



State of New Jersey
Department of Human Services
Division of Medical Assistance and Health Services

MEDICAID ALERT

December 1996

TO: Medical Suppliers
HMOs, (for information)

SUBJECT: **Enhancements to Monitor the Duration of Durable Medical Equipment (DME) Rental Payments, and Determinations of DME Purchases**

EFFECTIVE: Immediately

BACKGROUND: In accordance with the New Jersey Administrative Code, N.J.A.C. 10:59-1.8, Medicaid-covered DME is considered purchased following the payment of six (6) monthly rental payments for equipment with a maximum fee allowance of \$100 or less. For equipment with a maximum fee allowance greater than \$100 and also for equipment priced "by report," a purchase is considered by Medicaid when ten (10) monthly rental payments have been made.

To ensure that DME rentals and conversions of rental to purchase are appropriately paid by the New Jersey Division of Medical Assistance and Health Services, the New Jersey Medicaid Management Information System (NJMMIS) has been enhanced to electronically monitor both the number of consecutive rental payments to the same supplier for the same equipment provided to the same beneficiary, and to determine when equipment is considered purchased.

ACTION: Effective immediately, the NJMMIS shall monitor the number of consecutive rental payments to the same provider for the same beneficiary for the same equipment as described in N.J.A.C. 10:59-1.8. In addition, the NJMMIS shall limit the number of rental payments to determine when equipment is considered purchased by the Medicaid program.

For this purpose, the Division has implemented new Error Codes and descriptions which reflect the outcome of this new monitoring capability by the NJMMIS. These Error Codes and their descriptions are as follows:

<u>ERROR CODE</u>	<u>DESCRIPTION</u>
860	Procedure code modifiers in conflict (i.e., "Nu" or "UE" reported with RR on same claim)
861	Limit of six consecutive rentals exceeded
862	Limit of ten consecutive rentals exceeded
863	Cutback/6 consecutive rentals exceeded
864	Cutback/10 consecutive rentals exceeded
865	Units billed in conflict with service period (i.e., units exceed months calculated from service period)
866	Cutback/payment reduced by prior rentals
938	Voided claim exceeds program limits

It is important to note that this Alert does not change Medicaid policy regarding prior authorization of covered medical supply services.

Suppliers are reminded to carefully review any prior payments from the Medicaid program for DME rentals and/or DME purchases for the same equipment provided to the same beneficiary to ensure that the number of rental payments and DME purchases, based on terminated rental periods, are consistent with Medicaid policy as described in N.J.A.C. 10:59-1.8. For those claim payments which exceed Medicaid policy, suppliers must submit a claim adjustment to void prior payments by the State.

If there are any questions concerning this Alert, please call the New Jersey Medicaid program's Chief of Pharmaceutical Services at (609) 588-2724.

RETAIN THIS MEDICAID ALERT CHRONOLOGICALLY BEHIND THE ALERTS TAB (GREEN TAB MARKED "4")