

MEMORANDUM

TO: All Interested Parties

FROM: J. Stephen Monahan

DATE: March 11, 2009

SUBJECT: DMEPOS Reimbursement

Rule 40.022(B) requires that durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) as defined under the Medicare program shall be reimbursed at 83% of billed charge and adjusted annually thereafter or 150% of cost whichever is less.

The Medicare Hospital Manual is available at <http://www.cms.hhs.gov/Manuals/PBM/list.asp>. The manual provides instructions for implementation of the provisions of Title IVII of the Social Security Act and Medicare regulations particularly as they relate to hospital benefits.

Section 210 deals with covered inpatient hospital services. Section 210.4 contains the definition of a supply:

Supplies, appliances, and equipment which are ordinarily furnished by the hospital for the care and treatment of the beneficiary solely during his inpatient stay in the hospital are covered inpatient hospital services.

While hospitals are not required to submit invoices to carriers they are required to submit documentation which allows the carrier to make a reasonable determination of what the provider paid for the DMEPOS. This documentation includes but is not limited to copies of the order forms, copies of the catalog pages, order confirmation sheets, etc.