

# Medical Policy



## Durable Medical Equipment (DME)

Policy Number: PG0129  
Last Review: 11/01/2024

HMO AND PPO  
ELITE (MEDICARE ADVANTAGE)  
MARKETPLACE

### GUIDELINES:

- This policy does not certify benefits or authorization of benefits, which is designated by each individual policyholder terms, conditions, exclusions, and limitations contract. It does not constitute a contract or guarantee regarding coverage or reimbursement/payment. Self-Insured group specific policy will supersede this general policy when group supplementary plan document or individual plan decision directs otherwise.
- Paramount applies coding edits to all medical claims through coding logic software to evaluate the accuracy and adherence to accepted national standards.
- This medical policy is solely for guiding medical necessity and explaining correct procedure reporting used to assist in making coverage decisions and administering benefits.

### SCOPE:

☒ Professional  
☐ Facility

### DESCRIPTION:

Durable medical equipment (DME), also known as home medical equipment (HME), is equipment that is primarily and customarily used for medical purposes and is not generally useful in the absence of illness or injury. It must be able to withstand repeated use (i.e., could normally be rented and used by successive patients) and must be appropriate for use in a patient's home. It must provide therapeutic benefits or enable the patient to perform certain tasks that he or she would be unable to perform or otherwise undertake due to certain medical conditions or illnesses.

Durable medical equipment is any equipment that meets ALL the following requirements:

1. Provides therapeutic benefits or enables the individual to perform certain tasks that they are unable to undertake otherwise due to certain medical conditions or illnesses
2. Can withstand repeated use
3. Is primarily and customarily used to serve a medical purpose
4. Generally, is not useful to a person in the absence of an illness or injury
5. Is appropriate for use in the home but may be transported to other locations to allow the individual to complete instrumental activities of daily living (IADL), which are more complex tasks required for independent living

Moreover, DME must meet the following definitions of "durable" AND "medical equipment":

- A. **Durable:** An item is considered durable if it can withstand repeated use, i.e., the type of item which could normally be rented. Medical supplies of an expendable nature such as incontinence pads, lamb's wool pads, catheters, ace bandages, elastic stockings, surgical face masks, irrigating kits, sheets and bags are not considered "durable" within the meaning of the definition. There are other items, which, although durable in nature, may fall into other benefit categories such as braces, prosthetic devices, artificial arms, legs, and eyes.
- B. **Medical Equipment:** Medical equipment is primarily and customarily used for medical purposes and is not generally useful in the absence of illness or injury. In most instances, no documentation will be needed to determine whether a specific item of equipment is medical in nature. However, some cases will require documentation to determine whether the item constitutes medical equipment. This documentation would include the advice of local medical organizations (hospitals, medical schools, medical societies) and specialists in the field of physical medicine and rehabilitation. If the equipment is new on the market, it

may be necessary, prior to seeking professional advice, to obtain information from the supplier or manufacturer explaining the design, purpose, effectiveness, and method of using the equipment in the home as well as the results of any tests or clinical studies that have been conducted.

#### **POLICY:**

##### **Paramount Commercial Insurance Plans and Elite (Medicare Advantage) Plans**

Durable Medical Equipment (DME) is a covered health care service when the member has a DME benefit, the equipment is ordered by a physician to treat an injury or sickness (illness), the equipment is not otherwise excluded in the member benefit plan document, and below coverage criteria are met.

Some DME require prior authorization. A provider must refer to the Paramount prior authorization list <https://www.paramounthealthcare.com/providers/claims-and-authorizations/outpatient-prior-authorization> and specific medical policy <https://www.paramounthealthcare.com/providers/medical-policies/policy-library> in reference to specific DME (this list may not be all-inclusive):

- PG0114 Enteral and Parenteral Nutrition
- PG0120 Cranial Orthotic Devices
- PG0131 Custom Oral Appliances for Obstructive Sleep Apnea
- PG0155 Glucose Testing Supplies
- PG0224 Cardioverter Defibrillators
- PG0227 Airway Clearance Devices
- PG0234 Home Oxygen Therapy
- PG0245 Hospital Beds and Accessories
- PG0247 Management of Obstructive Sleep Apnea
- PG0284 Power Mobility Devices
- PG0352 Air Fluidized Bed
- PG0480 Knee Orthosis

#### **COVERAGE CRITERIA:**

##### **Paramount Commercial Insurance Plans and Elite (Medicare Advantage) Plans**

Please consult individual contract regarding Plan coverage for durable medical equipment. If coverage is available, Paramount will determine whether it is appropriate for the DME item to be purchased or rented and allowed supply limits. Supplies requested beyond allowed limits will be denied as an excess of the limit.

#### **Medically Necessary:**

Durable medical equipment is considered **medically necessary** when **ALL** the following criteria are met:

1. The requested item meets the definition of DME as listed above.
2. The requested item has not otherwise been identified as not medically necessary or investigational and not medically necessary by a specific document.
3. There is adequate documentation in the medical records or in the claim submission of ALL the following:
  - a. The documentation substantiates that the physician exercised prudent clinical judgment to order or provide this equipment for an individual for the purpose of preventing, evaluating, diagnosing, or treating an illness, injury, disease, or its symptoms, and in accordance with generally accepted standards of medical practice. Generally accepted standards of medical practice mean standards that are based on credible scientific evidence published in peer-reviewed medical literature generally recognized by the relevant medical community, physician specialty society recommendations and the views of physicians practicing in relevant clinical areas and any other relevant factors.
  - b. There is a clinical assessment and associated rationale for the requested DME in the home setting, as evaluated by a physician, licensed physical therapist, occupational therapist, or nurse.
  - c. There is documentation substantiating that the DME is clinically appropriate, in terms of type, quantity, frequency, extent, site and duration and is considered effective for the individual's illness, injury or disease.

- d. The documentation supports that the requested DME will restore or facilitate participation in the individual's usual IADL's and life roles.
- e. The requested DME is not primarily for the convenience of the individual, physician, caregiver, or other health care provider.
- f. The DME is not more costly than an alternative service, sequence of services, device, or equipment, at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that covered individual's illness, injury, or disease.

Documentation should include the individual's diagnosis and other pertinent functional information including, but not limited to, duration of the individual's condition, clinical course (static, progressively worsening, or improving), prognosis, nature and extent of functional limitations, other therapeutic interventions and results, past experience with related items, etc.

**Not Medically Necessary:**

Items not meeting the above criteria are considered **not medically necessary** including, but not limited to **ANY** of the following situations:

1. The item is intended to be used for athletic, exercise, or recreational activities as opposed to assisting the individual in the activities of daily living (either ADLs or IADLs).
2. The item is intended for environmental control or a home modification (e.g., electronic door openers, air cleaners, ramps, elevators, stair glides, wheelchair attachments or accessories for stair-climbing, etc.).
3. The item includes an additional feature or accessory or is a non-standard or deluxe item that is primarily for the comfort and convenience of the individual (e.g., customized options on wheelchairs, hand controls to drive, electric vehicle lifts for wheelchairs, etc.).
4. The item is specifically designed for outdoor use (e.g., specially designed manual wheelchairs for beach access, specially designed power mobility devices for rough terrain, manual wheelchairs for sports, etc.).
5. The item represents a duplicative piece of equipment that is intended to be used as a backup device, for multiple residences, or for traveling, etc. (e.g., back-up manual wheelchair when a power wheelchair is the individual's primary means of mobility, a second wheeled mobility device specifically for work or school use, car seats).
6. The item represents a product upgrade to a current piece of equipment that is either fully functional or replacement of a device when the item can be cost-effectively repaired.

**Repairs and maintenance** of purchased DME equipment may be a covered expense when **ALL** the following criteria are met:

1. The manufacturer's warranty has expired.
2. The maintenance is not more frequent than every six months.
3. The repair or maintenance is not the result of misuse or abuse.
4. The repair cost is less than replacement cost.

**Replacement** of purchased DME equipment may be a covered expense if:

1. Replacement is required due to a change in an individual's condition that makes the current equipment non-functional; OR
2. Manufacturer's warranty has expired; AND
3. Replacement cost is less than the repair cost; AND
4. Replacement is not due to lost or stolen equipment, misuse, or abuse of the equipment; AND
5. Replacement is generally not required more frequently than every five years.

**Add-ons/upgrades:** Please consult the member's individual contract regarding Plan coverage for add-ons or upgrades. When add-ons or upgrades are beyond what is necessary to meet the member's basic functional medical needs, they are generally not considered medically necessary.

**Duplicative equipment:** Please consult the member's individual contract regarding Plan coverage for duplicative equipment. This would generally not be covered and may include, but not be limited to, equipment that is intended as a "back-up," such as for use in multiple residences, for traveling or for use at work or school,

in addition to the main piece of equipment. For policy on medical necessity of a second ventilator, refer to PG0183 Back-Up Ventilators.

**REVISION HISTORY EXPLANATION: ORIGINAL EFFECTIVE DATE: 03/30/2007**

Date	Explanation & Changes
03/05/2012	<ul style="list-style-type: none"><li>Updated</li></ul>
11/10/2015	<ul style="list-style-type: none"><li>Policy reviewed and updated to reflect most current clinical evidence per Medical Policy Steering Committee</li></ul>
01/01/2021	<ul style="list-style-type: none"><li>Medical policy placed on the new Paramount Medical Policy Format</li></ul>
02/08/2023	<ul style="list-style-type: none"><li>Medical Policy updated to reflect Medicaid coverage to Anthem as of 02/01/2023</li></ul>
05/01/2023	<ul style="list-style-type: none"><li>Medical Policy updated to reflect DME limits calculated by CMS criteria/guidelines</li><li>Policy named changed from DME Limits to Durable Medical Equipment (DME)</li><li>Medical Policy reviewed and updated to reflect most current clinical evidence</li></ul>
02/16/2024	<ul style="list-style-type: none"><li>Medical Policy placed on the new Paramount Medical Policy format</li></ul>
11/01/2024	<ul style="list-style-type: none"><li>Medical Policy reviewed and updated to reflect the most current clinical evidence</li><li>Removed reference to archived policies PG0135, PG0232, and PG0489</li></ul>

**Paramount reserves the right to review and revise our policies periodically when necessary. When there is an update, we will publish the most current policy to**  
<https://www.paramounthealthcare.com/providers/medical-policies/policy-library>

**REFERENCES/RESOURCES**

Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals>  
<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs>

National Physician Fee Schedule Relative Value File Calendar Year XXXX, Centers for Medicare & Medicaid Services (CMS) <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Relative-Value-Files>

NCCI Policy Manual for Medicare Services, current version, Chapter 1, General Correct Coding Policies <https://www.cms.gov/files/document/medicare-ncci-policy-manual-2023-chapter-1.pdf>

American Medical Association, Current Procedural Terminology (CPT®) and associated publications and services <https://www.ama-assn.org/amaone/cpt-current-procedural-terminology>

Centers for Medicare and Medicaid Services, Healthcare Common Procedure Coding System, HCPCS Release and Code Sets <https://www.cms.gov/Medicare/Coding/HCPCSReleaseCodeSets/HCPCS-Quarterly-Update>

Centers for Medicare & Medicaid Services (CMS), ICD-10-CM Official Guidelines for Coding and Reporting <https://www.cms.gov/medicare/coding/icd10>

Centers of Medicare & Medicaid Services (CMS), Medicare Claims Processing Manual, Chapter 23-Fee Schedule administration and coding Requirements <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c23.pdf>

Centers for Medicare & Medicaid Services (CMS), National Correct Coding Initiative (NCCI) Policy Manual for Medicare Services <https://www.cms.gov/medicare-medicare-coordination/national-correct-coding-initiative-ncci/ncci-medicare>

Center for Medicare and Medicaid Services, Medicare NCCI Medically Unlikely Edits (MUEs)  
<https://www.cms.gov/medicare/coding-billing/national-correct-coding-initiative-ncci-edits/medically-unlikely-edits>  
U.S. Preventive Services Task Force, <https://www.uspreventiveservicestaskforce.org/uspstf/>

Hayes, Inc., <https://www.hayesinc.com/>

Industry Standard Review