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FACT SHEET
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Medicare DMEPOS Payments While Inpatient

Target Audience: Providers and suppliers who bill Medicare for DMEPOS items and services furnished to patients while they're in an inpatient facility.

CMS CENTERS FOR MEDICARE & MEDICAID SERVICES
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What's Changed?

Note: No substantive content updates.

Some providers and suppliers bill Medicare for DMEPOS items and services furnished to Medicare patients while they're in a facility. These are improper DMEPOS claims because Medicare pays the facility to furnish DMEPOS items and services.

In this fact sheet, **we** refers to CMS.

Under our payment systems, we pay inpatient hospital facilities in full, including for DMEPOS items and services. Generally, the facility directly furnishes DMEPOS items and services to an eligible inpatient or under arrangements between the facility and the supplier. We normally don't pay the supplier.

The Improper Payments Fact Sheet has more information on what we consider improper claims.

DMEPOS Inpatient Payments

Acute care hospitals (ACHs), long-term care hospitals (LTCHs), inpatient rehabilitation facilities (IRFs), inpatient psychiatric facilities (IPFs), and critical access hospitals (CAHs) must directly furnish DMEPOS items and services during an inpatient stay or arrange for a supplier to furnish them. The facility includes those supplier items on its Medicare inpatient claims, and we make no separate payments for items provided during an inpatient stay. If a supplier provides an item during an inpatient stay, we won't pay them for that item. Suppliers should refund patients any incorrectly collected deductible or coinsurance amounts.

Prospective Payment Systems

Medicare Part A pays ACHs through the Inpatient Prospective Payment System (IPPS) under 42 CFR 412.1 and specifically excludes LTCHs, IRFs, and IPFs from the IPPS under 42 CFR 412.23.

We pay these facilities through a Prospective Payment System (PPS) or per diem PPS and pay CAHs on a reasonable cost basis under Section 1814(I) of the Social Security Act.

Section 1861(n) of the Social Security Act limits Part B DME coverage to items and services used in the patient's home. As described in 42 CFR 410.38, we don't pay for DME furnished to patients for use in hospitals, CAHs, or skilled nursing facilities (SNFs) because these facilities aren't a qualified home. The facility must furnish all medically necessary DMEPOS items and services during a Part A-covered stay.

We include all DMEPOS items and services during a Part A-covered stay in the inpatient PPS rate, and the facility can't separately bill and receive payment for them. The inpatient facility directly pays the supplier for the furnished items.

DMEPOS Deliveries Before Inpatient Discharge

In some cases before a patient discharges, a supplier may deliver certain DMEPOS items to a facility not considered the patient's home. These items may include prosthetics or orthotics **but not supplies**. We allow pre-discharge delivery and training when the:

- Item is medically necessary for the patient to use in their home
- Item is medically necessary on the patient's discharge date
- Supplier delivers the item for training or fitting only, and the patient uses it in their home after discharge
- Supplier delivers the item no earlier than 2 days before discharge
- Patient takes the item home or the supplier delivers it on the discharge date
- Supplier doesn't eliminate the inpatient facility's responsibility to provide the medically necessary item
- Supplier doesn't bill any item before the discharge date
- Supplier doesn't bill added delivery costs to Medicare or the patient
- Patient discharges to a qualified place of service and not another facility that's not their home

Sections 110.3.1–110.3.3 of the Medicare Claims Processing Manual, Chapter 20 describe scenarios for pre-discharge DMEPOS delivery and facility responsibilities during the transition from inpatient to home.

Interruptions in Period of Continuous Use of DME

Medicare Part B makes monthly payments for certain "capped rental" DME items like wheelchairs and hospital beds for a period of continuous use not to exceed 13 months. Similarly, Medicare Part B makes monthly payments for oxygen and oxygen equipment for a period of continuous use not to exceed 36 months. The rules for determining a period of continuous use are found in 42 CFR 414.230.

Continuous use means the patient continues to have a medical need for the equipment and continues to use it, regardless of where they're located (at home or in the hospital). If a patient is admitted to the hospital or other facility that's not a qualified home while they're in a period of continuous use, the period of continuous use and monthly payments can be interrupted or may end. In this case, it depends on how long the patient is in the facility and whether medical need for the equipment continues.

- The supplier who furnished a capped rental DME item used in the patient's home can pick up the equipment while the patient is in the facility
- The supplier who furnished the equipment for use in the home must redeliver the equipment once the patient leaves the facility and returns home if the 13-month period of continuous use didn't end while the patient was in the facility

- The supplier who furnished oxygen and oxygen equipment used in the patient's home can pick up the equipment while the patient is in the facility
- The supplier must furnish the equipment for use in the home again once the patient leaves the facility and returns home at any time during the 5-year reasonable useful lifetime of the oxygen equipment, regardless of how many times the patient enters a facility during the 5-year period

No Interruption in Use

If the patient's medical need and use of the equipment continues while they're in the hospital or other facility that isn't a qualified home, monthly Part B payments for the equipment stop while they're in the facility, but there's no break in the period of continuous use. Once the patient returns home, the monthly rental payments continue where they left off when the patient entered the facility, regardless of how long they were in the facility. For example, if the supplier received payment for the 10th month of continuous use before the patient was admitted to the facility, after the patient leaves the facility and begins using the equipment again in their home, the next payment the supplier receives will be for the 11th month of continuous use.

Interruptions in Use of Less Than 60 Days

If the patient's medical need and use of the equipment is interrupted while they're in the hospital or other facility that isn't a qualified home, and the interruption is less than 60 consecutive days, plus the days remaining in the last paid rental month, the period of continuous use is also interrupted, but doesn't end. As described in the example above, if the supplier received payment for the 10th month of continuous use before the patient was admitted to the facility, after the patient leaves the facility and begins using the equipment again in their home, the next payment the supplier receives will be for the 11th month of continuous use.

Interruptions in Use of Capped Rental DME of More Than 60 Days

If the patient's medical need for the capped rental DME ends while they're in the facility and the break in need continues for more than 60 consecutive days plus the days remaining in the last paid rental month, the period of continuous use ends. The supplier who furnished the equipment used in the patient's home before the patient entered the facility isn't required to furnish the equipment for use in the home again once the patient leaves the facility. Any supplier can furnish the equipment for use in the home once the patient returns home from the facility, and a new 13-month period of continuous use can begin. The supplier must submit a new prescription, new medical necessity documentation, and a statement describing the reason medical necessity for the equipment ended while the patient was in the facility. If the supplier doesn't submit this documentation, a new 13-month period of continuous use and rental payments won't begin.

Section 30.5.4 of the Medicare Claims Processing Manual, Chapter 20 describes payment for capped rental items during the continuous use period.

Interruptions in Use of Oxygen and Oxygen Equipment of More Than 60 Days

If the patient's medical need for the oxygen and oxygen equipment ends while they're in the facility and the break in need continues for more than 60 consecutive days plus the days remaining in the last month where payment was made, the period of continuous use ends if less than 36 continuous monthly payments were made. The supplier who furnished the oxygen equipment used in the patient's home before the patient entered the facility isn't required to furnish the oxygen equipment for use in the home again once the patient leaves the facility. Any supplier can furnish the oxygen equipment for use in the home once the patient returns home from the facility, and a new 36-month period of continuous use can begin. The supplier must submit a new prescription, new medical necessity documentation, and a statement describing the reason medical necessity for the oxygen and oxygen equipment ended while the patient was in the facility. If the supplier doesn't submit this documentation, a new 36-month period of continuous use and rental payments won't begin.

NOTE: In any case where 36 continuous monthly payments were made to the supplier before the patient entered the facility, the supplier is responsible for continuing to furnish the oxygen and oxygen equipment used in the home for any period of medical need during the 5-year reasonable useful lifetime of the oxygen equipment.

Find your MAC's website if you have additional questions about billing for inpatient DMEPOS items.

Resources

- Medicare Improperly Paid Suppliers for DMEPOS Provided to Beneficiaries During Inpatient Stays (HHS-OIG, Office of Audit Services)
- Section 10.4 A of the Medicare Claims Processing Manual Chapter 3
- Section 130.1 of the Medicare Claims Processing Manual Chapter 30