



What's New

Supplier Replacement of Beneficiary-Owned Capped Rental Equipment Based Upon Accumulated Repair Costs

Recently, the Durable Medical Equipment Medicare Administrative Contractors (DME MAC) have received inquiries about the Centers for Medicare & Medicaid Services' (CMS) Fact Sheet, *Power Mobility Devices (PMDs): Complying with Documentation & Coverage Requirements*.

The Fact Sheet states:

Under a special rule established for certain patient-owned equipment, such as a power wheelchair for which the title has been transferred to the patient after 13 continuous months of rental, the supplier must replace the equipment free of charge if it does not last the full 5-year period (i.e., is no longer serviceable or needs substantial repairs). This replacement equipment does not need to be 'new'. For more information, refer to 42 Code of Federal Regulations (CFR) Section 414.210(e)(4).

This passage references regulations that implemented the Deficit Reduction Act of 2005 (DRA). This regulation stipulates that the supplier is responsible for replacement of a capped rental item if it is determined to be incapable of lasting for the entire 5 year reasonable useful lifetime. Replacement is provided at no cost to the beneficiary or to the Medicare Program. 42 Code of Federal Regulations (CFR) Section 414.210(e)(4) states:

(4) Supplier replacement of beneficiary-owned equipment based on accumulated repair costs. A supplier that transfers title to a capped rental item to a beneficiary in accordance with §414.229(f)(2)* is responsible for furnishing replacement equipment at no cost to the beneficiary or to the Medicare program if the carrier determines that the item furnished by the supplier will not last for the entire reasonable useful lifetime established for the equipment in accordance with §414.210(f)(1)**. In making this determination, the carrier may consider whether the accumulated costs of repair exceed 60 percent of the cost to replace the item.

* Section 414.229(f)(2) describes requirements for providing a capped rental item

** Section 414.210(f)(1) describes reasonable useful lifetime requirements

The default reasonable useful lifetime (RUL) of durable medical equipment (DME) is five years unless otherwise specified. Therefore, DME dispensed to Medicare beneficiaries is expected to remain in proper working condition throughout the required five year RUL. If it is determined based upon accumulated repair costs that the item is unable to last for the entire five-year RUL, the supplier must replace the equipment with properly working equipment at no charge to the beneficiary or the Medicare Program.

"Accumulated repair costs" refer to all repair claims from all suppliers for a given item after the rental period ends. These repair costs represent the total of all repair costs after the beneficiary has assumed ownership of the item.

The DME MACs encourage suppliers to provide DME items of sufficient quality to last for the entire five-year RUL.

Refer to the [Jurisdiction B DME MAC Supplier Manual](#) and/or the [applicable local coverage determination and related policy article](#) located on the National Government Services Web site for additional information on

repairs and replacement.

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