.J.S.A. 30:4D-1 et seq. and 30:4J-8 et seq.

Source and Effective Date

R.2006 d.297, effective July 24, 2006.
See: 38 N.J.R. 1371(b), 38 N.J.R. 3578(a).

Chapter Expiration Date

Chapter 59, Medical Supplier Manual, expires on July 24, 2011.

Chapter Historical Note

Chapter 59, Medical Supplier Manual, was adopted as R.1971 d.55, effective April 21, 1971. See: 3 N.J.R. 43(b), 3 N.J.R. 82(e).

Subchapter 3, Durable Medical Supply and Equipment Codes, was repealed and a new Subchapter 3, HCFA Common Procedure Coding System (HCPCS), was adopted as R.1986 d.52, effective March 3, 1986. See: 17 N.J.R. 1519(b), 18 N.J.R. 478(a).

Pursuant to Executive Order No. 66(1978), Chapter 59, Medical Supplier Manual, was readopted as R.1991 d.137, effective February 15, 1991. See: 22 N.J.R. 3712(a), 23 N.J.R. 858(d)

Chapter 59, Medical Supplier Manual, was repealed and Chapter 59, Medical Supplier Manual, was adopted as new rules by R.1996 d.67, effective February 5, 1996. See: 27 N.J.R. 4238(a), 28 N.J.R. 1027(a).

Pursuant to Executive Order No. 66(1978), Chapter 59, Medical Supplier Manual, was readopted as R.2001 d.64, effective January 23, 2001. See: 32 N.J.R. 4098(a), 33 N.J.R. 661(c).

Chapter 59, Medical Supplier Manual, was readopted by R.2006 d.297, effective July 24, 2006. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 1. MEDICAL SUPPLIES AND DURABLE MEDICAL EQUIPMENT

10:59-1.1 Introduction

This chapter outlines the policies and procedures of the New Jersey Medicaid/NJ FamilyCare program relevant to medical supplies and durable medical equipment, including enteral, total parenteral nutrition and other intravenous therapies. This chapter provides specific requirements that must be met by a Medical Supplier to qualify for reimbursement under the New Jersey Medicaid/NJ FamilyCare program.

Amended by R.2006 d.297, effective September 5, 2006.
See: 38 N.J.R. 1371(b), 38 N.J.R. 3578(a).
Inserted "/NJ Family Care" two times.

10:59-1.2 Definitions

The following words and terms, when used in this chapter, have the following meanings unless the context clearly indicates otherwise:

"Apnea monitor" means an electronic device used to measure respiration and cardiac functions in patients experiencing episodic apnea related to a medical diagnosis or a predisposition of apneic episodes based on genetic or familial history.

"Augmentative/Alternative Communication System (ACS)" means communication systems, commercially available or custom designed, which are appropriate for children or adults whose ability to communicate orally or in writing is severely impaired and who have mental potential to benefit from ACS. ACS includes, but is not restricted to, non-electronic devices and electronic/computerized devices.

"Customized" DME means an item of DME which has been fabricated by the provider to meet the specialized needs, physical characteristics and/or deformities of a beneficiary.

"DMERC" means the Durable Medical Equipment Regional Carrier approved by the Health Care Financing Administration.

"Durable medical equipment" (DME) as defined for this subchapter, means an item or apparatus, other than hearing aids and certain prosthetic and orthotic devices, including

customized DME, modified DME and standard DME, which has all of the following characteristics:

1. Is primarily and customarily prescribed to serve a medical purpose and is medically necessary for the beneficiary for whom requested;

2. Is generally not useful to a beneficiary in the absence of a disease, illness, injury, or disability; and

3. Is capable of withstanding repeated use (durable) and is nonexpendable; for example, hospital bed, oxygen equipment, wheelchair, walker, suction equipment, and the like.

"Invoice" means an unaltered document reflecting a supplier's actual acquisition cost, which shows the supplier as the addressee, item description, quantity, and cost.

"Maximum fee allowance" means the Medicaid/NJ FamilyCare maximum payment assigned to medical supplies and DME.

"Medical supplier" means a provider of medical supplies and/or durable medical equipment.

"Medical supplies" means item(s) which are:

1. Consumable, expendable, disposable or non-durable;

2. Prescribed by a practitioner; and

3. Medically necessary for use by an eligible beneficiary.

"Modified DME" means a standard item of DME which is modified to meet the specialized needs of a beneficiary by adding non-standard parts.

"Nursing facility (NF)" means an institution (or distinct part of an institution) certified by the New Jersey State Department of Health and Senior Services for participation in Title XIX Medicaid and primarily engaged in providing health-related care and services on a 24-hour basis to Medicaid/NJ FamilyCare beneficiaries (children and adults) who, due to medical disorders, developmental disabilities and/or related cognitive and behavioral impairments, exhibit the need for medical, nursing, rehabilitative, and psychosocial management above the level of room and board, but not primarily for care and treatment of mental diseases which require continuous 24-hour supervision by qualified mental health professionals or the provision of parenting needs related to growth and development. (See N.J.A.C. 10:63.)

"Pressure reduction system" means a system which incorporates simple or complex equipment designed to reduce support surface pressures by powered or non-powered means for the purpose of encouraging healing of decubiti.

"Price list" means any unaltered document published by a manufacturer which is used in place of an invoice by the fiscal agent to price a "by report" procedure code which includes a manufacturer's name, item description, and suggested retail price per unit or package and a notation by a supplier indicating the number of units per package, if not described by a manufacturer.

"Recycled" when referring to a DME item, means an item purchased by the New Jersey Medicaid/NJ FamilyCare Program that is no longer medically needed by the Medicaid/NJ FamilyCare beneficiary, that at a minimum will be sanitized and refurbished and/or repaired, if needed, by the DME provider and supplied to another beneficiary.

"Standard" DME means DME which is available without modification.

"Usual and customary" means a medical supplier's charge to the general public for services rendered which equals the supplier's submitted price to the Medicaid/NJ FamilyCare program.

Amended by R.2001 d.64, effective February 20, 2001.
See: 32 N.J.R. 4098(a), 33 N.J.R. 661(c).
Substituted "beneficiary" for "recipient" throughout section.
Amended by R.2006 d.297, effective September 5, 2006.
See: 38 N.J.R. 1371(b), 38 N.J.R. 3578(a).
In definitions "Maximum fee allowance", "Nursing facility (NF)", "Recycled" and "Usual and customary", inserted "/NJ Family Care".

Case Notes

Medical necessity authorized purchase of thermal scan thermometer with Medicaid funds for severely retarded child. C.F. v. Division of Medical Assistance, 95 N.J.A.R.2d (DMA) 45.

Adapted tricycle was medically required for treating chronic encephalopathy. K.H. v. Division of Medical Assistance and Health Services, 93 N.J.A.R.2d (DMA) 3.

10:59-1.3 Requirements for program participation as a medical supplier

(a) In order to participate in the New Jersey Medicaid/NJ FamilyCare program, a medical supplier shall:

1. Be an established place of business as a medical supplier in New Jersey; or

2. Be a pharmacy operating under a valid permit issued by the New Jersey State Board of Pharmacy; or

3. Be an out-of-State pharmacy or medical supplier who is an approved Medicaid provider in their state of residence.

(b) In order to participate in the New Jersey Medicaid/NJ FamilyCare Program, a medical supplier shall:

1. Maintain a previously approved or fixed, established place of business located in a commercial zone which shall be open and accessible to the general public during normal business hours;

2. Display a sign of identification, external to the interior business site, visually recognized by the general public;

3. Receive approval from the New Jersey Medicaid/NJ FamilyCare program for each site from which equipment and supplies are distributed and/or delivered;

4. Comply with the requirements described at N.J.A.C. 10:49-3.2 if the medical supplier is to fill a prescription written by a physician or other practitioner who has an ownership interest in the supplier's business;

5. Notify the State's fiscal agent and file a new application within 60 days of a change in ownership and/or location; and

6. Agree to permit properly identified representatives of the New Jersey Medicaid/NJ FamilyCare program to:

i. Inspect the original prescription or the Certificate of Medical Necessity (CMN) on file;

ii. Audit records pertaining to costs of medical supplies and equipment provided to Medicaid/NJ FamilyCare beneficiaries; and

iii. Inspect private sector records, where deemed necessary, to comply with Federal regulations to determine a provider's usual and customary charge to the public.

Amended by R.2001 d.64, effective February 20, 2001.
See: 32 N.J.R. 4098(a), 33 N.J.R. 661(c).
In (a), inserted "program" following "Medicaid"; and in (b)6ii, substituted "beneficiaries" for "recipients".
Amended by R.2006 d.297, effective September 5, 2006.
See: 38 N.J.R. 1371(b), 38 N.J.R. 3578(a).
Inserted "/NJ Family Care" throughout; in the introductory paragraph of (a) inserted "the" preceding "New Jersey".

10:59-1.4 Non-covered items or services

(a) The New Jersey Medicaid/NJ FamilyCare program does not cover medical supplies and durable medical equipment under the following conditions:

1. A particular item of DME is not covered when, in the opinion of the Division, the item is not considered cost-effective or safe and effective for the treatment of a beneficiary's medical condition;

2. Items available without charge through programs of other public or voluntary agencies (for example: New Jersey State Department of Health and Senior Services, Heart Association, American Cancer Society) are not covered;

3. Supplies which are administered or directly furnished by practitioners or by home health agencies as part of per visit reimbursement are not covered separately;

4. Medical supplies, routinely used DME and other therapeutic equipment/supplies essential to furnish the services offered by a facility for the care and treatment of its residents are considered part of the NF's per diem and therefore, not covered. Examples of this type of equipment and supplies include, but are not limited to, the following:

i. Administration pumps;

ii. Aspirators;

iii. Canes;

iv. Communication equipment (life-safety devices including alarms and apnea monitors);

v. Crutches;

vi. Enteral nutritional supplements and related supplies (including IV poles and enteral pumps);

vii. Geri-chairs;

viii. Hospital beds (including mattress and side rails);

ix. IPPB machines;

x. IV supplies and related equipment;

xi. Lifts;

xii. Low end pressure relief systems, for example, mattress overlays, mattress replacements, powered mattress systems and air powered flotation beds;

xiii. Nebulizers;

xiv. Oxygen and related equipment;

xv. Traction apparatus;

xvi. Walkers;

xvii. Standard wheelchairs and accessories including adjustable leg rests and detachable armrests; and

xviii. Medical supplies, for example, incontinency pads, bandages, dressings, compresses, sponges, plasters, tapes, cellu-cotton or other types of pads used to save labor or linen, colostomy bags, hot water bags, thermometers, catheters, rubber gloves, and disposable syringes.

5. Exceptions to (a)4 above include certain durable medical equipment not routinely used in a nursing facility and which is required due to the medical need of the individual resident;

6. Items not meeting the definitions of medical supplies and DME outlined at N.J.A.C. 10:59-1.2, Definitions;

7. Delivery and shipping costs;

8. Services being provided to a beneficiary who loses eligibility, except as described at N.J.A.C. 10:49-5.4(a)9; and

9. Travel time, except for services provided by a pedorthist.

(b) Non-covered items include, but are not limited to, the following:

1. Bags (douche, enema, ice);

2. Beds (waterbeds);

3. Environmental control equipment, including electronic devices intended to control or alter the environment, such as lighting, telephones and appliances; air conditioners; humidifiers; dehumidifiers and air filtering systems with the exception of vaporizers and cool mist humidifiers;

4. Exercise equipment;

5. Eye patches;

6. First aid supplies or medicine chest items (gauze, adhesive tape, bandages, and cotton);

7. Footwear, orthopedic, and foot orthotics, except when attached to a brace or bar or when part of a normal post-operative or post-fracture treatment program, or when used to correct or adapt to gross foot deformities (see N.J.A.C. 10:57);

8. Hot water bottles;

9. Infant formula (standard);

10. Inflatable rubber invalid rings;

11. Lifts (chair or seat);

12. Mattresses (orthopedic or mattresses without FDA approval);

13. Nasal aspirators;

14. Pads (heating, hydrocollators, sanitary, thermophore);

15. Personal incidentals, including items for personal cleanliness, body hygiene, and grooming, for example, standard toothbrushes, mouthwashes, dentifrices, deodorant soaps, cosmetics, shaving items, and so forth;

16. Plastic gloves;

17. Protein nutritional supplements in which the quantity dispensed exceeds a 34-day supply;

18. Scales (bathroom);

19. Specialized infant formulas in which the quantity dispensed exceeds a 34-day supply;

20. Stainless steel bedpans or urinals;

21. Syringes (bulb, enema);

22. Thermometers (axillary, ear, oral, rectal); and

23. Tongue blades (sterile, non-sterile).

Amended by R.1997 d.251, effective June 16, 1997.
See: 28 N.J.R. 2481(a), 28 N.J.R. 3221(a), 29 N.J.R. 2690(a).
Inserted new (b)17 and 19, and recodified former (b)17 as (b)18, and (b)18 through 21 as (b)20 through 23.
Amended by R.2001 d.64, effective February 20, 2001.
See: 32 N.J.R. 4098(a), 33 N.J.R. 661(c).
In (a)1 and (a)8, substituted references to beneficiaries for recipients, and also in (a)8, updated an N.J.A.C. reference.
Amended by R.2006 d.297, effective September 5, 2006.
See: 38 N.J.R. 1371(b), 38 N.J.R. 3578(a).
In the introductory paragraph of (a), inserted "/NJ Family Care".

Case Notes

Nonambulatory, wheelchair-dependent 14-year-old boy with cerebral palsy, spastic quadriplegia and seizure disorder denied electric stair glide. D.J. v. Essex County Division of Welfare, 94 N.J.A.R.2d (DMA) 47.

Judge's allowance of reimbursement for purchase of HEPA Air Cleaner reversed as electrostatic air filter reimbursement is specifically prohibited by regulation. In the Matter of M.D., 7 N.J.A.R. 254 (1980), reversed 179 N.J.Super. 541, 432 A.2d 943, (App.Div.1981), modified in part and remanded 91 N.J. 1, 449 A.2d 1235 (1982).

10:59-1.5 Policy for providing medical supplies and DME

(a) Medical supplies and equipment require a legible, dated prescription or a Certificate of Medical Necessity (CMN) personally signed by the prescribing practitioner. Either document shall contain the following information:

1. The beneficiary's name, address and Medicaid/NJ FamilyCare eligibility identification number; and

2. A description of the specific supplies and/or equipment prescribed;

i. For example, the phrase "wheelchair" or "patient needs wheelchair" is insufficient. The order shall describe the type and style of the wheelchair.

3. The length of time the medical equipment items or supplies are required;

4. A diagnosis and summary of the patient's physical condition to support the need for the item(s) prescribed; and

5. The prescriber's name, address and signature.

(b) Other information in addition to (a) above may be required for specific items and services, and is described in other sections of this chapter which are related to coverage of the specific item or service.

(c) The documentation required in (a) and (b) above shall be maintained on file for a minimum of five years from the date the service was rendered.

Amended by R.2001 d.64, effective February 20, 2001.
See: 32 N.J.R. 4098(a), 33 N.J.R. 661(c).
In (a)1, substituted "beneficiary's" for "recipient's" and inserted "eligibility identification" preceding "number".
Amended by R.2006 d.297, effective September 5, 2006.
See: 38 N.J.R. 1371(b), 38 N.J.R. 3578(a).
In (a)1, inserted "/NJ Family Care".

10:59-1.6 Prior authorization (PA)

(a) Prior authorizations issued by the Medicaid/NJ FamilyCare program are intended to reflect decisions regarding medical necessity and purchase/rental options. The issuance of prior authorization is not a guarantee of Medicaid/NJ FamilyCare payment. Payment is determined