

CHAPTER 59

MEDICAL SUPPLIER MANUAL

Authority

N.J.S.A. 30:4D-6b(6). (12); 30:4D-7, 7a, b and c; 30:4D-12.

Source and Effective Date

R.2001 d.64, effective January 23, 2001.
See: 32 N.J.R. 4098(a), 33 N.J.R. 661(c).

Executive Order No. 66(1978) Expiration Date

Chapter 59, Medical Supplier Manual, expires on January 23, 2006.

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Subchapter 3, Durable Medical Supply and Equipment Codes, was repealed and a new Subchapter 3, HCFA Common Procedure Coding System (HCPCS), was adopted as R.1986 d.52, effective March 3, 1986.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Chapter 59, Medical Supplier Manual, was repealed and Chapter 59, Medical Supplier Manual, was adopted as new rules by R.1996 d.67, effective February 5, 1996.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: Source and Effective Date. See, also, section annotations.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. MEDICAL SUPPLIES AND DURABLE MEDICAL EQUIPMENT

- 10:59-1.1 Introduction
- 10:59-1.2 Definitions
- 10:59-1.3 Requirements for program participation as a medical supplier
- 10:59-1.4 Non-covered items or services
- 10:59-1.5 Policy for providing medical supplies and DME
- 10:59-1.6 Prior authorization (PA)
- 10:59-1.7 Policy considerations for purchase, rental and repair of DME
- 10:59-1.8 Basis of reimbursement for medical supplies and DME
- 10:59-1.9 Dual Medicare/Medicaid coverage
- 10:59-1.10 Third party liability (TPL), excluding Medicare
- 10:59-1.11 Recycling policy
- 10:59-1.12 Parenteral therapy
- 10:59-1.13 Augmentative/alternative communication system (ACS)
- 10:59-1.14 Pressure reduction systems
- 10:59-1.15 Apnea monitor

SUBCHAPTER 2. HCFA COMMON PROCEDURE CODING SYSTEM (HCPCS)

- 10:59-2.1 Introduction
- 10:59-2.2 Elements of HCPCS Coding System which require the attention of the provider
- 10:59-2.3 HCPCS procedure codes and maximum fee allowance schedule for medical supplies and durable medical equipment

APPENDIX A. SERVICE STATUS AND PA REQUIREMENTS FOR HCPCS CODES

APPENDIX B. FISCAL AGENT BILLING SUPPLEMENT

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 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 program.

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 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 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 Program that is no longer medically needed by the Medicaid 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 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.

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 New Jersey Medicaid 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 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 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;