

Title of Rule: Durable Medical Equipment and Supplies
Rule Number: MSB 06-07-14-A
Division / Contact / Phone: Acute Care Benefits / Renee Robinson / 303-866-5622

STATEMENT OF BASIS AND PURPOSE

1. Summary of the basis and purpose for the rule or rule change. (State what the rule says or does and explain why the rule or rule change is necessary).

The purpose of the rule is to require all Medicaid DME providers to have a physical location within the State of Colorado or no more than 50 miles from any Colorado border. The change also renumbers portions of the rule and adds clarifying language.

2. An emergency rule-making is imperatively necessary

to comply with state or federal regulation and/or

for the preservation of public health, safety and welfare.

Explain:

3. Federal authority for the Rule, if any:

4. State Authority for the Rule:

25.5-1-301 through 25.5-1-303, C.R.S. (2006);
Section 25.5-4-416, C.R.S. (2006)

Initial Review **10/13/06**
Proposed Effective Date **01/01/07**

Final Adoption **11/09/06**
Emergency Adoption

DOCUMENT #05

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REGULATORY ANALYSIS

1. Describe the classes of persons who will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule.

Out of state Durable Medical Equipment (DME) providers are the class directly affected due to the requirement that all Medicaid DME providers must have a physical location within the State of Colorado or no more than 50 miles from any Colorado border per HB 06-1299. Clients may indirectly be affected if this requirement limits access to DME providers.

2. To the extent practicable, describe the probable quantitative and qualitative impact of the proposed rule, economic or otherwise, upon affected classes of persons.

DME providers that fail to meet the requirements of the rule will be the only class directly affected. Few clients will be affected due to the provision that providers with unique or one of a kind products may submit proof of their claim for exemption from the rule.

3. Discuss the probable costs to the Department and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues.

The Colorado General Assembly determined in HB-06-1299 that there will be no fiscal impact from notifying currently registered out of state DME providers that they will be deactivated. The purchase of durable medical equipment and supplies will be kept within the state.

4. Compare the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction.

Inaction is not an option as the proposed rule is mandated by HB 06-1299.

5. Determine whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule.

There are no less costly or less intrusive methods for achieving the purpose of the proposed rule.

6. Describe any alternative methods for achieving the purpose for the proposed rule that were seriously considered by the Department and the reasons why they were rejected in favor of the proposed rule.

There were no alternative methods considered for this proposed rule.

8.590.1 DEFINITIONS

Abuse, for purposes of this rule only, means the intentional destruction of or damage to equipment that results in the need for repair or replacement.

Cochlear Implant or cochlear prosthesis means an electrode or electrodes surgically implanted in the cochlea which are attached to an induction coil buried under the skin near the ear, and the associated unit which is worn on the body.

Disposable Medical Supplies (Supplies) means supplies prescribed by a physician that are specifically related to the active treatment or therapy for an illness or physical condition. Supplies are non-durable, disposable, consumable and/or expendable.

Durable Medical Equipment (DME) means medically necessary equipment prescribed by a physician that can withstand repeated use, serves a medical purpose, and is appropriate for use outside of a medical facility.

Facilitative Device means DME with a retail price equal to or greater than one hundred dollars that is exclusively designed and manufactured for a client with disabilities to improve, maintain or restore self-sufficiency or quality of life through facilitative technology. Facilitative Devices do not include Wheelchairs.

Hearing Aid means a wearable instrument or device designed or offered for the purpose of aiding or compensating for impaired human hearing and any parts, attachments, or accessories thereto, including ear molds but excluding batteries and cords.

Medical Necessity, for purposes of ~~this rule 8.590~~rule only, means DME, Supplies and Prosthetic or Orthotic Devices that are necessary in the treatment, prevention or alleviation of an illness, injury, condition or disability.

Misuse means failure to maintain and/or the intentional utilization of DME, Supplies and Prosthetic or Orthotic Device in a manner not prescribed, recommended or appropriate that results in the need for repairs or replacement. Misuse also means DME, Supply or Prosthetic Device use by someone other than the client for whom it was prescribed.

Prosthetic or Orthotic Device means replacement, corrective or supportive devices that artificially replace a missing portion of the body, prevent or correct physical deformity or malfunction, or support a weak or deformed portion of the body.

Related Owner means an individual with 5% or more ownership interest in a business and one entitled to a legal or equitable interest in any property of the business whether the interest is in the form of capital, stock, or profits of the business.

Related Party means a provider who is associated or affiliated with, or has control of, or is controlled by the organization furnishing the DME, Supplies and Prosthetic or Orthotic Device. An owner related individual shall be considered an individual who is a member of an owner's immediate family, including a spouse, natural or adoptive parent, natural or adoptive child, stepparent, stepchild, sibling or stepsibling, in-laws, grandparents and grandchildren.

Wheelchair means any wheelchair or scooter that is motor driven or manually operated for the purposes of mobility assistance, purchased by the Department or donated to the client.

Wrongful Disposition means the mismanagement of DME, Supplies and Prosthetic or Orthotic Devices by a client by selling or giving away the item reimbursed by the Department.

8.590.2 BENEFITS

8.590.2.A. DME, Supplies and Prosthetic or Orthotic Devices are a benefit when Medically Necessary. To determine Medical Necessity the equipment, supplies, and Prosthetic or Orthotic Device shall:

1. Be prescribed by a physician and when applicable, be recommended by an appropriately licensed practitioner.
2. Be a reasonable, appropriate and effective method for meeting the client's medical need.
3. Have an expected use that is in accordance with current medical standards or practices.
4. Be cost effective, which means that less costly and medically appropriate alternatives do not exist or do not meet treatment requirements.
5. Provide for a safe environment.
6. Not be experimental or investigational, but generally accepted by the medical community as standard practice.
7. Not have as its primary purpose the enhancement of a client's personal comfort or to provide convenience for the client or caretaker.

8.590.2.B. DME, Supplies and Prosthetic or Orthotic Devices shall not be provided to clients residing in a hospital, nursing facility or other facility receiving daily Medicaid reimbursement except under the following circumstances:

1. DME, Supplies and Prosthetic or Orthotic Devices may be provided to clients residing in a hospital, nursing facility or other facility receiving daily Medicaid reimbursement if the client is within fourteen days of discharge and when prior authorization and/or training are needed to assist the client with equipment usage and the equipment is needed immediately upon discharge from the facility.
2. Repairs and modifications to client owned DME, Prosthetic or Orthotic Devices not required as part of the per diem reimbursement shall be provided to clients residing in a hospital, nursing facility or other facility receiving daily Medicaid reimbursement.
3. Prosthetic or Orthotic Devices may be provided to clients residing in a hospital, nursing facility or other facility receiving daily Medicaid reimbursement if Prosthetic or Orthotic benefits are not included in the facilities' per diem rate.

8.590.2.C. DME, Supplies and Prosthetic or Orthotic Devices shall not be duplicative or serve the same purpose as items already utilized by the client unless it is medically required for emergency or backup support. Backup equipment shall be limited to one.

~~8.590.2.D. The Provider shall implement a system that supports client autonomy and describes how equipment will be serviced and maintained, routine follow-up and response procedures to prevent any interruption of services to the clients. This system shall include provisions describing how service and repairs may occur at the client's location when appropriate.~~

~~8.590.2.E. The Provider shall implement and maintain a process for honoring all warranties expressed and implied under applicable State laws.~~

~~8.590.2.F.~~ 8.590.2.D. -All items purchased by the Department shall become the property of the client unless the client and provider are notified otherwise by the Department at the time of purchase.

~~8.590.2.G.~~ 8.590.2.E. -Rental equipment shall be provided if the Department determines it to be cost effective and Medically Necessary.

~~8.590.2.H.~~ 8.590.2.F. -Supplies shall be for a specific purpose, not incidental or general purpose usage.

~~8.590.2.I.~~ 8.590.2.G. -The following DME and Supplies are benefits for clients regardless of age:

1. Ambulation devices and accessories including but not limited to canes, crutches or walkers.
2. Bath and bedroom safety equipment.
3. Bath and bedroom equipment and accessories including, but not limited to, specialized beds and mattress overlays.
4. Manual or power Wheelchairs and accessories.
5. Diabetic monitoring equipment and related disposable supplies.
6. Elastic supports/stockings.
7. Blood pressure, apnea, blood oxygen, Pacemaker and uterine monitoring equipment and supplies.
8. Oxygen and oxygen equipment in the client's home, a nursing facility or other institution. The institutional oxygen benefit is fully described in 10 C.C.R. 2505-10, Section 8.580.
9. Transcutaneous and/or neuromuscular electrical nerve stimulators (TENS/NMES) and related supplies.
10. Trapeze, traction and fracture frames.
11. Lymphedema pumps and compressors.
12. Specialized use rehabilitation equipment.
13. Oral and enteral formulas and supplies.
14. Parenteral equipment and supplies.
15. Environmental controls for a client living unattended if the controls are needed to assure medical safety.
16. Facilitative Devices.

- a. Telephone communication devices for the hearing impaired and other facilitative listening devices, except hearing aids, and cochlear implants.
- b. Computer equipment and reading devices with voice input or output, optical scanners, talking software, Braille printers and other devices that provide access to text.
- c. Computer equipment with voice output, artificial larynges, voice amplification devices and other alternative and augmentative communication devices.
- d. Voice recognition computer equipment software and hardware and other forms of computers for persons with disabilities.
- e. Any other device that enables a person with a disability to communicate, see, hear or maneuver including artificial limbs and orthopedic footwear.

~~8.590.2.J.~~ 8.590.2.H. -The following DME are benefits to clients under the age of 21:

1. Hearing aids and accessories.
2. Phonic ear.
3. Therapy balls for use in physical or occupational therapy treatment.
4. Selective therapeutic toys.
5. Computers and computer software when utilization is intended to meet medical rather than educational needs.
6. Vision correction unrelated to eye surgery.

~~8.590.2.K.~~ 8.590.2.I. -The following Prosthetic or Orthotic Devices are benefits for clients regardless of age:

1. Artificial limbs.
2. Facial Prosthetics.
3. Ankle-foot/knee-ankle-foot orthotics.
4. Recumbent ankle positioning splints.
5. Thoracic-lumbar-sacral orthoses.
6. Lumbar-sacral orthoses.
7. Rigid and semi-rigid braces.
8. Therapeutic shoes.
9. Orthopedic footwear, including shoes, related modifications, inserts and heel/sole replacements.

10. Specialized eating utensils and other medically necessary activities of daily living aids.
11. Augmentative communication devices and communication boards.

~~8.590.2.L.~~ 8.590.2.J. -Repairs and replacement parts are covered under the following conditions:

1. The item was purchased by Medicaid; or
2. The item is owned by the client, client's family or guardian; and
3. The item is used exclusively by the client; and
4. The item's need for repair was not caused by client misuse, abuse or neglect; and
5. The item is no longer under the manufacturer warranty.

~~8.590.2.M.~~ 8.590.2.K. -Repairs, replacement, and maintenance shall be based on the manufacturer's recommendations and shall be performed by a qualified rehabilitation professional. Repairs, replacement and maintenance shall be allowed on the client's primary equipment and/or one piece of backup equipment. Multiple backup equipment will not be repaired, replaced or maintained.

~~8.590.2.N.~~ 8.590.2.L. -If repairs are frequent and repair costs approach the purchase price of new equipment, the provider shall make a request for the purchase of new equipment. The prior authorization request shall include supporting documentation explaining the need for the replacement equipment and the cost estimates for repairs on both the old equipment and the new equipment purchase.

~~8.590.2.O.~~ 8.590.2.M. -Supplies are a covered benefit when related to the following:

1. Surgical, wound or burn care.
2. Syringes or needles.
3. Bowel or bladder care.
4. Antiseptics or solutions.
5. Gastric feeding sets and supplies.
6. Tracheostomy and endotracheal care supplies.
7. Diabetic monitoring.

~~8.590.2.P.~~ 8.590.2.N. -Quantities of supplies shall not exceed one month's supply unless they are only available in larger quantities as packaged by the manufacturer.

~~8.590.2.Q.~~ 8.590.2.O. -Medicaid clients for whom Wheelchairs, Wheelchair component parts and other specialized equipment were authorized and ordered prior to enrollment in a Managed Care Organization, but delivered after the Managed Care Organization enrollment shall be the responsibility of the Department. All other

DME and disposable supplies for clients enrolled in a Managed Care Organization shall be the responsibility of the Managed Care Organization.

~~8.590.2.R.~~ 8.590.2.P. -Items used for the following are not a benefit to a client of any age:

1. Routine personal hygiene.
2. Education.
3. Exercise.
4. Participation in sports.
5. Client or caretaker convenience.
6. Cosmetic purposes.
7. Personal comfort.

~~8.590.2.S.~~ 8.590.2.Q. -For clients age 21 and over, the following items are not a benefit:

1. Hearing aids and accessories.
2. Phonic ears.
3. Therapeutic toys.
4. Vision correction unrelated to eye surgery.

~~8.590.2.T.~~ 8.590.2.R. -Rental Policy.

1. The Department may set a financial cap on certain rental items. The monetary price for those items shall be determined by the Department and noted in the Medicaid bulletin. The provider is responsible for all maintenance and repairs as described at 8.590.4.P-Q, until the cap is reached.
2. Upon reaching the capped amount, the equipment shall be considered purchased and shall become the property of the client. The provider shall give the client and/or caregiver all applicable information regarding the equipment as described at 8.590.4.C.4. The equipment shall not be under warranty after the rental period ends.
3. The rental period may be interrupted, for a maximum of sixty consecutive days.
4. If the rental period is interrupted for a period greater than sixty consecutive days, the rental period must begin again. The interruption must be justified, documented by a physician, and maintained in the provider file.
5. If the client changes providers, the current rental cap remains in force.

8.590.3 PRIOR AUTHORIZATION

- 8.590.3.A. Selected DME, Supplies, and Prosthetic or Orthotic Devices require prior authorization before they will be provided. All items requiring prior authorization are listed in the Medicaid bulletin.

- 8.590.3.B. Prior authorization shall not be required for Medicare Crossover claims.
- 8.590.3.C. Prior authorization shall be required for clients who have other primary insurance besides Medicare.
- 8.590.3.D. Prior authorization requests shall include the following information:
1. A full description of the item(s).
 2. The requested number of items.
 3. A full description of all attachments, accessories and/or modifications needed to the basic item(s).
 4. The effective date and estimated length of time the item(s) will be needed.
 5. The diagnosis, prognosis, previous and current treatments and any other clinical information necessary to establish Medical Necessity for the client.
 6. Any specific physical limitations the client may have that are relevant to the prior authorization consideration.
 7. The client's prescribing physician's, primary care physician's and provider's name and identification numbers.
 8. The serial numbers for all Wheelchair repairs.
 9. The ordering physician's signature. The physician can either sign the authorization or attach a written prescription or letter of medical necessity to the authorization.
- 8.590.3.E. Diagnostic and clinical information shall be completed prior to the physician's signature. The provider shall not complete or add information to the prior authorization after the physician has signed the request.
- 8.590.3.F. Requests for prior authorization shall be submitted in a timely fashion. Requests submitted with a begin date in excess of three months prior to the date of submission shall include additional, updated documentation indicating the continued Medical Necessity of the request. Retroactive approval beyond three months without such documentation shall be considered only in cases of client retroactive program eligibility.
- 8.590.3.G. Approval of a prior authorization does not guarantee payment or constitute a waiver of any claims processing requirements including eligibility and timely filing.

8.590.4 PROVIDER RESPONSIBILITIES

~~8.590.4.A. Providers shall comply with the following statutory requirements:~~

Providers shall issue express warranties for Wheelchairs and Facilitative Devices and shall assure that any refund resulting from the return of a Wheelchair or other Facilitative Device is returned to the Department in compliance with Sections 6-1-401 to 6-1-412, C.R.S. (2005) and Sections 6-1-501 to 6-1-511, C.R.S. (2005). Sections 6-1-401 to 6-1-412 and 6-1-501 to 6-1-511, C.R.S. (2005) are incorporated herein by reference. No amendments or later editions are incorporated. The Acute Care Benefits Section Manager,

Colorado Department of Health Care Policy and Financing may be contacted at 1570 Grant Street, Denver, Colorado 80203, for a copy of the statute, or the materials may be examined at any publications depository library.

8.590.4.A. The Provider shall implement a system that supports client autonomy and describes how equipment will be serviced and maintained, routine follow-up and response procedures to prevent any interruption of services to the clients. This system shall include provisions describing how service and repairs may occur at the client's location when appropriate.

8.590.4.B. The Provider shall implement and maintain a process for honoring all warranties expressed and implied under applicable State laws.

8.590.4.C. Providers of custom Wheelchairs, ~~and~~ seating products and any other DME shall be able to appropriately assess and provide adequate repairs, adjustment and service by qualified rehabilitation professionals for all products they distribute.

~~8.590.4.C.~~ 8.590.4.D. Providers shall maintain the following for all items provided to a client:

1. Physician prescriptions.
2. Approved prior authorization requests.
3. Additional documentation received from physicians or other licensed practitioners.
4. Documentation that the client and/or caregiver have been provided with the following:
 - a. Manufacturer's instructions.
 - b. Warranty information.
 - c. Registration documents.
 - d. Service manual.
 - e. Operating guides.
5. Documentation on all reimbursed equipment, which shall include:
 - a. Manufacturer's name and address.
 - b. Date acquired.
 - c. Acquisition cost.
 - d. Model number.
 - e. Serial number.
 - f. Accessories, attachments or special features included in the item.
6. Providers shall verify that equipment requiring repairs belongs to the presenting client.

~~8.590.4.D.~~ 8.590.4.E. Providers shall retain all documentation for a period of six years.

~~8.590.4.E.~~ 8.590.4.F. Providers shall provide a copy of all documentation to a client or his/her representative, if requested.

~~8.590.4.F.~~ 8.590.4.G. Providers shall be responsible for delivery of and instructing the client on the proper use of the ordered/authorized equipment or supplies appropriate for the stated purpose consistent with the requirements, goals and desired outcomes at the time of the prescription and delivery.

~~8.590.4.G.~~ 8.590.4.H. The provider shall be responsible for client evaluation, wheelchair measurements and fittings, client education, adjustments, modifications and delivery set-up installation of equipment in the home. If modifications require the provider to fabricate customized equipment or orthotics to meet client needs, the provider shall justify the necessity and the cost of additional materials of the modifications. Modifications shall not alter the integrity, safety or warranty of the equipment.

~~8.590.4.H.~~ 8.590.4.I. The provider shall pick-up inappropriate or incorrect items within five business days of being notified. The provider shall not bill the Department for items known to be inappropriate or incorrect and awaiting pick-up. The provider shall submit a credit adjustment to the Department within twenty business days following the pick-up date if a claim was submitted prior to notification an item was inappropriate or incorrect.

~~8.590.4.I.~~ 8.590.4.J. Providers shall confirm continued need for disposable supplies with the client or caretaker prior to supply shipment.

~~8.590.4.J.~~ 8.590.4.K. All purchased equipment shall be new at the time of delivery to the client unless an agreement was reached in advance with the client and Department.

~~8.590.4.K.~~ 8.590.4.L. Providers shall provide DME, Supplies, Prosthetic or Orthotic Devices, repairs and all other services in the same manner they provide these services to non-Medicaid clients.

~~8.590.4.L.~~ 8.590.4.M. Providers shall ensure the equipment provided will be warranted in accordance with the manufacturer's warranty. The provider shall not bill Medicaid or the client for equipment, parts, repairs, or other services covered by the warranty.

~~8.590.4.M.~~ 8.590.4.N. The following requirements shall apply to warranted items:

1. The provider shall be able to provide adequate repairs, adjustments and services by appropriately trained technicians for all products they distribute.
2. The provider shall complete services or repairs in a timely manner and advise the client on the estimated completion time.
3. The provider shall arrange for appropriate alternative, like equipment in the absence of client owned backup equipment. The provider shall provide the alternative equipment at no cost. If the backup equipment is not available as loan equipment, the provider shall arrange for a temporary equipment rental through the Department.

4. The provider shall exclude from warranty provisions, replacement or repairs to equipment that are no longer able to meet client needs due to changes in anatomical and/or medical condition that occurred after purchase.
5. The provider may refuse warranty services on items for which there **have**s been documented patterns of specific client abuse, misuse or neglect. The provider shall notify the Department in all documented cases of abuse, misuse or neglect within ten business days of learning of the incident of abuse.

~~8.590.4.N.~~ 8.590.4.O. -Previously used or donated DME may be provided to the client if agreed upon by the client and the Department. Departmental approval will be coordinated by the Acute Care Benefits Section.

~~8.590.4.O.~~ 8.590.4.P. -The Provider shall assure the item provided meets the following conditions:

1. The item is fully serviced and reconditioned.
2. The item is functionally sound and in good operating condition.
3. The item will be repaired and have parts replaced in a manner equivalent to an item that is new. The item will have parts available for future repairs in a manner equivalent to the manufacturer's warranty on a like item which is new.
4. The provider will make all adjustments and modifications needed by the client during the first year of use, except for changes and adjustments required due to growth or other anatomical changes or for repairs not covered by the manufacturer's warranty on a like new item.

~~8.590.4.P.~~ 8.590.4.Q. -The provider shall receive and perform service and repairs in the same manner they provide services for non-Medicaid clients for rental equipment.

~~8.590.4.Q.~~ 8.590.4.R. -The provider shall assure the following for rental equipment:

1. Appropriate service to the item.
2. Complete services or repairs in a timely manner with an estimate of the approximate time required.
3. Appropriate alternative equipment during repairs.
4. Provision and replacement of all expendable items, including but not limited to hoses, fuses, and batteries.

8.590.5 PROVIDER REQUIREMENTS

8.590.5.A. Providers are required to have one or more physical location(s), within the State of Colorado, or within fifty (50) miles of any Colorado border.

8.590.5.B. The above providers must also have:

1. A street address; and
2. A local business telephone number;

3. An inventory; and

4. Sufficient staff to service or repair products.

8.590.5.C. Providers who do not meet the requirements of 8.590.5.A. Out-of-state providers may apply to become a Medical provider if the DME or disposable medical supplies are medically necessary and cannot otherwise be purchased from a provider who meets the requirements of 8.590.5.A. within the State of Colorado.

1. Applications from providers who do not meet the requirements of 8.590.5.A # out-of-state applications must be submitted to the DME Program Coordinator for approval.

2. Out-of-state providers meeting these qualifications Applications submitted pursuant to this section will be reviewed for approval on a case-by-case basis for those specialty items only.

8.590.6 CLIENT RESPONSIBILITIES

8.590.5.A. 8.590.6.A. -Clients or client caregivers shall be responsible for the prudent care and use of DME, Supplies, and Prosthetic or Orthotic Devices. Repairs, servicing or replacement of items are not a benefit if there is documented evidence of client Abuse, Misuse, Neglect or Wrongful Disposition.

8.590.5.B. 8.590.6.B. -Clients shall be responsible for the cost of any additional items or enhancements to equipment not deemed Medically Necessary. The client shall sign an agreement with the provider that states:

1. The cost of the items.
2. That the client was not coerced into purchasing the items.
3. That the client is fully responsible for the cost, servicing and repairs to the items after the warranty period is completed.

8.590.5.C. 8.590.6.C. -The client shall contact the point of purchase for service and repairs to covered items under warranty. Clients may contact a participating provider of their choice for service and repairs to covered items not under warranty or for an item under warranty if the original point of purchase is no longer a participating provider.

8.590.5.D. 8.590.6.D. -The client shall become the owner of any equipment purchased by the Department and remains subject to Medicaid DME rules unless otherwise notified by the Department at the time of purchase.

8.590.5.E. 8.590.6.E. -The client shall be responsible for obtaining a police report for items being replaced due to theft, fire damage or accident. The police report shall be attached to the prior authorization requesting replacement of the item.

8.590.5.F. 8.590.6.F. -The client shall be responsible for reporting to the manufacturer, dealer or alternative warranty service provider instances where a Wheelchair or Facilitative Device does not conform to the applicable express warranty.

8.590.5.G. 8.590.6.G. -The client or caregiver shall be responsible for routine maintenance on all equipment purchased or rented by the Department. Routine maintenance is

the servicing described in the manufacturer's operating manual as being performed by the user to properly maintain the equipment. Non-performance of routine maintenance shall be considered Neglect. Routine maintenance includes, but is not limited to:

1. Cleaning and lubricating moving parts.
2. Adding water to batteries.
3. Checking tire pressure.
4. Other prescribed Manufacturer procedures.

~~8.590.5.H.~~ 8.590.6.H. -The client utilizing rental equipment shall be responsible for notifying the provider of any change of address. The client shall be responsible for any rental fee accrued during the time the equipment's location is unknown to the provider.

~~8.590.5.I.~~ 8.590.6.I. -The client shall not remove rental equipment from Colorado.

~~8.590.6.~~ 8.590.7 REIMBURSEMENT

~~8.590.6.A.~~ 8.590.7.A. Invoices received from Related Owners or Related Parties shall not be accepted. Only invoices received from unrelated manufacturers or wholesale distributors shall be recognized as allowable invoices.

~~8.590.6.B.~~ 8.590.7.B. -The provider shall not bill the Department for authorized accessory items included by the manufacturer as part of a standard package for an item.

~~8.590.6.C.~~ 8.590.7.C. -The provider shall credit the cost of any accessory or part removed from a standard package to the Department.

~~8.590.6.D.~~ 8.590.7.D. -Charges submitted for modifications that require the provider to provide them from their own inventory or stock shall be supported as to the necessity and actual cost of those modifications.

~~8.590.6.E.~~ 8.590.7.E. -Clients and providers may negotiate in good faith a trade-in amount for DME items no longer suitable for a client because of growth, development or a change in anatomical and or medical condition. Such trade-in allowances shall be used to reduce the cost incurred by the Department for a replacement item.

~~8.590.6.F.~~ 8.590.7.F. -The refund amount due the Department on a returned Wheelchair or Facilitative Device shall be agreed upon by the dealer or manufacture; wherever the item was returned, and the Department.

~~8.590.6.G.~~ 8.590.7.G. -Reimbursement for used equipment shall include:

1. A written, signed and dated agreement from the client accepting the equipment.
2. Billing the Department, the lesser of 60% of the maximum allowable reimbursement indicated in the most recent Medicaid Bulletin or 60% of the provider's usual submitted charges.

~~8.590.6.H.~~ 8.590.7.H. -Reimbursement for purchased or rented equipment shall include, but is not limited to:

1. All elements of the manufacturer's warranties or express warranties.
2. All adjustments and modification needed by the client to make the item useful and functional.
3. Delivery, set-up and installation of equipment in the home, and if appropriate to a specific room in the home.
4. Training and instruction to the client or caregiver in the safe, sanitary, effective and appropriate use of the item and necessary servicing and maintenance to be done by the client or caregiver.
5. Training and instruction on the manufacturer's instructions, servicing manuals and operating guides.

~~8.590.6.I.~~ 8.590.7.I. Reimbursement rate for a purchased item shall be as follows:

1. Fee Schedule items, with a HCPC or CPT code, that have a maximum allowable reimbursement rate shall be reimbursed at the lesser of submitted charges or the department fee schedule.
2. Manually priced items that have no maximum allowable reimbursement rate assigned shall be reimbursed at the lesser of the submitted charges or the sum of the manufacturers invoice cost, plus twenty percent.

~~8.590.6.J.~~ 8.590.7.J. Reimbursement for rental items shall be billed and paid in monthly increments unless otherwise indicated in the Medicaid Bulletin.

~~8.590.6.K.~~ 8.590.7.K. Reimbursement for clients eligible for both Medicare and Medicaid shall be made in the following manner:

1. The provider shall bill Medicare first unless otherwise authorized by the Department.
2. If Medicare makes payment, Medicaid reimbursement will be based on appropriate deductibles and co-payments.
3. If Medicare denies payment, the provider shall be responsible for billing the Department. Reimbursement is dependent upon the following conditions:
 - a. A copy of the 'Explanation of Medicare Benefits' shall be maintained in the provider's files when billing electronically or attached to the claim if it is billed manually; or
 - b. Medicaid reimbursement shall not be made if the Medicare denial is based upon provider submission error.