


GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Director

DHCF Transmittal #09-18

TO: District of Columbia Medicaid Providers of Durable Medical Equipment,
Prosthetics, Orthotics, and Supplies

FROM: Julie Hudman, Ph.D.
Director 

DATE: July 20, 2009

SUBJECT: **Affirmation of Reimbursement Policy on the Prior Authorization of Rented
Durable Medical Equipment, Prosthetics, Orthotics and Supplies
(DME/POS)**

It has come to our attention that some DME/POS providers are requesting prior authorization of rental equipment whose rental costs exceed the Medicaid reimbursement amount for the purchase of the equipment. As stated in the DC Medicaid DME/POS Provider Handbook, equipment rental is meant for short-term use when a beneficiary's health need is expected to change or a beneficiary is expected to recover from a health condition. When usage is expected to be long-term and the beneficiary's health need is not expected to change, the items must be purchased.

Also, as stated in the DME/POS Handbook:

“Equipment may be rented for up to six (6) months or purchased. However, the District of Columbia maintains the capability of reimbursing for rental only up to the purchase price.”

Per the DC Medicaid State Plan of Medical Assistance (Attachment 4.19B, Part 1, Page 13), the reimbursable purchase price shall be the lesser of:

- (1) the fee included in the DC Medicaid schedule;
- (2) a provider's actual charges to the public; or
- (3) the Medicare allowance for the item.

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The Department of Health Care Finance (DHCF) is now using the information systems of its Quality Improvement Organization, Delmarva Foundation for Medical Care, Inc. (Delmarva) to ensure that requests for rented equipment do not exceed the reimbursable purchase price. Requests for prior authorization of DME/POS rental that exceeds the purchase price will continue to be denied, as Delmarva is currently doing.

If you have any questions about this policy, please contact Dena Hasan, Public Health Analyst, DHCF, on 202-724-4178 or at Dena.Hasan@dc.gov.

cc: Delmarva Foundation for Medical Care, Inc.