Ohio | Department of Medicaid

DURABLE MEDICAL EQUIPMENT (DME) AND SOLE SOURCING: INTRODUCTION

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DME: AKA DMEPOS

Durable Medical Equipment (DME)

What is DME?

Durable Medical Equipment (DME) consists of items which are:

- Durable (can withstand repeated use)
- Used for a medical reason
- Not usually useful to someone who isn't sick or injured
- Used in the home
- Expected to have a lifetime of at least 3-5 years
  - » Items added as of 1.1.12 now have an expected lifetime of 3 years

DME is ordered or prescribed by a practitioner

Durable Medical Equipment (DME)

DMEPOS Examples

- DMEPOS covers a large range of items, such as:

Wheelchairs	Speech generating devices
Commodes	Crutches
Bath chairs	Apnea monitors
Bandages (not band aids)	Oxygen
Hospital beds	Compression garments
Enteral formulas	Catheters
Orthotics	Ventilators
Prosthetics	Tracheostomy tubes
Pumps	Walkers
Incontinence items	Pulse oximeters

Durable Medical Equipment prosthetics, orthotics and supplies (DMEPOS)

Related DME Terminology

- HME (Home Medical Equipment), like DME, refers to medical equipment used in the home
- Orthotics and prosthetics are referred to as O&P
- DME combined with O&P is referred to as DMEPOS- durable medical equipment, prosthetics, orthotics and supplies
- DMEPOS, DME, and HME are generally interchangeable
- ODM officially uses DMEPOS

Durable Medical Equipment prosthetics, orthotics and supplies (DMEPOS)

Provider Types

Basic provider contract-Covers basic DME items

O&P provider contract-Covers orthotics and prosthetic devices

Specialized provider contract-Covers technical or life sustaining devices

- Providers can only provide items based on their specific MITS contract
- Providers may have more than one contract
  - » A provider may have both a DME and a pharmacy contract
  - » A Physician may have a physician contract and a DME basic contract
  - » A DME provider may have 2 or all 3 DME contracts

DMEPOS: Rules

Durable Medical Equipment prosthetics, orthotics and supplies (DMEPOS)

DMEPOS Rules

- Located in 5160-10 of the Ohio Administrative Code (OAC)
- There are 28 DMEPOS rules, reduced from 35 DMEPOS rules
  - » 26 rules were updated effective 7.16.18
  - » 1 rule was created effective 7.16.18
  - » Wheelchair rule was updated effective 1.1.17
- 2 rules are instructional
  - » 5160-10-01 contains instructional information common to all DMEPOS rules
  - » 5160-10-02 contains repair information
  - » The remaining DMEPOS rules are product specific
- All chapter 10 rules follow a common format as much as possible

Durable Medical Equipment prosthetics, orthotics and supplies (DMEPOS)

DMEPOS Certificate of Medical Necessity (CMN)

- An ODM CMN is a form that, when completed correctly, certifies medical necessity
  - » Certain DMEPOS items require prior authorization
  - » Certain DMEPOS items require CMNs
  - » All DMEPOS items require a prescription
- 21 DMEPOS CMNS
- All CMNs share a similar format
  - » CMNs effective 7.16.18 contain a provision that permits providers to transcribe

Durable Medical Equipment prosthetics, orthotics and supplies (DMEPOS)

Fee Schedules

- There are 3 DMEPOS rules that contain Payment schedules
  - » DMEPOS provisions 5160-10-01
  - » Oxygen 5160-10-13
  - » Wheelchair 5160-10-16
- Fee schedules contain information regarding routinely covered items
  - » Prior authorization, By-report, frequency limits, payment amounts
- As a convenience, CMS permits the use of Fee schedules for both Medicaid agencies and providers
  - » Payment schedules are not all-inclusive nor exclusive
- DMEPOS fee schedules uses the Healthcare Common Procedure Coding System codes, not Common Procedural Terminology codes

DMEPOS: Understanding Payment Schedules

Durable Medical Equipment prosthetics, orthotics and supplies (DMEPOS)

Healthcare Common Procedure Coding System (HCPCS)

- Generally pronounced ”hick picks”
  - » (not hick pick, hicks pick,or hicks picks)
  - » 1 letter followed by 4 numbers, e.g. A1234
- 3 levels of codes
  - » Level I codes consist of American Medical Association (AMA) Current Procedural Terminology (CPT) and is numeric
  - » Level II codes are alphanumeric and primarily include non-physician services
  - » Level III codes are local codes, developed by Medicaid agencies for local jurisdictions and specific programs
    - Discontinued 12.31.2003, although there are a few that are still used
- HCPCS codes are level II

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Healthcare Common Procedure Coding System (HCPCS)

- ODM has approximately 1500 DMEPOS HCPCS codes
- HCPCS codes are a description, definition of an item
- HCPCS codes represent products not brands, for example:
  - » Depend® diapers are a brand
  - » Diapers are a product
    - Approximately 23 HCPCS codes for diapers
      - T4533, YOUTH SIZED DISPOSABLE INCONTINENCE PRODUCT, BRIEF/DIAPER, EACH
      - T4534, YOUTH SIZED DISPOSABLE INCONTINENCE PRODUCT, PROTECTIVE UNDERWEAR/PULL-ON, EACH

DMEPOS: Coverage

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Coverage

- Medical necessity is the basic premise of Medicaid coverage
  - » If medical necessity is not met, ODM will not make payment for an item
  - » A prescription for an item or service does not, in and of itself, make an item or service medically necessary or guarantee payment for it
  - » Medical necessity meets generally accepted standards of care, is appropriate to the situation, and is the lowest cost alternative that effectively addresses the medical problem
- All DMEPOS items must meet medical necessity
  - » Some items are not considered to meet medical necessity, e.g. safety and convenience items, fitness, hygiene equipment
- Providers must maintain proof of medical necessity

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Coverage: Prior Authorization (PA)

PA is never required, always required, or limit based

- Certain DMEPOS items have no PA requirement; PA is never required
  - » These items can be billed directly by the provider
- Certain DMEPOS items require PA by ODM before a claim can be submitted; PA is always required
  - » PA review is completed by an ODM contractor
- Certain DMEPOS items do not require PA until the frequency limit is reached, at that point, PA is required; PA is limit based
- Prior authorization requirements can be found on the fee schedules

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Coverage

- Many DMEPOS items have an assigned max fee, which is found on the fee schedules lists
- For the DMEPOS items that do not have max fees, payment amounts are set on a case-by-case basis
  - » For PA items, the payment amount is determined during the PA review process
  - » For DMEPOS items that do not require PA, payment amounts are set by ODM staff
    - By-report
  - » Payment methodologies are located in OAC 5160-10-01

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Coverage of "non-covered" items

- Non-covered items are items that are not readily, normally, or routinely covered by ODM
  - » Not on a fee schedule or has no assigned HCPCS code
    - There is no set process for coverage
  - » A non-covered item is not automatically excluded from coverage
- Medicaid is required to provide an avenue for requests of non-covered items

3 basic options to cover a non-covered item

1. Immediate coverage, determine medical necessity
   - » For individuals under 21 years of age, early and periodic screening, diagnostic and treatment (EPSDT) guidelines are followed
   - » Individuals 21 years of age can also have items reviewed
   - » Appropriate for items with or without HCPCS codes
   - » For items without HCPCS codes, appropriate miscellaneous codes will be needed

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Coverage of non-covered items

2. Home and community based waiver coverage
   - » Items that are not covered through the state plan that help individuals to stay at home or in their community
   - » Wheelchair ramps, stair lifts, home modification

3. Addition of items to the appropriate payment schedule
   - » CMS additions
     - CMS can add (or delete) HCPCS codes on a quarterly basis
     - More codes are generally added at the end of the year for the upcoming year
     - ODM may adopt some, none, or all of the additions

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Coverage of non-covered items

- Requests
  - » Established HCPCS codes
    - Stakeholders, Manufacturers, Providers, Interest groups ask for coverage for non-covered HCPCS codes
  - » Non-established HCPCS codes
    - Manufacturers seek HCPCS codes assignments from PDAC (PDAC-Medicare Contractor for Pricing, Data Analysis and Coding of HCPCS Level II DMEPOS Codes) when HCPCS codes don't exist for items
- Other
  - » Corrections
    - Items that should be covered by ODM, not the Bureau for Children with Medical Handicaps (BCMH)
    - Not providing appropriate coverage
      - – Covering only 2 items of a 3 item "set"

Sole Source

Sole Source

Sole Source Procurement Guidelines

- According to code of Federal Regulations 2 C.F.R. § 200.320(f)
- Noncompetitive proposals may be made when one or more of the following circumstances apply:
  - » The item is available only from a single source;
  - » The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
  - » The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
  - » After solicitation of a number of sources, competition is determined inadequate
- The most frequently invoked justification for adopting a sole source procurement process is the first exception:
  - » There is only one responsible source and no other supplies or services satisfy requirements usually defined in the statement of work

Sole Source

What is Not Considered to be Sole Source?

- An agency requirement for a particular proprietary product or service does not automatically justify a sole source procurement if there is more than one potential bidder or offeror for that item
  - » "uniqueness" alone may not qualify the producer or supplier of the good or service as a sole provider of a good or service
- Personal preference for product or vendor
- Lack of advance planning
- Cost, vendor performance, local service, maintenance and delivery (these may be considered award factors in competitive bidding)
- A good price, no time to do a bid, or stating it is the “best” anything are not reasons for sole source

Sole Source

Appropriate Sole Source Justification

- A sole source purchase is a method of acquisition
- It is not to be used to avoid competition
- Price cannot be used as a factor in determining if a sole source exists
  - » This would indicate the existence of a competitive marketplace
- Describe, in general terms, the good or service that is being requested
- Provide information on the market research efforts to locate other sources
- State the unique design/performance features (for goods) or the unique qualification/experience (for services) that are essential to meet specific requirements

Sole Source

Most Common Sole Source Contract in the States

- Systems/product maintenance (e.g., additional licenses, updates, replacement parts)
- Information technology
- Laboratory equipment.

Sole Source

Benefits of Sole Sourcing

Possible positive impacts of a shortened acquisition process may include:

- a reduced decision cycle, i.e. time required to award contracts
- lowered administrative costs, i.e. procurement process reduced to a minimum
- prices reflecting the best value
- improved delivery of products and services

Sole Source

Negative Aspects of Sole Sourcing

- Diminishes competition
- Promotes favoritism
- Does not secure the best services and products at the best price
- Denies beneficiaries' choice
- Increases risk of fraud, waste and abuse
- Risk of inability to provide services and products to beneficiaries (drop ship will not work during hurricane recovery)

DMEPOS: Resources

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Resources

- DMEPOS rules are located on the LAW Writer® website at http://codes.ohio.gov/oac/5160-10
- CMNs are located on the ODM website at https://www.medicaid.ohio.gov/RESOURCES/Publications/Medicaid-Forms
- Payment schedules located in:
  - » The appropriate rule; supply list, oxygen, wheelchair
  - » On the ODM site at https://medicaid.ohio.gov/Provider/FeeScheduleandRates/SchedulesandRates#1682570-durable-medical-equipment-prostheses-orthoses-and-supplies-dmepos

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Resources

- » CPT HCPCS level II list, supply lists for recently added HCPCS codes at https://medicaid.ohio.gov/Provider/FeeScheduleandRates/SchedulesandRates#1682569-cpt-and-hcpcs-level-ii-procedure-code-changes
- » Contract lists are located at https://portal.ohmits.com/Public/Providers/tabId/43/Default.aspx
  - There are three DMEPOS categories
    - Basic (DME) Durable PDF HTML CSV
    - Durable Medical Equi PDF HTML CSV
    - Special Licensed (DM PDF HTML CSV

- Non-institutional mailbox
  - » Noninstitutional_policy@medicaid.ohio.gov

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