COMMON GROUND
HEALTHCARE COOPERATIVE

REIMBURSEMENT POLICY STATEMENT
Wisconsin Marketplace

Policy Name & Number	Date Effective
Durable Medical Equipment (DME) Modifiers-WI MP-PY-1497	01/01/2025
Policy Type	
REIMBURSEMENT	

Reimbursement Policies are intended to provide a general reference regarding billing, coding and documentation guidelines. Coding methodology, regulatory requirements, industry-standard claims editing logic, benefits design, and other factors are considered in developing Reimbursement Policies.

In addition to this policy, reimbursement of services is subject to member benefits and eligibility on the date of service, medical necessity, adherence to plan policies and procedures, claims editing logic, provider contractual agreements, and applicable referral, authorization, notification, and utilization management guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased, or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any federal or state coverage mandate, Evidence of Coverage or Certificate of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other plan policies and procedures.

This policy does not ensure an authorization or reimbursement of services. Please refer to the plan contract (often referred to as the Evidence of Coverage or Certificate of Coverage) for the service(s) referenced herein. Except as otherwise required by law, if there is a conflict between the Administrative Policy Statement and the plan contract, then the plan contract will be the controlling document used to make the determination. We may use reasonable discretion in interpreting and applying this policy to services provided in a particular case and we may modify this Policy at any time.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

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A. Subject

Durable Medical Equipment (DME) Modifiers

B. Background

Reimbursement policies are designed to assist providers when submitting claims to Common Ground Healthcare Cooperative (CGHC). They are routinely updated to promote accurate coding and policy clarification. These proprietary policies are not a guarantee of payment. Reimbursement for claims may be subject to limitations and/or qualifications. Reimbursement will be established based upon a review of the actual services provided to a member and will be determined when the claim is received for processing. Health care providers and office staff are encouraged to use self-service channels to verify a member's eligibility.

It is the responsibility of the submitting provider to submit the most accurate and appropriate CPT/HCPCS code(s) for the product or service that is being provided. The inclusion of a code in this policy does not imply any right to reimbursement or guarantee claims payment.

Modifiers can be used to further describe a product or service rendered. Some modifiers are for informational purposes only, while other modifiers are used to report additional information to the code description of the product or service. Using a modifier inappropriately can result in the denial of a claim or an incorrect reimbursement for a product or service.

The purpose of this policy is to simplify and standardize the use of modifiers when billing for rented, purchased, or rent to purchase DME equipment. There are many modifiers that can be used when billing DME. This policy addresses the rental modifier "RR" and the new equipment purchase modifier "NU". CGHC expects providers to use the modifiers stated in this policy to increase efficiency and timely reimbursement. Any other appropriate modifier per national or state billing standards can be appended to a DME item along with the modifiers addressed in this policy (LT, RT, etc.). The modifiers addressed in this policy are not an all-inclusive list, and providers should adhere to national and state billing guidelines for modifier usage for all other modifiers not addressed within this policy.

C. Definitions

- **Durable Medical Equipment (DME)** – Equipment and supplies ordered by a health care provider for everyday or extended use.
- **Healthcare Common Procedure Coding System (HCPCS)** – Codes that are issued, updated and maintained by the American Medical Association (AMA) that provide a standard language for coding and billing of products, supplies, and services not included in the CPT codes.
- **Modifier** – Two-character codes used along with a CPT or HCPCS code to provide additional information about the service or supply rendered.

D. Policy

I. This policy outlines the use of DME modifiers for the rental and/or purchase of Durable Medical Equipment (DME).

II. DME items can be:
A. purchased
B. rented
C. rented on a short-term basis and then purchased at the end of the rental period

III. DME items must be billed with appropriate HCPCS codes along with appropriate modifiers when applicable:
A. Purchase Modifier - “NU”:
CGHC requires that Modifier “NU” is appended to all claims for the purchase of DME equipment.
B. Rental Modifier - “RR”:
CGHC requires that Modifier “RR” is appended to all claims for the rental period of DME equipment.
a. The combined total reimbursement for rental and subsequent purchase of a DME item cannot exceed the maximum fee.
b. At the end of the rent to purchase period, the DME becomes the property of the member.
C. Disposable supplies do not require a modifier.

IV. Modifiers that are not to be used for claims submission for DME equipment:
A. LL - Lease/rental
B. NR - New when rented
C. RB - Replacement of a part of a DME, orthotic or prosthetic item furnished as part of a repair (use modifier NU as replacement parts are new equipment)

V. CGHC considers a replacement part as a new equipment purchase, and modifier NU should be used instead of modifier RB.

VI. DME items submitted for reimbursement without a modifier are considered a purchase. If the DME item was intended to be a rental and the modifier RR was left off the claim in error, CGHC may verify the use of any modifier through post payment audit and proper reimbursement adjustment will occur. All information regarding the use of these modifiers must be made available upon CGHC’s request.

VII. KX Modifier
A. DME items that do not require a prior authorization must have a KX modifier appended to the HCPCS.
B. The KX modifier indicates that the supplier ensured that coverage criteria for the DMEPOS billed is met and that documentation does exist to support the medical necessity of the item. Documentation must be available upon request.

C. Claims that do not have the KX modifier appended in accordance with the policy will be denied.

E. Conditions of Coverage

Modifier	Description
KX	Confirmation that services are medically necessary
RR	Rental (use the "RR" modifier when DME is to be rented)
NU	Purchase New Equipment (use the "NU" modifier when DME is to be purchased)

F. Related Policies/Rules

NA

G. Review/Revision History

	DATE	ACTION
Date Issued	09/25/2024	New policy. Approved at Committee.
Date Revised		
Date Effective	01/01/2025	
Date Archived		

H. References

1. Durable Medical Equipment (DME). Accessed June 3, 2024. www.healthcare.gov
2. HCPCS (HCPCS - Healthcare Common Procedure Coding System). Accessed June 3, 2024. www.nlm.nih.gov
3. Use of the KX modifier. *Medicare Claims Processing Manual: Chapter 5- Part B Outpatient Rehabilitation and CORF/OPT Services.* US Centers for Medicare and Medicaid Services; 2021. Rev 11129. Accessed June 3, 2024. www.cms.gov
4. What are medical coding modifiers? 2023. American Academy of Professional Coders. Accessed June 3, 2024. www.aapc.com