

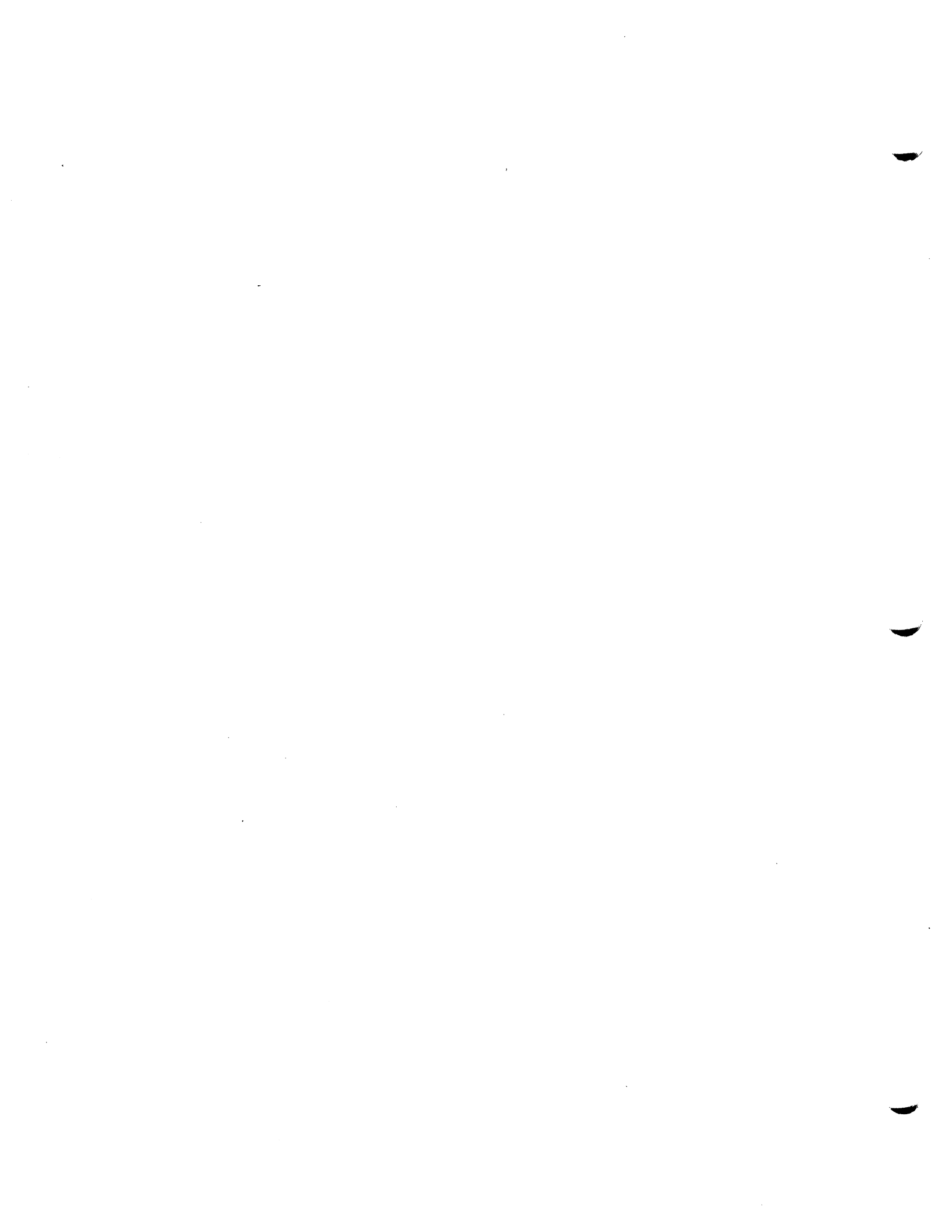
(f) All medical supplies and DME items purchased or rented for use by nursing facility residents require prior authorization. Items included in the NF's per diem are not covered (see N.J.A.C. 10:59-1.4).

(g) Medicare/Medicaid claims do not require prior authorization (See N.J.A.C. 10:59-1.9).

Case Notes

Digital scale for applicant with morbid obesity was not an item for which Medicaid funds were available. R.S. v. Division of Medical Assistance, 95 N.J.A.R.2d (DMA) 65.

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.



10:59-1.7 Policy considerations for purchase, rental and repair of DME

(a) Medical suppliers may request payment for medical supply services only after the supply/equipment has been delivered to the recipient (see N.J.A.C. 10:49-9.5). All requests for payment shall be submitted timely, in accordance with N.J.A.C. 10:49-7.2.

(b) For durable medical equipment requiring prior authorization (PA), decisions regarding rental or purchase rest with the Division of Medical Assistance and Health Services.

i. Durable medical equipment may be rented when, in the judgment of the Medicaid program, the medical need for the equipment is of such a duration that rental of the equipment is more economically practical than authorizing its purchase.

(c) When durable medical equipment is authorized and purchased on behalf of a Medicaid recipient, ownership of such equipment will vest with the Division of Medical Assistance and Health Services. The recipient will be granted a possessory interest for as long as the recipient requires use of the equipment.

(d) Durable medical equipment items may be repaired and suppliers reimbursed for replacement parts and/or labor charges when, in the judgment of the Medicaid Program, the medical need for the item will continue to exist for a period of time and repair is more economical than purchase.

(e) Repair costs related to rented DME shall be the responsibility of the provider and shall be considered a component of the Medicaid rental payment.

(f) Reimbursement for repairs, including parts and labor charges, will not be authorized for durable medical equipment under warranty. For purchased DME, reimbursement for the cost of repairs shall be limited to repairs not covered by a manufacturer's warranty.

(g) Reimbursement by the Medicaid program shall be limited to services billed by HCPCS codes followed by the appropriate following modifier(s).

1. NU refers to the purchase of medical supplies, new DME and/or services;
2. UE refers to the purchase of used DME; and
3. RR refers to the daily or monthly rental of DME.

10:59-1.8 Basis of reimbursement for medical supplies and DME

(a) Payment for purchase of medical supplies or DME shall be based on the following methods:

1. If there is no Medicaid Fee schedule, reimbursement shall be based on the lesser of the provider's usual and customary charge to the general public or a calculated maximum fee allowance equal to 130 percent of a

supplier's invoice cost or 80 percent of the manufacturer's price list for supplies and equipment priced by report.

i. The invoice shall include the supplier as the addressee, item description, quantity, and cost.

ii. The manufacturer's price list shall include 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.

2. If there is a Medicaid Fee schedule, reimbursement shall be based on the lesser of the provider's usual and customary charge to the general public; or the Medicaid maximum fee allowance assigned by the Division.

(b) Payment for rental of DME will be calculated as follows:

1. If a medical equipment item has a maximum fee allowance of \$100.00 or less, the monthly rental payment will be the amount billed or 20 percent of the approved purchase price, whichever is less. Six such payments shall be deemed to be the full purchase price. No further payments shall be made and the equipment will be considered the property of the State.

2. If a medical equipment item has an approved maximum fee allowance of more than \$100.00, the monthly rental payment will be the amount billed or 12 percent of the fee, whichever is less. Ten such payments shall be deemed to be the full purchase price and no further payments shall be made and the equipment will be considered the property of the State.

3. If the purchase of a rental item is authorized prior to the close of the maximum rental period (see N.J.A.C. 10:59-1.8(b)1 and 2), a final payment will be made which equals the difference between the sum of the prior rental payments and the maximum fee allowance.

4. If death, ineligibility, or other circumstances over which the New Jersey Medicaid Program has no control, should occur, rental fees for any medical equipment item shall terminate at the end of the month such circumstance(s) occur and no further payment will be made.

(c) Payment for replacement parts and repairs will be made as follows:

1. Reimbursement for replacement parts shall be based on the purchase policy described under N.J.A.C. 10:59-1.8(a); and

2. Reimbursement for labor charges will be the maximum fee allowance established by the Division per hour of labor provided.

10:59-1.9 Dual Medicare/Medicaid coverage

(a) When a Medicaid recipient also has Medicare coverage, the Medicaid program requires that Medicare benefits

be used first and to the fullest extent. Responsibility for payment by the New Jersey Medicaid program shall be limited to the unsatisfied deductible and/or coinsurance

(b) In those instances where Medicare policy disallows reimbursement for an item/service under certain circumstances, for example, a special wheelchair for a NF resident, the provider shall obtain prior authorization from the Medicaid program and submit a hard copy claim to Medicaid with an Explanation of Benefits from Medicare attached.

(c) Medicare/Medicaid claims shall be filed timely, in accordance with N.J.A.C. 10:49-7.2.

(d) When a recipient is eligible for both Medicare and Medicaid coverage, a Medicare/Medicaid claim will cross over from the Medicare DMERC Region A to the Medicaid fiscal agent. There are instances, however, where claims will not cross over from Medicare to Medicaid, for example, claims denied by Medicare or claims where the Medicaid fiscal agent is unable to match pertinent identifying data (see N.J.A.C. 10:49-7.2(d)3 for further instructions).

(e) There are situations in which Medicare coverage differs significantly from coverage considered medically necessary by the Medicaid program. In these situations, the provider may request PA from the Medicaid program prior to requesting Medicare payment.

1. The provider shall request PA for the higher level of service under the procedure code assigned by the Division for "reconciliation of downgraded Medicare/Medicaid claims".

(f) For dually eligible recipients, Medicaid coverage shall be based on Medicare policy as it relates to rental and/or purchase of supplies and DME, except as described in (e) above.

10:59-1.10 Third party liability (TPL), excluding Medicare

(a) When a Medicaid recipient has other health insurance, the Medicaid program requires that such benefits be used first and to the fullest extent. Supplementation may be made for Medicaid covered services, but the combined total payment shall not exceed the amount payable under the Medicaid program in the absence of other coverage (see N.J.A.C. 49-7.3).

(b) Regardless of the status of a provider's claim with other third parties, all claims for Medicaid reimbursement shall be received by the Medicaid fiscal agent within the time frames specified in N.J.A.C.10:49-7.2, Timeliness of claim submission.

(c) The Medicaid program has not established any cross-over arrangements with any third party insurer.

10:59-1.11 Recycling policy

(a) The New Jersey Medicaid Program shall recycle returned durable medical equipment items when the Program has determined that the cost of pickup, refurbishing and/or repair and delivery is more economical than purchase of a new item.

(b) When the New Jersey Medicaid Program is advised that a durable medical equipment item is available for recycling, the Medicaid District Office shall contact an appropriate DME recycling provider who can service the item and who will recover, refurbish and store the item.

1. When the DME provider examines the item and finds that more than minimal repairs are needed, he must obtain prior authorization from the Medicaid District Office before undertaking any repairs. See: N.J.A.C. 10:59-1.11, Repair policy.

2. When, in the judgement of the New Jersey Medicaid Program, a durable medical equipment item cannot be repaired at reasonable cost, the item may be discarded after a representative of the Program has inspected the item.

(c) Reimbursement for repairs and recycling activities, that is, pickup, refurbishing and delivery, shall be made following delivery of the item to the next recipient.

(d) Reimbursement for recycling activities, that is, pickup, refurbishing and delivery, shall be based on one of the following standards, whichever is greater:

1. The monthly rental fee for a new item of that type; or
2. \$35.00.

(e) Reimbursement for recycling activities, that is pickup, refurbishing and delivery, equipment that is heavy and/or cumbersome and requires two or more persons shall be based on one of the following standards, whichever is greater.

1. Two months rental fee for a new item of that type; or
2. \$70.00.

i. Prior authorization shall be obtained from the Medicaid District Office in order to claim reimbursement under this subsection (e).

(f) While the recycled equipment is in possession of the DME recycling provider, the DME recycling provider shall store, safeguard and maintain the equipment.

(g) State institutions will have first priority on recycled durable medical equipment, when specifically requested.