Medicare Program Integrity Manual

Department of Health and Human Services (DHHS)
HEALTH CARE FINANCING ADMINISTRATION (HCFA)

Transmittal 5 **Date: FEBRUARY 26, 2001**

CHANGE REQUEST 1187

CHAPTER NUMBERS	NEW SECTIONS	REVISED SECTIONS	DELETED SECTIONS
5	---	7	---
5	---	7.1.1	---
5	---	7.2	---
5	---	7.3	---
5	---	7.4	---
5	---	7.5	---
5	---	7.6	---
5	---	7.7	---

NEW/REVISED MATERIAL--EFFECTIVE DATE: July 2001 for system changes
July 2001 for publication of article

Section 7, Advance Determination of Medicare Coverage (ADMC) of Customized DME, is being revised to clarify that ADMC does not apply to inexpensive items and is a voluntary program.

Section 7.1.1, Definitions of Customized DME, is being revised to better clarify those items of DME considered to be "customized" and thus covered by this program.

Section 7.2, Items Eligible for ADMCs, is being revised to clarify when DMERCs may cease the current prior authorization process and how often DMERCs should publish examples of types of DME subject to this program.

Section 7.3, Instructions for Submitting ADMC Requests, is being revised to correct erroneous language.

Section 7.4, Instructions for Processing ADMC Requests, is being revised to clarify the timeframes under which ADMC decisions should be made and to instruct DMERCs how to count workload associated with this program.

Section 7.5, Affirmative ADMC Decisions, is being revised to clarify that ADMC decisions are medical necessity decisions.

Section 7.6, Negative ADMC Decisions, is being revised to clarify that ADMC decisions are medical necessity decisions and to indicate that requests may only be submitted once during a 6 month period.

Section 7.7, DMERC Tracking, is being revised to clarify that ADMC decisions are medical necessity decisions.

NOTE: Red italicized font identifies new material.

These instructions should be implemented within your current operating budget.

HCFA-Pub. 83

MEDICARE PROGRAM INTEGRITY MANUAL

Chapter 5 – Items and Services Having Special DMERC Review Considerations

{ TC }{ TC \l }7 – Advance Determination of Medicare Coverage (ADMC) of Customized Durable Medical Equipment (DME) ***(Rev.5, 02-26-01)***

Section 1834(a)(15)(C) of the Act provides that carriers shall, at the request of a supplier or beneficiary, determine in advance of delivery of an item whether the item may be covered if:

- The item is a customized item,
- The patient to whom the item is to be furnished, or the supplier, requests that such advance determination be made, and
- *The item is not an inexpensive item as specified by the Secretary.*

This section provides for direction in implementing § 1834 (a)(15)(C) of the Act.

It is important to note that ADMCs are not initial determinations as defined at 42 CFR 405.801(a), because no request for payment is being made. As such, an ADMC cannot be appealed.

This is a voluntary program. Beneficiaries and suppliers are not required to submit ADMC requests in order to submit claims for items. Additionally, DMERCs may not require an ADMC request as a prerequisite for submitting a claim.

Any standard systems changes needed to implement these instructions should be implemented no later than July 1, 2001.

{ TC \l }7.1 – Definitions (Rev. 3, 11-22-00)

{ TC \l }7.1.1 – Definitions of Customized DME ***(Rev.5, 02-26-01)***

Section 1834(a)(4) of the Act and 42 CFR 414.224 define customized DME as being items of DME which have been ***uniquely constructed or substantially modified*** *for a specific beneficiary according to the description and orders of the beneficiary's*
treating physician.

For instance, a wheelchair which has been (1) measured, fitted, or adapted in consideration of the patient's body size, disability, period of need, or intended use, (2) assembled by a supplier or ordered from a manufacturer who makes available customized features, modifications, or components for wheelchairs, and (3) is intended for an individual patient's use in accordance with instructions from the patient's physician would be considered "customized".

{ TC \l }7.2 – Items Eligible for ADMCs ***(Rev.5, 02-26-01)***

Effective September 1, 2001 the DMERCs will no longer provide prior authorization for transcutaneous electrical nerve stimulators, seat lift mechanisms or power operated vehicles.

The DMERCs shall publish examples of the types of items for which ADMCs are available. These examples shall be published yearly in the DMERC's Suppliers' Bulletin. Examples will be published in the form of HCPCS codes eligible for this program. Because HCPCS codes describe general "categories" of equipment, this list is not a list of specific items, but rather a general list of the categories of types of items eligible for this program.

{ TC }7.3 – Instructions for Submitting ADMC Requests *(Rev.5, 02-26-01)*

Beginning October 1, 2001, at their option, suppliers or beneficiaries may submit, in hard copy, requests for ADMC. Requests must contain adequate information from the patient's medical record to identify the patient for whom the item is intended, the intended use of the item, and the medical condition of the patient that necessitates the use of a customized item.

Each DMERC shall publish the mailing address to which requests should be sent.

{ TC \l }7.4 – Instructions for Processing ADMC Requests *(Rev.5, 02-26-01)*

Upon receipt of a request, the DMERC shall render an advance determination of Medicare coverage within 30 calendar days. DMERCs shall provide the requestor with their decision, be it affirmative or negative, in writing.

If requests are received for the wrong item(s), the request will be rejected. Rejected requests should not be counted as workload.

Requests for appropriate items received without documentation to support coverage will be denied as not meeting the medical necessity requirements Medicare has established for the item.

{ TC \l }7.5 – Affirmative ADMC Decisions *(Rev.5, 02-26-01)*

When making an ADMC, the DMERC should review the information submitted with the request to determine; 1) if a benefit category exists, 2) if a statutory exclusion exists, and 3) if the item is reasonable and necessary.

An affirmative ADMC decision will provide the supplier and the beneficiary assurance that the beneficiary, based on the information submitted with the request, will meet the medical necessity requirements Medicare has established for the item. An affirmative ADMC decision does not provide assurance that the beneficiary meets Medicare eligibility requirements nor does it assure that any other Medicare requirements (MSP, etc.) have been met. Only upon submission of a complete claim, can the DMERC make a full and complete determination.

*An affirmative ADMC decision does not extend to the **price** that Medicare will pay for the item.*

An affirmative ADMC decision is valid for a period of 6 months from the date the decision is rendered. Oftentimes, beneficiaries who require customized DME are subject to rapid changes in medical condition. These changes may obviate the need for a particular item, either because the beneficiary's condition improved or deteriorated. For this reason, the date the item was provided to the beneficiary cannot be more than 6 months after the date the ADMC decision was

made.

The DMERCs reserve the right to review claims on a pre- or post-payment basis and, notwithstanding the requirements of this section, may deny claims and take appropriate remedy if they determine that an affirmative ADMC decision was made based on incorrect information.

{ TC \l }7.6 – Negative ADMC Decisions ***(Rev.5, 02-26-01)***

A negative ADMC decision communicates to the supplier and the beneficiary that, based on the information submitted with the request, the beneficiary does not meet the medical necessity requirements Medicare has established for the item. The negative ADMC decision should indicate why the request was denied.

A beneficiary or a supplier can resubmit an ADMC request if additional medical documentation is obtained that could affect the prior negative ADMC decision. However, requests may only be submitted once during a 6-month period.

{ TC \l }7.7 – DMERC Tracking ***(Rev.5, 02-26-01)***

DMERCs shall develop the capability to track ADMC requests in order to assure that decisions are rendered in a timely and appropriate fashion. DMERCs shall also develop the capability to ensure that 1) items for which an affirmative ADMC decision was made are not denied as not meeting the medical necessary requirements of the policy, and 2) claims for item that received a negative ADMC decision are denied as not covered, unless additional medical documentation submitted with the claims supports coverage.