



ADMINISTRATIVE RULES OF MONTANA

37.86.1806 PROSTHETIC DEVICES, DURABLE MEDICAL EQUIPMENT, AND MEDICAL SUPPLIES, REIMBURSEMENT REQUIREMENTS

- (1) Requirements for the purchase or rental of prosthetic devices, durable medical equipment, medical supplies and related maintenance, repair, and services are as follows:
 - (a) Subject to the requirements of this rule, the department will pay the lowest of the following for prosthetic devices, durable medical equipment, medical supplies and related maintenance, repair, and services:
 - (i) the provider's usual and customary charge for the item; or
 - (ii) the department's fee schedule maintained in accordance with the methodology described in ARM 37.86.1807.
 - (b) For all purposes under this rule and ARM 37.86.1807, the amount of the provider's usual and customary charge may not exceed the reasonable charge usually and customarily charged by the provider to all payers. The charge will be considered reasonable if less than or equal to the manufacturer's suggested list price. For items without a manufacturer's suggested list price, the charge will be considered reasonable if the provider's acquisition cost from the manufacturer is at least 50% of the charge amount. For items that are custom fabricated at the place of service, the amount charged will be considered reasonable if it does not exceed the average charge of all Medicaid providers by more than 20%. For rental items, the reasonable monthly charge may not exceed a percentage of the reasonable purchase charge, as specified in (3).
 - (c) A prior authorization is required for the following:
 - (i) for any line item of prosthetic device, durable medical equipment, medical supplies and related maintenance, repair, and services on which the department's fee is equal to or greater than \$1,000; and
 - (ii) all items identified as requiring prior authorization in the department's fee schedule referenced in ARM 37.86.1807(2).
 - (d) Prior authorization of a claim does not guarantee payment for the requested item or service.
 - (e) Reimbursement for prosthetic devices, durable medical equipment, medical supplies and related maintenance, repair and services utilized by nursing facility residents and billed by a nursing facility is subject to the limits in the department's rules governing nursing facility reimbursement.
- (2) For items that require prior authorization, the authorization number must be included on the submitted claim.

- (3) Medicaid reimbursement for items provided on a rental basis is limited as follows:
- (a) Total Medicaid rental reimbursement for items listed in Medicare's capped rental program or classified by Medicare as routine and inexpensive rental will be limited to 105% of the purchase price for that item. Monthly rental fees will be limited to 10% of the purchase price for the first three months and 7.5% of the remaining months and payments will be limited up to 13 months or less as outlined in chapter 5 of the Region D Medicare Supplier Manual.
 - (i) For purposes of this limit, the purchase price is the purchase fee specified in the department's fee schedule established under ARM 37.86.1807.
 - (ii) Interruptions in the rental period of less than 60 days will not result in the start of a new 13-month period or new purchase price limit, but periods in which service is interrupted will not count toward the 13-month limit.
 - (iii) A change in supplier during the 13-month period will not result in the start of a new 13-month period or new purchase price limit. Providers are responsible to investigate whether another supplier has been providing the item to the recipient and Medicaid will not notify suppliers of this information. The provider may rely upon a separate written statement of the recipient that another supplier has not been providing the item, unless the provider has knowledge of other facts or information indicating that another supplier has been providing the item. The supplier providing the item in the thirteenth month of the rental period is responsible to transfer ownership to the recipient.
 - (iv) If rental equipment is changed to different but similar equipment, the change will not result in the start of a new 13-month period or new 120% of purchase price limit, unless:
 - (A) the change in equipment is medically necessary as a result of a substantial change in the recipient's medical condition;
 - (B) a new certification of medical necessity for the new equipment is completed and signed by a physician; and
 - (C) the Acute Services Bureau prior authorizes the change in equipment.
 - (b) During the 13-month rental period, Medicaid rental reimbursement includes all supplies, maintenance, repair, components, adjustments, and services related to the item during the rental month. Separately billable supplies allowed by Medicare will be reimbursed by Medicaid as outlined in the most current Region D Medicare Supplier Manual. No additional amounts related to the item may be billed or reimbursed for the item during the 13-month rental period. The supplier providing the rental equipment during the rental period is responsible for all maintenance and servicing of the equipment.
 - (c) After 13 months rental, the recipient will be deemed to own the item and the provider must transfer ownership of the item to the recipient. After the 13-month rental period, the provider may bill separately for supplies, maintenance, repair, components, adjustments, and services related to the item, subject to the requirements of these rules, except that repair charges are not reimbursable during the manufacturer's warranty period.
 - (d) All rentals will be paid on a monthly basis, except phototherapy (bilirubin) lights which will be reimbursed at a daily rental rate.

- (i) Medicaid will pay an entire monthly rental fee for the initial month of rental even if less than a full month. When a rental extends into a second or subsequent month, Medicaid will pay a rental fee for a partial month only if the partial month period is at least 15 days.
- (e) Items classified by Medicare as needing frequent and substantial servicing will be reimbursed by Medicaid on a monthly rental basis only. The cap specified in (3)(a) does not apply and rental reimbursement may continue as long as the item is medically necessary.
- (f) If the purchase of a rental item is cost effective, the department may negotiate with the provider to purchase the item.
- (4) If no purchase fee has been set for a purchase item but a monthly rental fee has been set, Medicaid reimbursement for purchased items shall be limited to ten times the monthly rental fee established in accordance with ARM 37.86.1807.
- (5) The department may contract with providers of prosthetic devices, durable medical equipment and medical supplies to be sole providers of a specific item in a geographic area.
- (6) Medical coverage of diapers is limited to 180 diapers per recipient per month.
- (7) Purchased breast pumps are paid by the department through a single-volume purchase contract.

Authorizing statute(s): 53-2-201, 53-6-113, MCA

Implementing statute(s): 53-2-201, 53-6-101, 53-6-111, 53-6-113, MCA

History: NEW, 1981 MAR p. 1977, Eff. 1/1/82; AMD, 1982 MAR p. 1289, Eff. 7/1/82; AMD, 1986 MAR p. 1911, Eff. 1/1/87; AMD, 1989 MAR p. 282, Eff. 2/10/89; AMD, 1989 MAR p. 859, Eff. 6/30/89; AMD, 1991 MAR p. 1030, Eff. 7/1/91; AMD, 1992 MAR p. 1872, Eff. 8/28/92; AMD, 1994 MAR p. 2546, Eff. 9/9/94; AMD, 1995 MAR p. 1970, Eff. 10/1/95; TRANS, from SRS, 2000 MAR p. 481; AMD, 2001 MAR p. 986, Eff. 6/8/01; AMD, 2001 MAR p. 1476, Eff. 8/10/01; AMD, 2001 MAR p. 2156, Eff. 10/26/01; EMERG, AMD, 2003 MAR p. 999, Eff. 5/9/03; AMD, 2004 MAR p. 82, Eff. 1/1/04; AMD, 2007 MAR p. 2134, Eff. 1/1/08; AMD, 2018 MAR p. 189, Eff. 1/27/18.