January 1, 2016 DME Amendment FAQs

To reflect changes in our Medicare Advantage plan benefits and more closely align Anthem Blue Cross and Blue Shield with the Centers for Medicare & Medicaid Services (“CMS”) payment methodologies and guidelines, we have amended the Anthem DME contract to update and standardize fee schedules.

The changes include the following:

**Oxygen Rental Equipment:**
- The reimbursement methodology for oxygen rental items, as set forth below, will be capped at 36 months.
- Anthem no longer will provide continuous rental payments.
- This change in reimbursement applies to both Medicare Advantage Individual and group-sponsored members.

<table>
<thead>
<tr>
<th>HCPCS CODE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>E0424</td>
<td>STATIONARY GASEOUS OXYGEN SYSTEM</td>
</tr>
<tr>
<td>E0431</td>
<td>PORTABLE GASEOUS OXYGEN SYSTEM</td>
</tr>
<tr>
<td>E0433</td>
<td>PORTABLE LIQUID OXYGEN SYSTEM</td>
</tr>
<tr>
<td>E0434</td>
<td>PORTABLE LIQUID OXYGEN SYSTEM</td>
</tr>
<tr>
<td>E0439</td>
<td>STATIONARY LIQUID OXYGEN SYSTEM</td>
</tr>
<tr>
<td>E1390</td>
<td>OXYGEN CONCENTRATOR, SINGLE DELIVERY PORT</td>
</tr>
<tr>
<td>E1391</td>
<td>OXYGEN CONCENTRATOR, DUAL DELIVERY PORT</td>
</tr>
<tr>
<td>E1392</td>
<td>PORTABLE OXYGEN CONCENTRATOR</td>
</tr>
<tr>
<td>E1405</td>
<td>OXYGEN AND WATER VAPOR ENRICHING SYSTEM WITH HEATED DELIVERY</td>
</tr>
<tr>
<td>E1406</td>
<td>OXYGEN AND WATER VAPOR ENRICHING SYSTEM WITHOUT HEATED DELIVERY</td>
</tr>
<tr>
<td>K0738</td>
<td>PORTABLE GASEOUS OXYGEN SYSTEM, RENTAL: HOME COMPRESSOR</td>
</tr>
<tr>
<td></td>
<td>USED TO FILL PORTABLE OXYGEN CYLINDERS, INCLUDES CONTAINERS,</td>
</tr>
<tr>
<td></td>
<td>REGULATOR, FLOWMETER, HUMIDIFIER, CANNULAOR MASK, AND TUBING</td>
</tr>
</tbody>
</table>

**Rent to Purchase/Capped Rental DME**
- Reimbursement for rent to purchase/capped rental DME items will be capped at 13 months. Anthem will calculate the rental payment amount associated with each item over a 13 month period, instead of the current 10 month period. The overall reimbursement should remain the same; however, the monthly payments may be decreased.
- This change in reimbursement currently only applies to individual Medicare Advantage members.
- Information about the updated monthly reimbursement amount will be available via the Important Medicare Advantage Updates link found at the following link prior to implementation:
Participating DME providers were mailed a notification on Oct. 1, 2015 notifying them of the change. That notification included a passcode to open the fee schedule documents.

### Power Wheelchairs
- Reimbursement for power wheelchairs, as set forth below, can only be rented. Anthem will no longer allow the option of purchasing these items in lieu of renting.
- Reimbursement rental calculations will be subject to the 13 month rental period.
- This change in reimbursement applies to individual Medicare Advantage members only.
- Custom wheelchairs are not included in this amendment at this time.
- The following codes are impacted:

<table>
<thead>
<tr>
<th>HCPCS Code</th>
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<tbody>
<tr>
<td>K0813</td>
<td>POWER WHEELCHAIR, GROUP 1 STANDARD, PORTABLE, SLING/SOLID SEAT AND BACK, PATIENT WEIGHT CAPACITY UP TO AND INCLUDING 300 POUNDS</td>
</tr>
<tr>
<td>K0814</td>
<td>POWER WHEELCHAIR, GROUP 1 STANDARD, PORTABLE, CAPTAINS CHAIR, PATIENT WEIGHT CAPACITY UP TO AND INCLUDING 300 POUNDS</td>
</tr>
<tr>
<td>K0815</td>
<td>POWER WHEELCHAIR, GROUP 1 STANDARD, SLING/SOLID SEAT AND BACK, PATIENT WEIGHT CAPACITY UP TO AND INCLUDING 300 POUNDS</td>
</tr>
<tr>
<td>K0816</td>
<td>POWER WHEELCHAIR, GROUP 1 STANDARD, CAPTAINS CHAIR, PATIENT WEIGHT CAPACITY UP TO AND INCLUDING 300 POUNDS</td>
</tr>
<tr>
<td>K0820</td>
<td>POWER WHEELCHAIR, GROUP 2 STANDARD, PORTABLE, SLING/SOLID SEAT/BACK, PATIENT WEIGHT CAPACITY UP TO AND INCLUDING 300 POUNDS</td>
</tr>
<tr>
<td>K0821</td>
<td>POWER WHEELCHAIR, GROUP 2 STANDARD, PORTABLE, CAPTAINS CHAIR, PATIENT WEIGHT CAPACITY UP TO AND INCLUDING 300 POUNDS</td>
</tr>
<tr>
<td>K0822</td>
<td>POWER WHEELCHAIR, GROUP 2 STANDARD, SLING/SOLID SEAT/BACK, PATIENT WEIGHT CAPACITY UP TO AND INCLUDING 300 POUNDS</td>
</tr>
<tr>
<td>K0823</td>
<td>POWER WHEELCHAIR, GROUP 2 STANDARD, CAPTAINS CHAIR, PATIENT WEIGHT CAPACITY UP TO AND INCLUDING 300 POUNDS</td>
</tr>
<tr>
<td>K0824</td>
<td>POWER WHEELCHAIR, GROUP 2 HEAVY DUTY, SLING/SOLID SEAT/BACK, PATIENT WEIGHT CAPACITY 301 TO 450 POUNDS</td>
</tr>
<tr>
<td>K0825</td>
<td>POWER WHEELCHAIR, GROUP 2 HEAVY DUTY, CAPTAINS CHAIR, PATIENT WEIGHT CAPACITY 301 TO 450 POUNDS</td>
</tr>
<tr>
<td>K0826</td>
<td>POWER WHEELCHAIR, GROUP 2 VERY HEAVY DUTY, SLING/SOLID SEAT/BACK, PATIENT WEIGHT CAPACITY 451 TO 600 POUNDS</td>
</tr>
<tr>
<td>K0827</td>
<td>POWER WHEELCHAIR, GROUP 2 VERY HEAVY DUTY, CAPTAINS CHAIR, PATIENT WEIGHT CAPACITY 451 TO 600 POUNDS</td>
</tr>
<tr>
<td>K0828</td>
<td>POWER WHEELCHAIR, GROUP 2 EXTRA HEAVY DUTY, SLING/SOLID...</td>
</tr>
</tbody>
</table>
Information about the monthly reimbursement amounts is available via the Important Medicare Advantage Updates link found at the following link prior to implementation:

www.anthem.com/medicareprovider

Participating DME providers were mailed a notification on Oct. 1, 2015 notifying them of the change. That notification included a passcode to open the fee schedule documents.

What is the effective date of the change?
The DME fee schedule update is effective Jan. 1, 2016.

Which Anthem states and networks are impacted by this change?
DME providers who provide various Durable Medical Equipment items prescribed for our Anthem Medicare Advantage members will be impacted by this change.

How were DME providers notified?
Participating DME providers were mailed a notification on Oct. 1, 2015 notifying them of the change.

Do participating DME providers have to take any action as a result of the amendment mailing?
Participating DME providers do not have to take any action for the changes to take place.

What is the purpose of the Fee Schedule Change?
The amendment reflects updated reimbursement methodology for various durable medical equipment items prescribed for our Medicare Advantage members. The amendment also reflects changes in our Medicare Advantage plan benefits and more closely aligns Anthem with the Centers for Medicare & Medicaid (“CMS”) payment methodologies and guidelines.

This change in reimbursement currently only applies to individual Medicare Advantage members.

Where can providers find the Fee Schedule rates?
Information about the updated monthly reimbursement amount will be available via the Important Medicare Advantage Updates link found at the following link prior to implementation.

www.anthem.com/medicareprovider

Participating DME providers were mailed a notification on Oct. 1, 2015 notifying them of the change. That notification included a passcode to open the fee schedule documents.

Are there any other changes to the DME network?
No. Members and referring/ordering physicians will continue to access the same robust network of DME providers they do today.

Where are participating DME providers located?
We have a robust network of DME providers located throughout the enterprise. For a specific listing in a geographic area, use the Provider Finder feature found at the following link:

www.anthem.com

**Are health service reviews (pre-authorization) required for DME?**

Pre-authorization requirements remain the same. Providers should still continue to follow these guidelines as appropriate. For a complete list of services that require a pre-authorization, providers can refer to our web sites:

www.anthem.com

If Anthem will be following the Medicare capped rental payment methodology for oxygen up to 36 months, will they also be paying for E0439 contents in months 37-60 and maintenance for E1390 every six months for months 37-60? Also, will a new five-year Reasonable Useful Lifetime (RUL) go into effect after month 60?

Once ownership of oxygen equipment is established at 36 months rental, Anthem will continue to pay for the oxygen equipment contents, maintenance and repairs. We will also pay for new equipment (another 36 month rental period) after five years of using the equipment and it becomes no longer useful or needs to be replaced.

For new Medicare Advantage patients that have equipment, will there be a mechanism to see how many months a patient has had the equipment?

Anthem has Anthem claims history only for our members’ oxygen equipment. Anthem does not have data from other payers.

Do I need to call Anthem to determine how many months members have had their equipment?

Anthem does not have data from other payers. For members transferring into a Medicare Advantage plan, original Medicare does not share any of their claim history with MA plans. Anthem depends on the DME vendor or the MA member to let us know when the oxygen equipment rental began. There is no means for providers to access the months rental already paid for a particular member on any of the four MA claims systems.

Given the Medicare payment methodology that includes a Reasonable Useful Lifetime component, how does Anthem apply that? Is there a five-year Reasonable Useful Lifetime as with Medicare?

The general rule for Reasonable Useful Life or RUL as applied by Medicare and Anthem is five years. After five years of use equipment can be replaced with new equipment. A new rental period begins when the member acquires the new equipment.

**Are the Provider Responsibilities the same with Anthem as with Medicare?**

Yes. After the 36-month rental cap has ended, ownership of the equipment transfers to the provider. Anthem will continue to pay all contents, supplies, repair and maintenance throughout the five-year reasonable useful lifetime period or until the equipment is replaced, which would initiate a new rental period.
Is 13-month rental DME ever considered owned by the Anthem member? In that case will Anthem repair or replace and when?
Yes. Suppliers must give beneficiaries the option of converting the capped rental equipment to purchased equipment on the first day after the 13 continuous rental months have been paid. If the member declines ownership transferring to them, the supplier retains ownership of the equipment.

If an Anthem member leaves Anthem and then becomes Anthem eligible again, does the cap start over or is this a cumulative equipment cap?
Yes, if the gap is 60 days or greater. If less than 60 consecutive days, the rental period will not begin again.

Does the Anthem Provider Service Portal include the Oxygen Equipment start date and rental payment status?
No.

Is Anthem sending out notices to its members advising them of these changes?
This information is included in the member’s evidence of coverage and annual notice of change.

Medicare allows the beneficiary to elect to receive new equipment at the end of the five-year reasonable useful lifetime period and then a new 36-month rental period would begin. Will Anthem do the same?
Yes.

Medicare also will restart a cap if there is a break in service greater than 60 days. In other words, if 24 months were billed and the patient went off oxygen for six months, then would a new 36-month period would begin again?
Yes.

How does the DME amendment affect payments that begin in 2015 and will continue through 2016?
Payments will change to a 13-month rental rate and will not exceed the maximum ceiling amount.

On oxygen capped at 36 months -- will portable contents be payable for the subsequent months?
Equipment identified in the amendment (and included above) is capped at the 36 months. Anthem will continue to pay all contents, supplies, repair and maintenance throughout the five-year reasonable useful lifetime period.

Will new equipment be allowed at 60 months?
Yes.

Currently K0738 is not capped at 36 months as it pertains to portable contents. Will there be some adjustment to this?
Anthem will continue to pay all contents, supplies, repair and maintenance throughout the five-year reasonable useful lifetime period only.

**How should DME providers bill for any supplies, contents or maintenance after the 36-month period?**

Oxygen equipment does not normally transfer to the member. In the event the member owns the equipment, separate charges for replacement of essential accessories such as hoses, tubes, mouthpieces, contents, maintenance and repairs are payable after the 36 months when the DME provider owns the equipment.

**Are DME providers suppliers allowed to rebill once the equipment reaches the five-year limit and the beneficiary receives new equipment?**

Yes.

**If this is the case, months 37-60, should DME providers bill every six months (following Medicare) and submit the new equipment after the five-year period with the RA modifiers?**

Content and supplies can be billed to Anthem monthly. Maintenance and servicing should be billed to Anthem every six months.

**How are you determining 36 months as of 01/01/2016? Are you starting the count as month one at that time or are you taking into consideration past rentals prior to the effective date of this policy?**

There will be a three-year look back period for oxygen rentals starting 1/1/2016. Anthem will include rental periods prior to 1/1/2016 in determining the 36-month rental period as long as Anthem has a record of previous rentals. Anthem does not have data from other payers.

**Does the recent DME amendment apply to new patients on or after 1/1/16 or does it also apply to current patients?**

The amendment applies to all patients.